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

<table>
<thead>
<tr>
<th>Position</th>
<th>Avg Salary</th>
<th>Job Outlook</th>
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<tbody>
<tr>
<td>Average FP&amp;A</td>
<td>$71,275.00</td>
<td>17%</td>
</tr>
<tr>
<td>Financial Analyst</td>
<td>$74,350.00</td>
<td>23%</td>
</tr>
<tr>
<td>Budget Analyst</td>
<td>$68,200.00</td>
<td>10%</td>
</tr>
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</table>
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

- Marketing
- Finance
- Operations
- Sales
- IT
Role in Organization
Question

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

- Finance
- Strategy Planning
- Budgeting
- Analysis
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

% of time spent on non value added activities

- Greater than 75%: 6%
- Between 51-75%: 44%
- Between 26-50%: 47%
- Less than 25%: 3%

% of responders
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?

- No: 54%
- It depends: 25%
- Yes: 20%

Can activities 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?

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

- Mindset
- Communication
- Technical Skills
- Analytical Skills
- Unbiased
- Business & Financial Acumen
- Persuasive Skills
- Certification
Communication

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

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

Fixed Mindset
Intelligence and talent are fixed at birth.

Growth Mindset
Intelligence and talent can go up or down.
### Mindset

**Fixed vs. Growth Mindset**

<table>
<thead>
<tr>
<th>Fixed Mindset</th>
<th>Growth Mindset</th>
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<tbody>
<tr>
<td>Intelligence is static.</td>
<td>Intelligence can be developed.</td>
</tr>
<tr>
<td>Leads to a desire to <em>look smart</em> and therefore a tendency to</td>
<td>Leads to a desire to <em>learn</em> and therefore a tendency to</td>
</tr>
<tr>
<td><em>avoid challenges</em></td>
<td><em>embrace challenges</em></td>
</tr>
<tr>
<td><em>give up easily due to obstacles</em></td>
<td><em>persist despite obstacles</em></td>
</tr>
<tr>
<td><em>see effort as fruitless</em></td>
<td><em>see effort as path to mastery</em></td>
</tr>
<tr>
<td><em>ignore useful feedback</em></td>
<td><em>learn from criticism</em></td>
</tr>
<tr>
<td><em>be threatened by others' success</em></td>
<td><em>be inspired by others' success</em></td>
</tr>
</tbody>
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Certification

- FP&A Certification
- CPA
- CMA
Questions