

**THE CFO PLAYBOOK ON PLANNING: HOW CFOS CAN IMPROVE THEIR VIEW OF THE FUTURE**

November 7, 2017

**CFO**  
An Argyle Company

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**SPEAKERS**

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**1. How do finance leaders distinguish planning from other forward-looking activities such as forecasting?**

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- Planning typically reflects the results a company wants to happen in a given timeframe.
- Forecasting should reflect the results the company thinks will happen in a given timeframe, whether the company likes the results or not.

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**2. Beyond the financial information it gathers, what additional perspectives should a finance team seek in order to increase its value to an organization through planning?**


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- Top-down approach
- Target cascading with few iterations
- Fast process guarantees the budget is still valid the day it is approved
- Targets are derived from strategy, enabling large-scale changes, which might lead to overperformance

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3. What are the clearest indications that a company needs to change its planning processes?




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- Cost – significant time and resources spent on activities
- Linkage – not linked to operational activities and/or drivers
- Spreadsheet dependence – significantly reliant on Excel
- Accuracy – struggle with plan numbers vs. actual results
- Relevance – a company that spends too much time on planning may miss changes to its business

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4. What roles should a CFO take on when preparing to introduce changes to a company's planning processes?



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- Change agent – Communicate the changes of the process and benefits, as well as manage expectations
- Communicate and adopt planning best practices
  - Emphasis on forecast, less on planning
  - Improved proactive data analysis, scenario planning

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5. To what extent does collaborating with colleagues outside finance enable CFOs to be effective in identifying financial metrics that harmonize most closely with a company's key drivers and performance indicators?



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- Review financial information for materiality and volatility – focus on key drivers that demonstrate impact on financial results
- Go a step further and link financial results to operational drivers – focus on activities driving the business

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6. In what ways can companies apply the latest advances in business intelligence to align financial projections with operational requirements and overall economic trends?




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- After a driver-based model is established,
  - employ a quantitative approach to forecast key measures, and
  - focus on understanding data ranges, distribution of data, and the correct forecast methodology to apply.
- Utilize statistical modeling tools to enable the process.

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7. When considering multiple perspectives as they prepare financial plans, how can finance leaders ensure they maintain their focus on their companies' top priorities?



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Stick to the fundamentals.


- Ensure performance measures and targets align to the company's overall strategy and strategic initiatives.
- Measure and plan what is important to achieve.

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8. What are the key takeaways that attendees ought to remember from today's discussion?



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- Adopt a driver-based approach to focus an organization on activities that are important across the planning, target setting, and forecasting processes.
- A quantitative forecasting approach improves the accuracy and efficiency of producing a forecast.

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**QUESTIONS AND ANSWERS**

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