Recent Research results: Finance’s limitations and ambitions

Target seting

[Mary Discroll](https://www.apqc.org/mary-c-driscoll), APQC’s senior research fellow for Financial Management

* **Integration with Operations/cross-functional leadership**
  + Getting inside key pockets of the business to better understand how decisions are made
    - S&OP
    - Key areas of influence (Sales, Procurement, Engineering, Manufacturing, Distribution, Administration)
  + Increasing the effectiveness of planning, forecasting, and decision-support
  + Add real forecasting and planning value
    - Gather and leverage integrated financial and operational data
    - Make the planning process transparent throughout the organization
    - Move away from the annual budgeting process to continuous planning and forecasting
  + Limited opportunities for the analysts to interact with the business
  + Expand the mission statement for financial planning (FP&A) so that it adds value to the business beyond accounting, reporting and compliance
  + Delving into multiple cost categories
  + Rolling forecasts…along with more precise understanding of cost drivers, demand drivers, pricing power, resource requirements, and operating constraints.
  + What is really sad is that 20 years ago, when I was at *CFO* magazine, we were writing about the need for improvement in this area. The message was: to be relevant in the pursuit of strategic objectives, finance teams had to become stronger business partners and generate analyses that help decision makers increase economic profit. Today, a lot of work remains untouched. The research shows that most CFOs are willing to invest in better financial systems and data models, but they are not necessarily inclined to develop analytical talent or polish their FP&A process models. Indeed, only half of the survey takers reported that the business entities they serve are committed to expanding the mission of finance so that it adds more value to decision-making.
  + attention is given to training management accountants to be business partners who know the nuances of operations and the challenges that operating managers face
  + ¨ resources assigned to FP&A and CPM are encouraged and trained to adopt a forward-looking mindset, as opposed to the classic approach of reporting what has already happened
    - clearly “how various plants are producing, how effective they are, the issues they face”
* **Analytics**
  + Leveraging technology
  + How to integrate analysis for effective forecasting and decision making
  + Translation of accounting data into business information
  + Insufficient access to opertional metrics that drive and impact financial measures
  + Predictive analytics and scenario analysis
  + there is a steady focus on strengthening analytical skills needed to leverage the growing interest in Big Data, business intelligence, and predictive analytics;