

Investment planning is an ongoing process that involves overlapping multi-year projects managed across Finance and the Business. Problematically, 96% of companies report using spreadsheets to support these efforts.¹

Why “problematically”?

Consider that, according to a recent benchmark report from Ventana Research², respondents within Finance had this to say about spreadsheets:

- Nearly 50% say resolving spreadsheet issues **extends the time** it takes to take care of business.
- 66%+ say that it’s **time-consuming to roll up** spreadsheets.
- 50% say they **find major errors in data and formulas** in their most important spreadsheets.
- 50%+ say that finding **multiple versions of the same spreadsheet** circulating is commonplace.

What these problems lead to, for far too many organizations, is a long-range planning process that’s entirely too complex, lengthy, resource-intensive, and frankly, too painful — all to create a plan that is often out of date by the time it’s delivered.

Simply arriving at a dataset that is current and accurate, making sense of that data, turning it into information that is digestible to the various stakeholders so that actual planning can take place, and doing it all over — and over — again when replanning in the face of change: this is when it becomes all too clear that Finance’s needs have outstripped the abilities of spreadsheet-based tools.

But, as Ventana Research goes on to add: “Technology created this problem, and now technology is available to fix it.”³ And one technological approach to fix it is via a Corporate Financial Planning solution.

Defining the Fix: Corporate Financial Planning

Rather than the antithesis of a spreadsheet-based system, think of Corporate Financial Planning (CFP) as its evolution. It’s the next, natural step in how Finance joins with — rather than dictates to — the Business on strategizing and codifying long-range plans, investments, and budgets consistent with corporate strategy — and, critically, how both can adapt quickly and effectively as business conditions change.

Rather than use siloed spreadsheets and their well-known problems, CFP solutions leverage a single database, accessible to all, often through a spreadsheet-like interface to ease usability. They provide the ability to develop strategic long-range plans and create line of business (LOB) budgets, and enable everyone, no matter the department, to enter information into them directly. This ensures that data is consistently current without requiring time-consuming spreadsheet roll-ups, saving considerable time and eliminating resource drag on multiple levels:

- An accurate plan can be created and published more quickly, so the entire organization can use its guidance to align goals with corporate strategy.
- Planning can take the import of multiple scenarios into account, ensuring the plan is optimized for market opportunity, resources, and other drivers.
- When change happens, replanning cycle times are reduced as correct and relevant data from all stakeholders is easily accessed.

A FP&A organization for an education company recently reported that, by leveraging the strengths of a CFP solution, it was able to cut planning long-range planning cycle times by more than 30%. This enabled it to focus more on strategic issues such as financial analysis, investment prioritization, and guidance to the Business.

A good CFP solution is an end-to-end approach designed to help the entire enterprise process through the strategy, planning, and execution cycle from start to finish more effectively and efficiently, with less room for error and risk.

Let’s examine what a CFP solution comprises.



1 The State of Capital Planning Benchmark Report, Financial Executives Research Foundation, Inc., ©2012
2 Requirements for 21st Century Spreadsheets, Ventana Research, ©2011
3 *Ibid.*

**Enhance
Finance & LOB
Collaboration**

Enhance Finance and LOB Collaboration

Using Corporate Financial Planning solutions, Finance can provide better guidance to the Business on aligning investment options with corporate strategy, appetite for risk, and other factors. Meanwhile, the LOB is empowered to more effectively collaborate on creating plans – no more Business referring to “Finance’s budget.”

CFP solutions relate long-range plans with the accounts that drive budgets, and integrate the two without losing the information that either Finance or the LOB deems vital in running its day-to-day business.

Look for a solution that supports the depth needed to speak natively to financial applications; this will ensure that LOB investments are transferred seamlessly into financial systems, giving Finance both the numbers and the business context to make sense of those numbers. An added bonus: the LOB won’t have to learn an Accounting-oriented budgeting system, freeing it from the productivity-sapping process of rendering plans into spreadsheets.

**Shorten
Planning
Cycles**

Shorten Planning Cycles

Create a centralized planning system by integrating the CFP solution with existing enterprise and financial tools including your ERP application. This ensures that real-time data from across the company informs the long-range planning process, to shorten planning cycles and streamline the financial and investment planning process, enabling you to:

- Avoid creating static plans by infusing them with relevant data from across the enterprise
- Make replanning a seamless part of long-range planning by updating forecasts with actuals
- Mitigate risk by sharing information across LOBs and functions
- Ensure both Finance and the executive team understand the implications of investment decisions

Seek out vendors who have developed APIs, integration platforms, or other prebuilt interoperability mechanisms that offer a seamless interface between their CFP solution and your existing systems. Avoid systems that require that you develop custom hooks between the solution and your other tools, as these can be complex and often fail when a new version of one system is released.

**Optimize Plans
with What-If
Scenarios**

Optimize Plans with What-If Scenarios

Some CFP solutions provide scenario-planning support that enable the evaluation and prioritization of many different contingency plans to find the one that best meets the organization’s needs, both as plans are developed and as those plans must be adapted to evolving conditions.

These What-if Scenarios can enable Finance and the LOB to optimize plans:

- Finance can pinpoint investments that best align with corporate goals, available capital, and other drivers
- The C-suite can decide which scenario best maximizes market opportunity, resources, and budgets

**Get
Performance
Visibility**

Get Visibility into Investment Performance

Every Finance department has critical systems on which it relies that store important data. Look for a Corporate Financial Planning solution that is easy to integrate with existing financial systems to provide downstream visibility into the performance of your investments.

Simplifying the process of comparing planned spend to actuals creates the agility you need to shorten replanning cycles and shift investments in the face of change, while creating transparency required to accurately measure ROI.

**Improve Data
Accuracy and
Accountability**

Improve Data Accuracy and Accountability

A key problem of arising from the many challenges inherent in spreadsheet-based systems is the lack of data accuracy and accountability. A CFP solution can help mitigate this concern to derisk an accelerated planning process. The LOB and Finance can both see increased productivity and results by:

- Using a framework that efficiently delivers data about whose quality the organization can feel confident for planning and replanning
- Building in new efficiencies and mitigating error by automating data-intensive tasks and eliminating the need to manually translate spreadsheets into budgets
- Improving prioritization of investments by assessing them against corporate goals and criteria
- Attaining a new level of reporting sophistication with the ability to pinpoint expenses and revenues associated with initiatives across accounts and regions

Use Analytics to Keep Investment Plans and Budgets on Track

Analytics and reporting is another area in which spreadsheet-based systems can let you down – exactly where Finance needs some of the strongest support! Take care to select a CFP solution that provides the powerful analytics support you require. Not all systems are created equally where this key capability is concerned as you consider longer-term, enterprise-wide needs in your drive toward improved performance, optimized processes, and better margins.

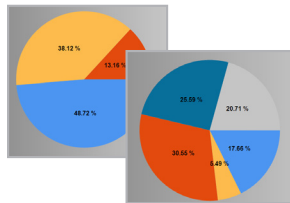
A strong approach to analytics and reporting will help Finance and the LOB:

- Gain better financial transparency and improved understanding of costs
- Mitigate risks and issues
- Analyze trends
- Ensure spend and return are in line with expectations
- Make in-flight corrections when business conditions change

Some of the things that the right analytics can help you do include:

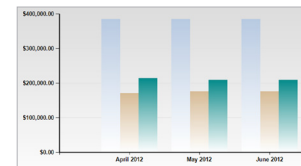
Investment Option Modeling: Look for robust scenario modeling capabilities that give Finance and the entire enterprise the opportunity to model varied investment strategies and choose the right sets of products and services that meet risk, resource, and budgetary parameters.

Name	Category	Budget	Return
Investment Option 1	Category A	\$10,000,000	15%
Investment Option 2	Category B	\$20,000,000	20%
Investment Option 3	Category C	\$30,000,000	25%
Investment Option 4	Category D	\$40,000,000	30%
Investment Option 5	Category E	\$50,000,000	35%



Revenue and Margin Contribution: Key analytics like these can help your organization spot trends, optimize plans, and make informed decisions about future budget and resource allocations.

Past Performance Analysis: The ability to examine the revenues of strategic initiatives, markets, and/or product lines over time gives you insight into future opportunities.



Corporate investments largely define your company's future, and Finance now has the technological support it needs to join forces with the Business to make those right strategic decisions and get all the information it needs to see the impact of those decisions.

Now that you know what to look for, take your time and find the right vendor partner for you, the one that offers everything you need to:

- Improve the accuracy of your financial planning processes
- Achieve downstream visibility into investment performance
- Shorten planning cycles to cut time and cost
- Use analytics to keep investment plans and budgets on track

Planview has been building this kind of technology for hundreds of enterprise customers, so we know what it takes to deliver systems that help you pick the right investments, understand their financial implications, and validate their return. We can help you see around the corners when it comes to deploying a flexible, large-scale solution, be it SaaS or on-premise. And our solutions grow with you: use what you need, build on early wins, and leverage more of our end-to-end approach as your requirements evolve.

Ready to learn more? Get a white paper, check out a video, request a demo, and much more at Planview.com/CFPResources.