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Annual Conference

OCTOBER 27-30, 2013 | LAS VEGAS

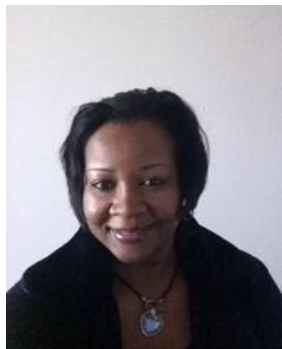
ORIGINAL → ESSENTIAL → UNBIASED → **INFORMATION**



THE EVOLVING ROLE OF THE FP&A PROFESSIONAL

Presenters

- **Carmen Turner**



Financial Analyst
Sales Finance Team
McGraw Hill Education

- **John Fruin**



Manager Business Analysis
Strategic Analysis and Research Division
GROWMARK, Inc.

Agenda

FP&A Professional

- Define FP&A Professional
- Role in Organization
- Past Role
- Current Role
- Future Role
- Ideal FP&A Characteristics

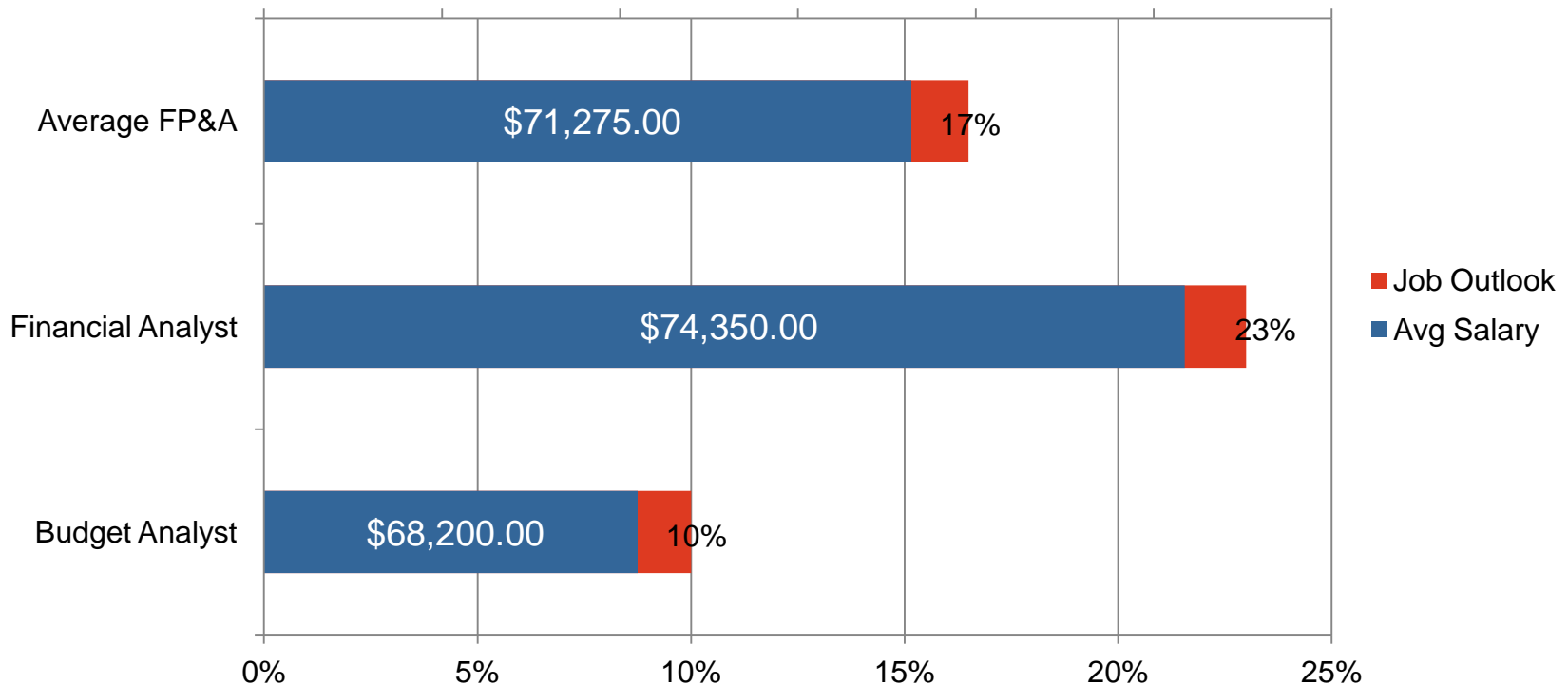
FP&A Professional

FP&A Professional

- Various titles throughout profession:
 - Financial Analyst
 - Budget Analyst
 - Business Analyst
 - Financial Planning and Analysis Manager

FP&A Professional

- According to the Bureau of Labor and Statistics



FP&A Professional

How do you define FP&A?

Carmen's Definition

Combination of Finance and Accounting skills.

John's Definition

An effective FP&A analyst develops and presents analyses, takes initiative on projects, and contributes as both a team member and a leader.

FP&A Professional

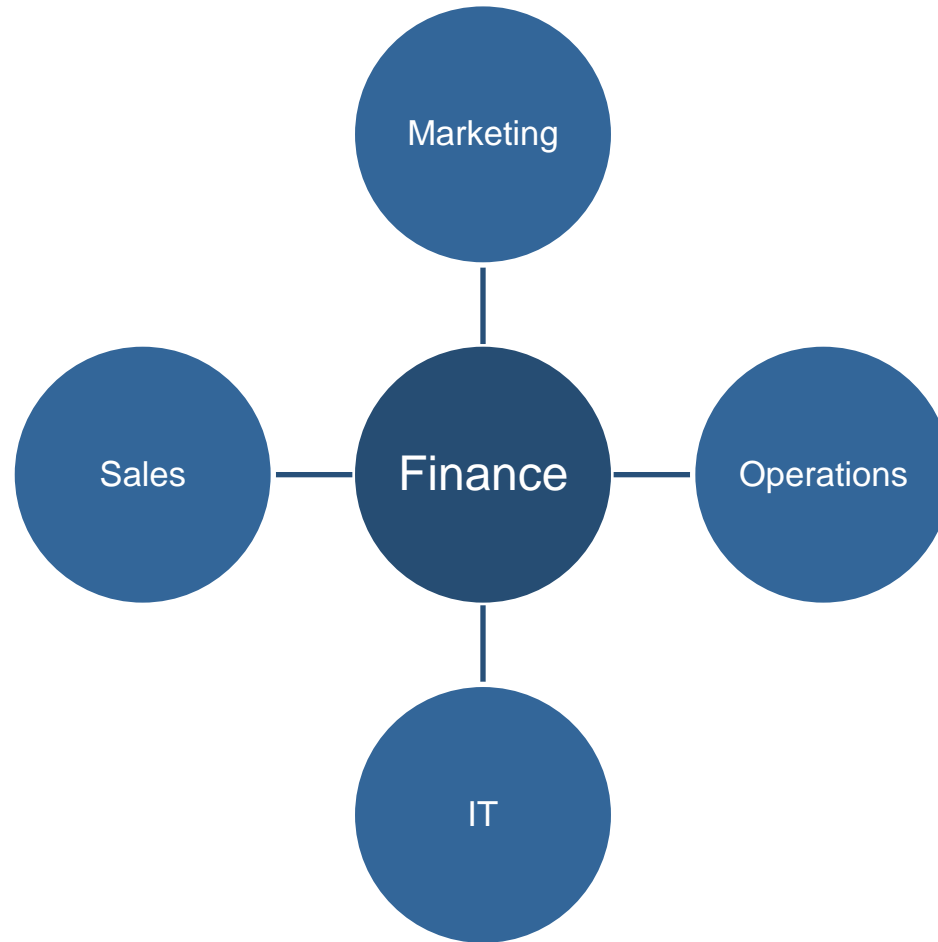
Douglas Hicks, CPA

- “The provision of economically sound concepts and tools that will enable an organization to formulate an effective business strategy and then translate that strategy into results. ”

FTI Consulting

- “FP&A generally includes several discrete processes. While these systems can be managed separately, their ownership requires a common skill set. This includes an understanding of accounting, finance theory, data sources and definitions, modeling, creative problem solving and the economics of the business. “ The processes typically owned by FP&A include:
 - Budgeting
 - Forecasting
 - Strategic Planning
 - Management Reporting
 - Financial Analysis
 - Capital Planning
 - Business Modeling (e.g., new ventures and investments)

Central Part of Organization

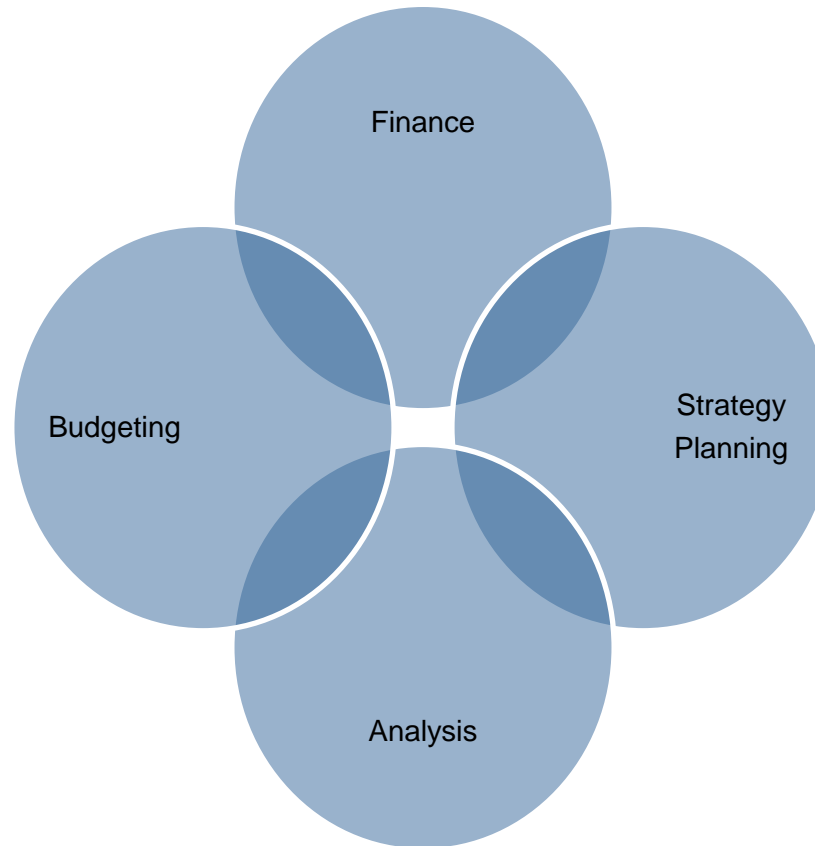


Role in Organization

Question

What role has the FP&A professional played in your organization?

Role in the Organization



Role in the Organization

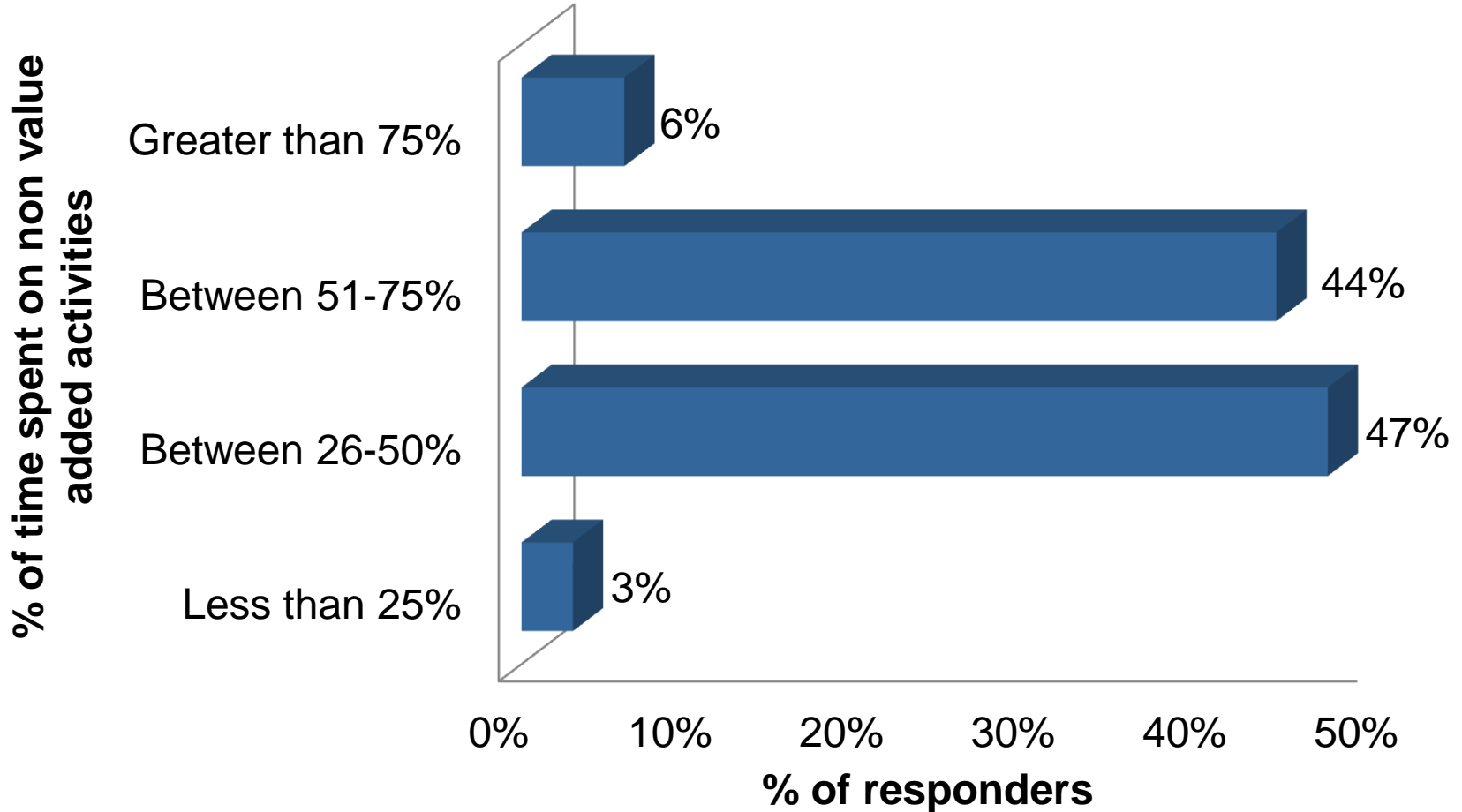
- Strategy/Planning
 - Short/long term plans
 - Budget
- Extract, interpret and understand data
 - Identify relevant vs non relevant data
 - Provide insight into trends, patterns etc.
- Guide Business Decisions
 - M&A
 - Impact of business drivers

FP&A Professional- Past Role

Past Role

- **Majority of time spent on low/non value added activities**
 - Collecting & Consolidating Data
- **Routine, simple duties**
- **Accounting function**
- **Fragmented in various areas**
- **No real decision making**
- **Back Office**
- **Disengaged**
- **Not considered an integral part of the team**
- **No knowledge/awareness outside of finance**

FP&A Activities



Question

Name 3 of the most important value added activities of an FP&A professional.

FP&A Professional- Current Role

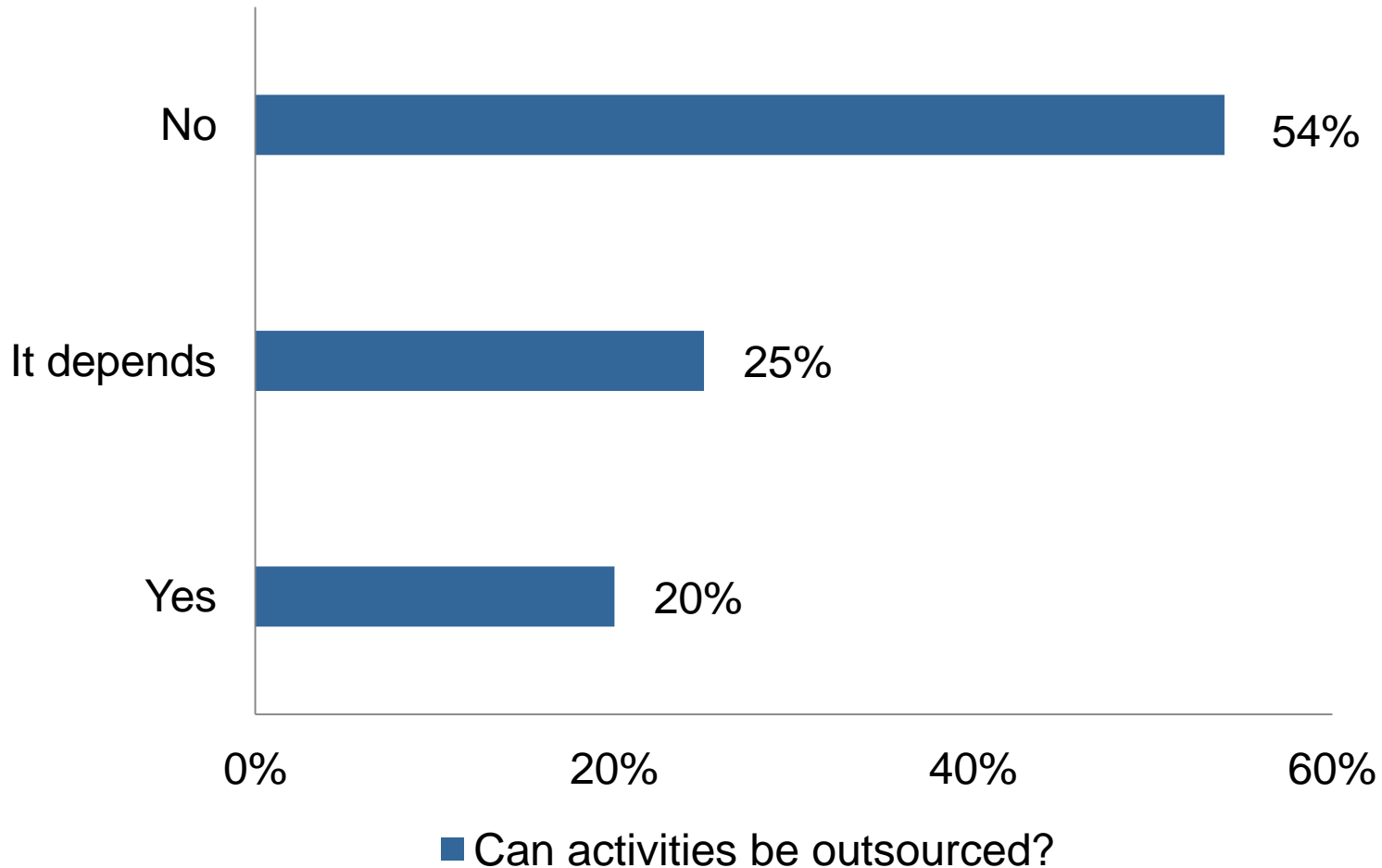
Current Role

An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage.

Jack Welch

- **Moving towards less time spent on low value activities**
 - Collecting & Consolidating Data
- **Moving towards more time spent on analysis**
- **Moving towards a more centralized unit**
- **Moving towards decision making**
- **Moving from just a back office function**
- **Becoming more engaged with rest of organization**

Can FP&A functions be outsourced?



FP&A Outsourcing Responses

- **What can be outsourced?**
 - “Standard Monthly Reporting”
 - “Any repetitive task”
- **What can’t be outsourced?**
 - “Decision making”
- **Risks of outsourcing**
 - Confidentiality
 - Loss of knowledge of org/industry
 - Strategy Advantage
- **Organizations currently outsourcing**
 - Smaller organizations

FP&A Professional- Future Role

Question

Why do you think the role of the FP&A professional is evolving?

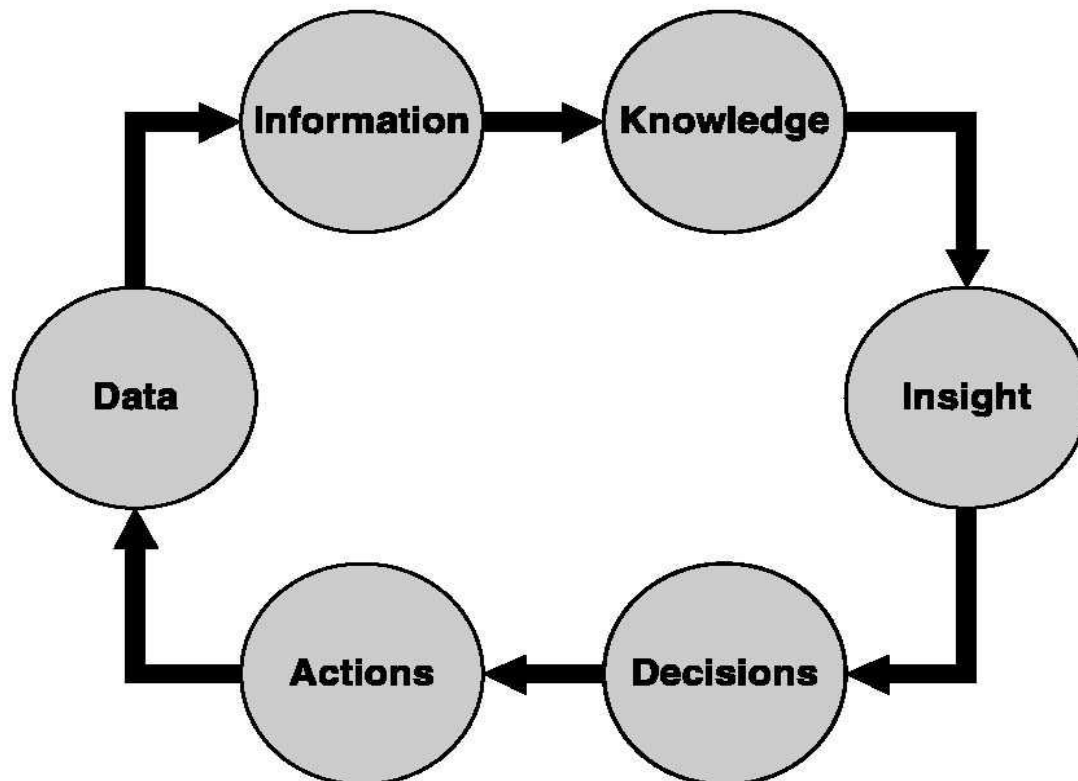
Future Role

Business, more than any other occupation, is a continual dealing with the future; it is a continual calculation, an instinctive exercise in foresight.

- **Value centric/added activities**
 - Increase time spent
- **Provide insight/info**
 - Market Trends
 - Global Economy
- **Deliver info concisely providing essential info**
- **Insight of changes in Technology and Culture**
 - Internet research
 - Peer sharing (same and different industries)
 - Networking
 - Professional Groups
- **Business Partnering**
 - Cohesion
 - Collaboration
 - Required info for analysis

Future Role

DOES THE DATA DELIVER THE DESIRED VALUE?



Axson, D. A. J. (2010). *Best practices in planning and performance management: Radically rethinking management for a volatile world.* (pp. 157). Hoboken, N.J.: John Wiley & Sons.

Future Role

- **Seen vs Unseen**
 - Help or Hurt
 - Action or Radar
- **Forward vs Past**
- **Passion for Problem Solving**
 - Drivers of business and their effects
- **Quick turnaround**
 - Reduce cycle time

Question

As the global environment continues to evolve, how will FP&A professionals best serve organizations going forward?

FP&A Professional- Ideal Characteristics

Question

What are the 3 most important characteristics of an FP&A professional?

Ideal FP&A Characteristics



Communication

- **Business Partnering**
- **Retrieve Info**
- **Deliver Info**
- **Present info for different audiences**
- **Education**
 - Financial concepts

Communication

STATISTICS ON MANAGEMENT VIEW OF REPORTING:

-Fewer than 1 in 5 managers believe they have all the information they need to perform their jobs effectively-

-The average management report is 30 to 40 pages and contains 12,000 to 15,000 data points, yet managers typically use less than 5% of the information contained in any report-

Axson, D. A. J. (2010). *Best practices in planning and performance management: Radically rethinking management for a volatile world.* (pp. 140). Hoboken, N.J.: John Wiley & Sons.

Business & Financial Acumen

- **Global**
 - International impacts
- **Business Acumen**
 - Assist in making strategic decisions
- **Financial Acumen**
 - Understanding the impacts on the Statements

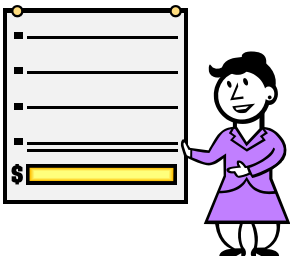
Analytical Skills



- **See trends & understand**



- **Be able to separate relevant from non relevant info**



- **Effect on Bottom Line**

Question

What are the key technical skills required to be successful as an FP&A professional?

Technical Skills

- **Spreadsheet**
- **Databases**
- **SQL**
- **VBA**

Persuasive Skills



- **Be able to convince decision makers**

Mindset

Fixed vs. Growth Mindset



Mindset

Fixed vs. Growth Mindset

Fixed Mindset	Growth Mindset
Intelligence is static.	Intelligence can be developed.
Leads to a desire to <i>look smart</i> and therefore a tendency to	Leads to a desire to <i>learn</i> and therefore a tendency to
<ul style="list-style-type: none">• avoid challenges	<ul style="list-style-type: none">• embrace challenges
<ul style="list-style-type: none">• give up easily due to obstacles	<ul style="list-style-type: none">• persist despite obstacles
<ul style="list-style-type: none">• see effort as fruitless	<ul style="list-style-type: none">• see effort as path to mastery
<ul style="list-style-type: none">• ignore useful feedback	<ul style="list-style-type: none">• learn from criticism
<ul style="list-style-type: none">• be threatened by others' success	<ul style="list-style-type: none">• be inspired by others' success

Certification



FP&A

Certified Corporate
**Financial Planning &
Analysis** Professional

- **FP&A Certification**



- **CPA**



**Certified
Management
Accountants**

- **CMA**

Questions

