



Continuous Planning through Rolling Forecasts

NAW CFO Roundtable

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Agenda

1. Common Budget approaches
2. Common Budgeting challenges
3. World Class FP&A practices
4. Spotlight: Continuous Forecasting
5. Understanding your organization's readiness



Budgeting approaches run from traditional to more advanced practices each providing varying benefits & challenges

<div>Traditional</div>  <div>Advanced</div>	Planning Approach	What is it?	Benefits	Challenges
	Historical +/- x% Budget	Taking last year results as baseline and adjusting +/-	<ul style="list-style-type: none"> • Simple • Process is familiar 	<ul style="list-style-type: none"> • History ≠ future • Rigid; quickly outdated
	Top – Down Budget	Upper management defines budget and passes down	<ul style="list-style-type: none"> • Keeps teams focused on operations, not budgeting 	<ul style="list-style-type: none"> • Done in a bubble • Less actionable/paralyzing
	Bottom – Up Budget	Department heads define what they need to operate	<ul style="list-style-type: none"> • Thorough • Connected to operations 	<ul style="list-style-type: none"> • Time intensive; rework • Approvers disconnected
	Zero Based Planning	Clean slate; must justify business plan to get funding	<ul style="list-style-type: none"> • Requires justifying needs • Can eliminate waste 	<ul style="list-style-type: none"> • Easy to overlook needs • Time intensive
	Continuous Forecasting	Forward looking and not limited to a Fiscal year; Regular touchpoints	<ul style="list-style-type: none"> • Flexible & opportunistic • Uses key business drivers 	<ul style="list-style-type: none"> • Transformational • Not tied to incentives

Recognize the common budgeting challenges and build a plan to resolve

	Lagging Practices	Leading Practices
1. Budget is wrong and not tied to business strategy or priorities	<ul style="list-style-type: none"> Artificial targets are set or history defines the budget baseline resulting in multiple iterations Inputs that are void of where the business is headed are counterproductive 	<ul style="list-style-type: none"> Avoid history as the starting point and work from the strategic plan backwards Build a flexible process that allows for fluid adjustments as business plans shift Ensure budget owners understand business priorities
2. Time intensive process with low ROI	<ul style="list-style-type: none"> Requires 3-4 months or maybe more of detailed work across the company Hours & labor \$ spent on building an "outdated" budget is time spent away from pushing the business forward 	<ul style="list-style-type: none"> Top down is too high level and bottom up detail is too cumbersome; focus on the middle up Recognize what drives your business and focus there; go deep only where it makes a meaningful difference
3. A "locked" budget is misaligned with changing business needs	<ul style="list-style-type: none"> Companies that continue to follow a budget, even if the plan is wrong are creating unnecessary business risk Budgets are perceived as "use it or lose it" which can lead to unnecessary spending to retain \$ for next year Breeds a non-opportunistic environment 	<ul style="list-style-type: none"> Redefine the process to revisit the plan regularly to make necessary adjustments Promote transparency and collaboration among business leaders
4. Data mismanagement creates risk throughout the process	<ul style="list-style-type: none"> Data loading, transfer and consolidation points are time-consuming and prone to errors An enterprise model with inconsistent assumptions or definitions generates a consolidation nightmare 	<ul style="list-style-type: none"> Ensure data governance is at the forefront and comes from the center Generate simple, consistent yet meaningful budget assumptions to take unnecessary steps out of the process
5. Technology limits advancement holding companies prisoner	<ul style="list-style-type: none"> Outdated and multiple systems bog down the process creating meaningful inefficiencies Every manual update is an opportunity for error, slowing the entire budgeting process 	<ul style="list-style-type: none"> Embrace digital transformation and invest in the right solution to enhance the process by improving workflow, limiting manual touchpoints and multiple versions Find a solution that is flexible and easy to update

Achieving leading Budgeting practices, starts requires a "World Class" Financial Planning & Analysis team & process

Requires the need to eliminate silos, promote collaboration and empower individuals, which can lead to a highly efficient and nimble planning process.



**World Class
Requires Striving
for these Elements**

1.

Embrace & champion change within the Finance organization and across the enterprise. Challenge the status quo, identify barriers (both people and process) and develop a vision for the future.

2.

Build credibility and gain support from business leaders by promoting enhanced transparency and collaboration across the organization, fostering business ownership and accountability.

3.

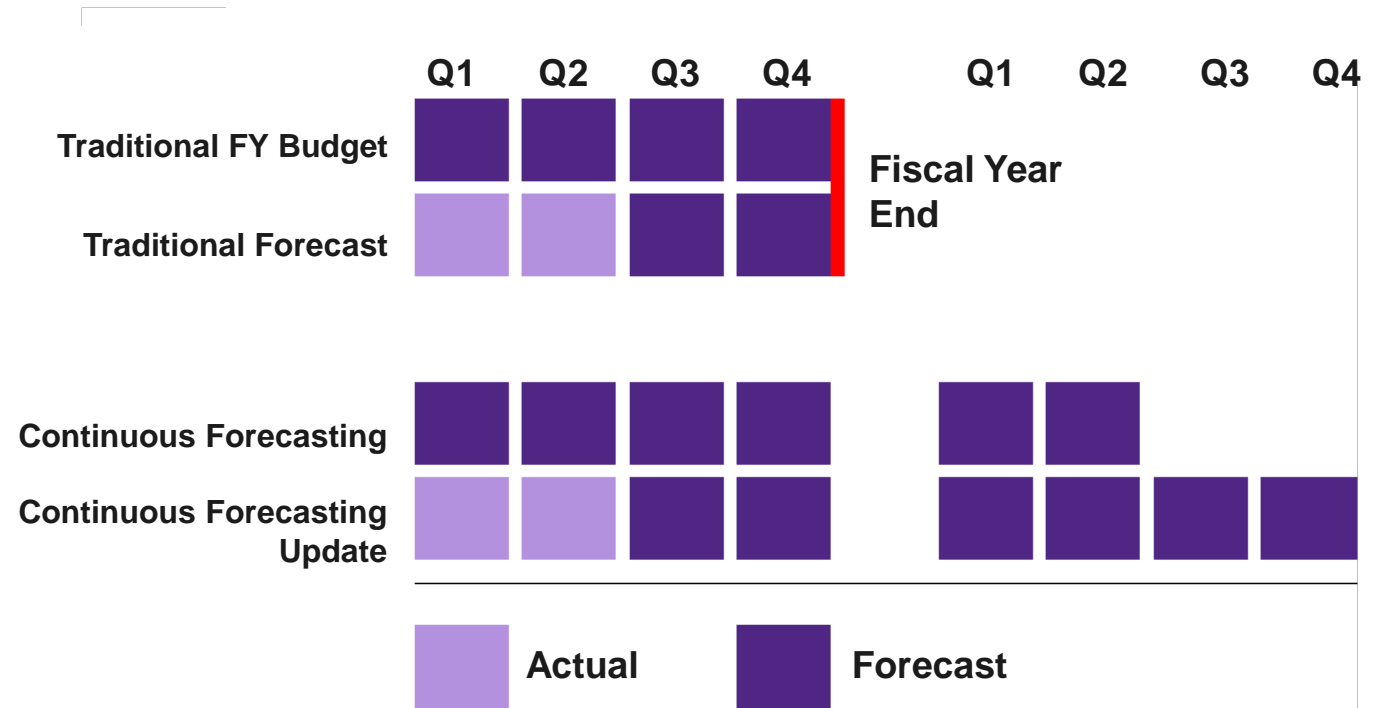
Shift focus from number crunching to analysis and strategic thinking. Leverage technology to automate and streamline processes, freeing up time and resources to delve deeper and develop more meaningful insights.

4.

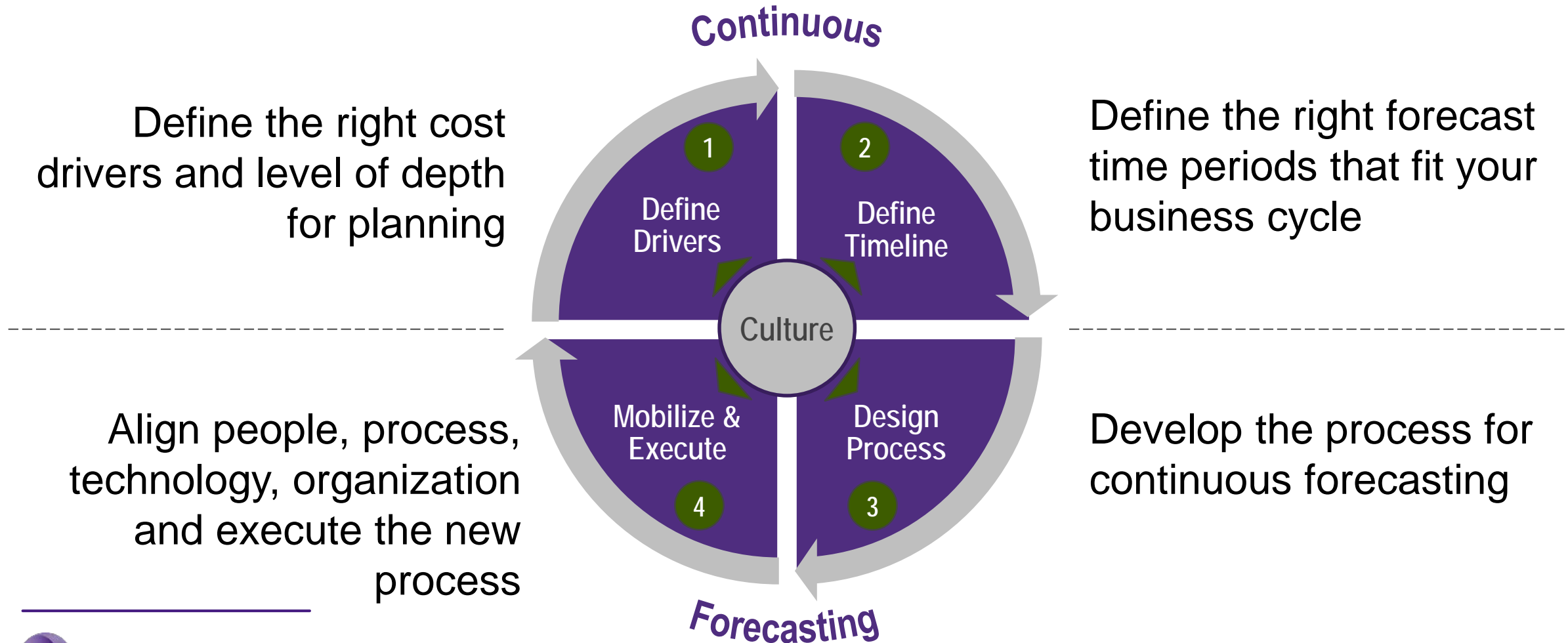
Transform Finance from reporting and data manager to strategic partner for Executive leadership. Enable timely decision-making by incorporating key performance indicators, business drivers and market trends into leadership dashboards and visualizations.

CFOs recognize that Continuous Forecasting is important to allow for agility and to act on opportunity

Continuous Forecasting allows the organization to **spread its touchpoints** throughout the year and plan **more accurately** by adjusting to changes. It breeds a culture that **looks ahead** and continuously **mitigates risks** while capitalizing on **opportunities**.



Key decision criteria to define an effective Continuous Forecasting model and process



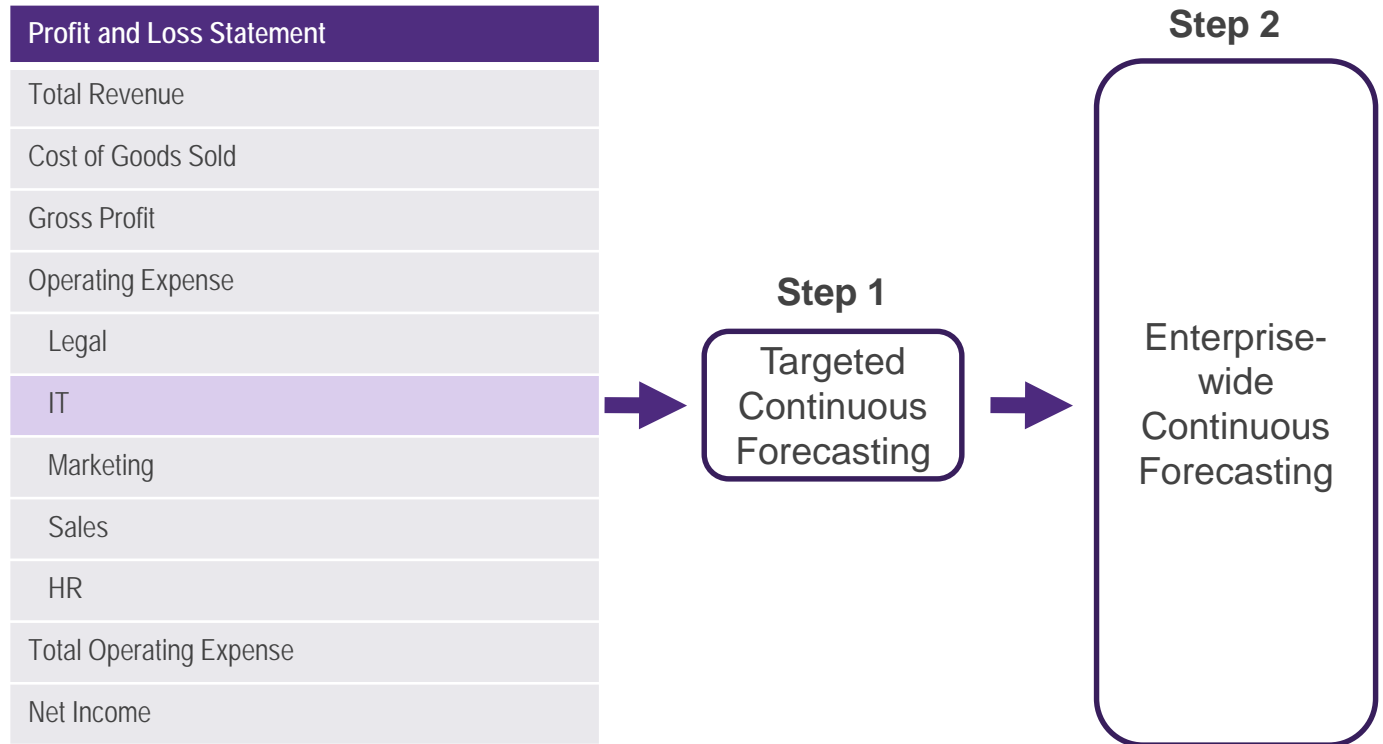
Start Slowly & Focus First....

Implementing an improved budget process enterprise-wide is *no small undertaking*.



While some CFOs may go on the journey to take on an enterprise wide process change, we see the benefits of focusing on **incremental changes**

CFOs are able to prioritize and target areas of volatile revenue or spend resulting in a meaningful way to introduce continuous forecasting to organizations without causing a disruption enterprise wide.



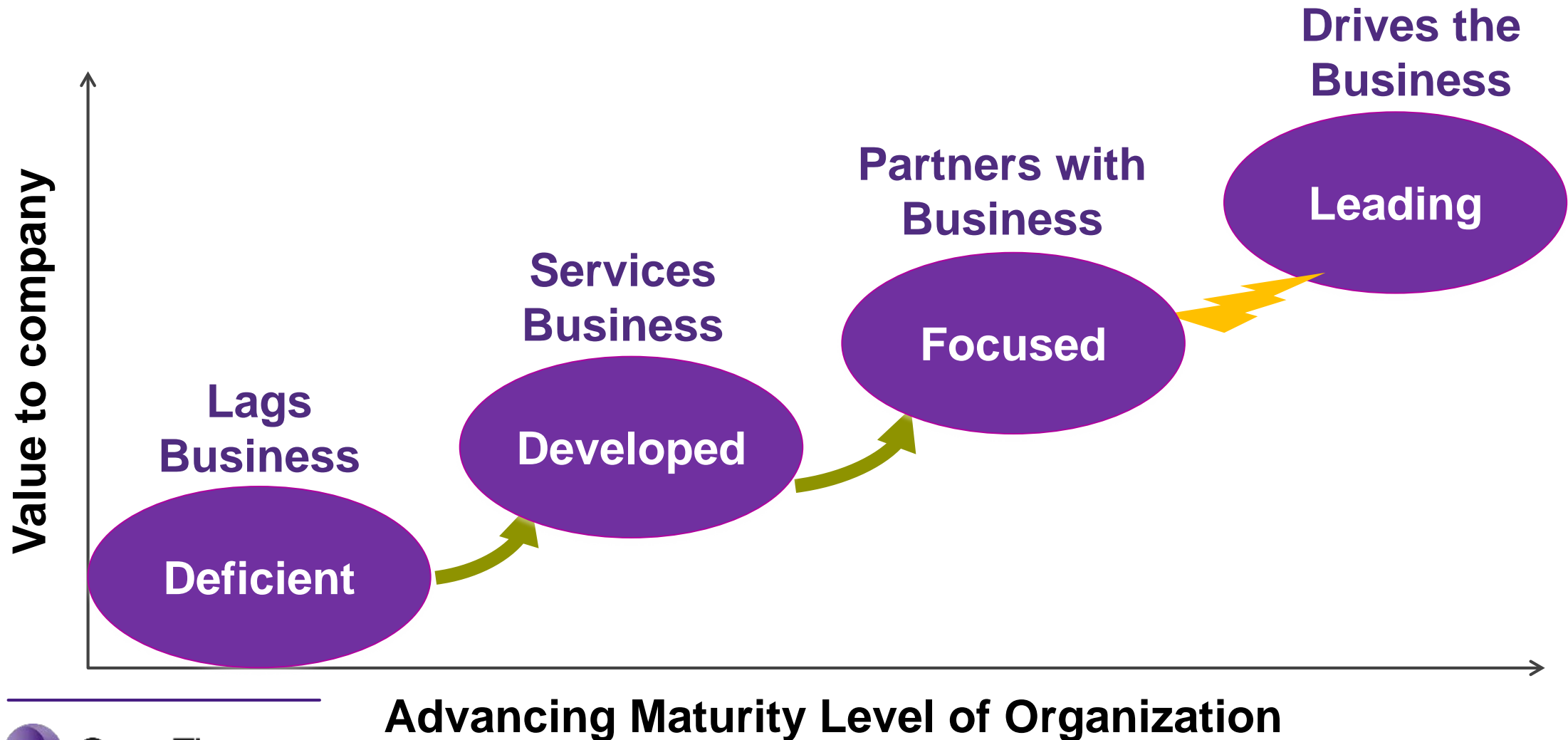
Advancing the journey the right way

To modernize the Finance Operating Model to achieve a successful Continuous Forecasting practice these 4 elements need to be addressed together



To ensure the FP&A team can lead the business through proper planning, it is important to objectively assess the maturity of its current state in order to provide future state recommendations

Understand your current state organization's maturity level before advancing to the desired future state model



The maturity assessment will evaluate five key components to determine your current level of maturity

The Maturity Model is a valuable tool to illustrate and plot the current state characteristics for each of the 5 Key Components:

1. Identify current score for each of these Components across the continuum.
2. Discuss and define where you would like to ultimately advance towards.
3. Develop a plan to get there.

Maturity Components				
	Deficient	Developed	Focused	Leading
<i>Support</i>	No planning goals & objectives <input checked="" type="checkbox"/>	Some planning structure	Aligned planning across organization	LOB and Corporate planning groups consistently in sync
<i>Accuracy</i>	Forecast outdated as soon as developed	Reasonably accurate short term forecasts <input checked="" type="checkbox"/>	Short and long term forecasts accurate	Very accurate short and long term outputs
<i>Process</i>	Planning processes not well defined <input checked="" type="checkbox"/>	Business & finance involvement	Planning integration across company	Focus on analysis not number crunching
<i>Timeliness</i>	Not completed ahead of actuals	Completed ahead of actuals for parts of business <input checked="" type="checkbox"/>	Completed ahead of actuals for entire business	Delivery/approvals completed prior to comparison periods
<i>Technology</i>	Manual consolidation tools	OLAP or similar tool for consolidation	Centralized, automated consolidation tools <input checked="" type="checkbox"/>	Business has evaluated long term architecture

The goal for each component is not necessarily to achieve the most far right point of "Leading", but to serve as a guide to determine the desired way forward. By plotting specific future state characteristics and goals, the model helps to codify and illustrate the gap between current state and future state

To achieve "World Class" leading practices these outcomes should be front of mind



1

Design and implement driver-based financial models, connecting operating metrics to financial performance. Leverage these models to determine what factors impact growth and profitability.

2

Apply scenario analysis and advanced analytics to hypothesize a variety of outcomes. Develop leading KPIs and proactively address risks or capitalize on opportunities as they materialize.

3

Link strategic initiatives to financial KPIs, aligning the budget to support organizational objectives. Create accountability and ownership by cascading KPIs throughout the organization, shaping individual performance goals.

4

Foster a collaborative environment, breaking down barriers and educating those outside of Finance on financial matters utilizing a common language.

5

Establish an internal network of SMEs to provide valuable insights and recommendations while cultivating external partnerships that offer varying perspectives and prior experiences.

The Opportunity...

Finance Leaders recognize the importance to continuously improve on how the FP&A team adds value to the organization at all levels



However, Achieving a "World Class" Financial Planning & Analysis team that effectively leads a Continuous Forecasting approach is a lofty goal that takes planning, agility and persistence

When implementing changes, businesses need to have these common challenges front of mind:

1. Corporate Culture

- Resistance to change
- Ineffective project and/or change management
- Competition for limited resources

2. Complexity

- Multiple systems & data sources in variable formats, often with inaccurate or missing information
- Impact to organizational structure & employees
- What is the right "End in Mind"?

3. Resource Constraints

- Time
- Human Capital
- Funding
- Technology & bandwidth

Appendix

Additional Materials



Leaders of FP&A Technology Solutions

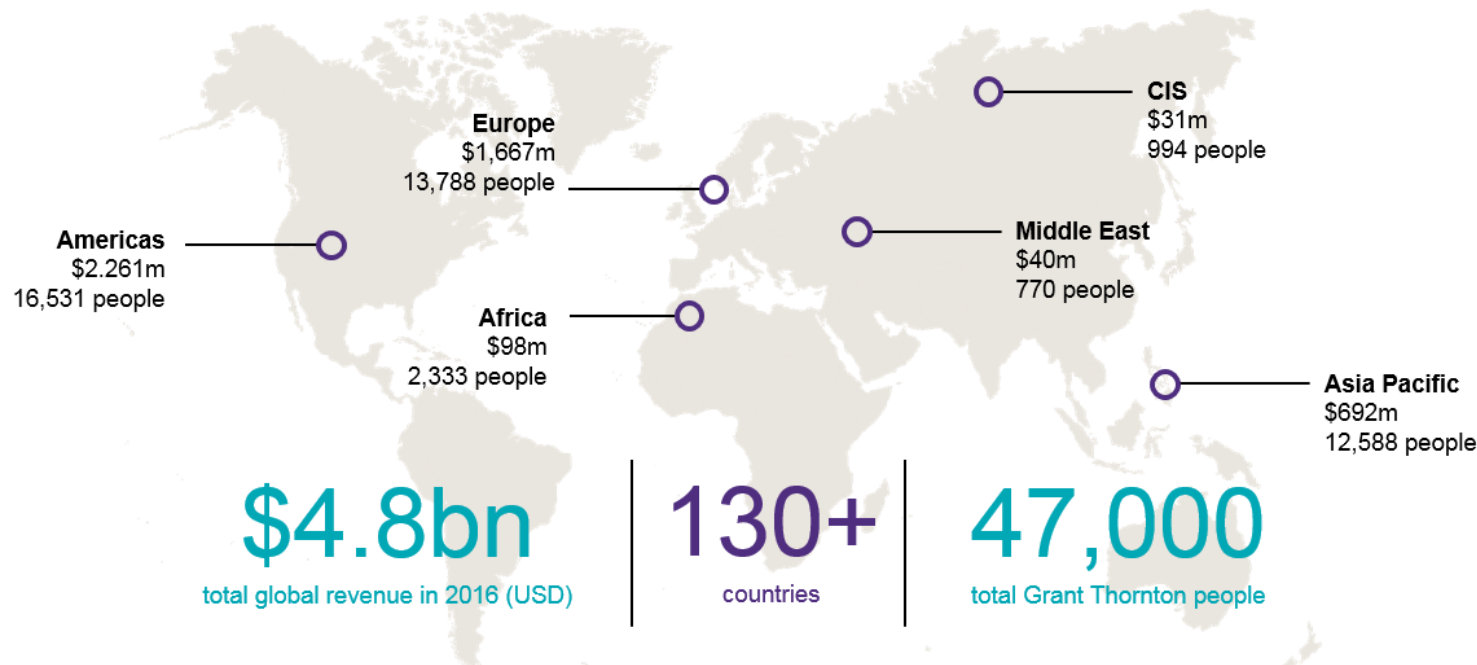
Key Areas	Host Analytics	Adaptive Insights	IBM	Oracle	Anaplan
Sales Experience	✓				✓
Ease of Implementation	✓	✓			
Ease of Use					✓
Ease of Maintenance	✓	✓			
Solution Flexibility		✓	✓		✓
Performance		✓			✓
Analytics					
Application Governance/Life Cycle Management	✓	✓			
Overall Experience with Vendor	✓	✓			✓
Meeting Needs vs. Money Spent	✓	✓			
Meetings Needs	✓	✓			✓

Grant Thornton Overview

We are Grant Thornton

Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd, one of the six global audit, tax and advisory organizations featuring more than 47,000 professionals in over 130 countries.

We offer a full range of advisory, accounting and tax services, but what sets us apart is our unique firm culture that has resulted in a turnover rate that is less than half of the industry average and an ability to offer our clients a truly distinctive client service experience.



9.5
Our average rating for partner/senior manager involvement (out of 10)



2x better
Our net promoter scores (clients willing to recommend us) is 73%, more than twice the 28% industry average



9.4
Our average rating for 'ease of doing business' (out of 10)



Top 5
Vault Accounting Top 50 and Best Firm Culture

Core Financial Planning & Analysis Leadership Team



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- Chris has proven experience and background in finance, technology, and process design. He brings expertise in finance transformation, cost and performance management, finance operations, and shared service design
- His specialties include project management, change management, marketing, product strategy, corporate recovery, financial & tax strategy, business valuation, due diligence, business intelligence, strategic planning, M&A, post-merger integration, ERP financial systems



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- Leads the Cost and Performance Management capability at Grant Thornton with a focus on Cost and Profitability Improvement, Cash and Working Capital improvements, Finance Process Optimization, Business Intelligence and Integrated Planning Process
- More than 18 years' experience in Financial Planning & Analysis, Strategic Planning, Budgeting & Rolling Forecasts, Finance Process Development, Organization Optimization, Cash Flow Management & Supply Chain Finance with Fortune 500 companies across multiple industries both as a consultant and in the private sector



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- A leader in the Cost and Performance Management capability at Grant Thornton with a focus on FP&A Maturity, Rolling Forecasts, Zero Based Planning, and Business Intelligence
- A former Chief Financial Officer, with over 16 years of diverse experience, including work in professional services and the private sector. With experience domestically and internationally, Mike has focused on providing sound financial leadership and guidance to enable entities to maximize shareholder value.

Financial Management Services

Full range of services

Advisory consulting resources

2,410 U.S. Advisory professionals | 11,835 globally

- Advisory and consulting specialists focused on internal audit, IT, compliance, technology strategy and implementation, global market entry and business consulting
- Transaction specialists for strategy, due diligence, investment banking, tax structuring, and integration
- Forensic and valuation to assist with investigations, disputes and valuing enterprises, assets, intellectual property, contingent claims, financial instruments and more
- Restructuring and reorganization specialized practice

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- National Office in D.C. – advisors working with the IRS and Treasury Department to analyze tax policy
- Dedicated practices in state, local, property, federal, compensation, private wealth and more

Audit & accounting resources

2,475 U.S. Audit professionals | 21,537 globally

- National Professional Standards Group of specialists in accounting, SEC and other regulatory requirements
- 40 professionals appointed to positions in major accounting industry associations

A mature Financial Management practice

Our Financial Management consultants work with financial executives who want to add value, save time and save money. We help keep your finance function moving forward to evolve from traditional transaction and reporting to more efficient, analytical and data-driven processes so it can provide timelier insights to decision-makers to drive strategy and meet business objectives. Grant Thornton has robust, custom-tailored solutions you need to tackle your most critical business issues.

Finance Transformation

- Finance Vision & Strategy
- Finance Operating Model Design
- Finance Process Optimization
- Financial Benchmarking

Cost & Performance Management

- Cost & Profitability Analysis
- Cash & Working Capital Optimization
- Integrated Planning Process
- Modern Business Intelligence

Financial Operations

- Reporting
- Data Quality Analysis
- Policies & Procedures
- Account Reconciliation

Global Business Services

- GBS Feasibility
- GBS Optimization
- GBS Design and Implementation Support
- Business Process Outsourcing (BPO) Services