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Developing an FP&A 3-Year Strategy

Presenter: Glenn Snyder

Meet your speaker

Glenn Snyder

Glenn Snyder has over 19 years of FP&A experience and eight years of corporate strategy experience at firms such as Franklin Templeton, Visa, Charles Schwab, Digital Realty, and Global Growth (a private equity firm with over 120 operating companies worldwide). Most recently, Mr. Snyder was the Vice President of FP&A for Zazzle, an online consumer goods marketplace. In addition to his work experience, Mr. Snyder has taught both Managerial Finance and International Trade & Finance at San Francisco State University, published a novel, One Moment in Time, published a supplement to Principles of Corporate Finance through McGraw-Hill, presented at several FP&A and leadership conferences, and been a regular on the FP&A Friday's podcast. Mr. Snyder has a bachelor's degree from U.C.L.A. in International Economics and an M.B.A. from the University of San Francisco with a double emphasis in International Business and Finance.

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Contents/Agenda

- What is a Strategic Plan?

- Who should see/use your Strategic Plan?

- Sections of a Strategy

- Example of FP&A Strategic Plan

Developing an FP&A 3-Year Strategy

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What is a Strategic Plan?

A **Strategic Plan** is a document where the leaders of an organization outline their vision for the future through goals and objectives.

A **Strategic Plan** provides a framework and direction that ensures goals are aligned and teams are moving in the same direction.

- These plans can be cascaded down from corporate executives or developed from the bottom up to show more tactical direction and desired accomplishments.

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# Who should see/use your Strategic Plan?

FP&A Finance

o   Goals for FP&A and other Finance Organizations

o   Lines of distinction between Finance Teams
(Accounting, FP&A, Treasury)

Business Partners

o   Let your partners know what to expect

o   Align the improvements in FP&A to make a larger impact
on Business Lines' strategic plans

Support Groups

o   Allow support groups like HR, IT, and Accounting know what
to expect and when expectations may change

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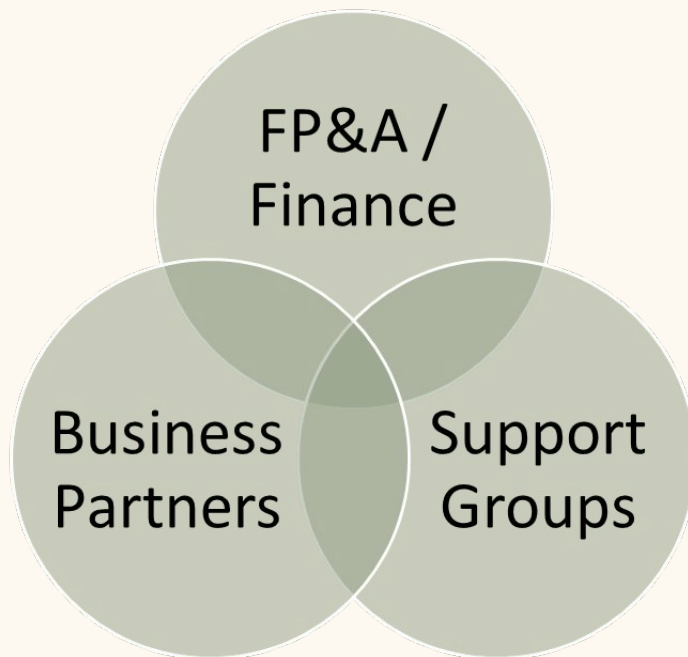
Sections of a Strategy

|	
Define FP&A	• What is the mission of the organization • How does your group differentiate itself from other organizations
Current State Evaluation	• People (keep this confidential – only share with the CFO and HR business partner) • Systems (capabilities, level of automation, utilization, scalability) • Processes (budgeting, forecasting, reporting, business cases)
Pillars of Excellence	• What are the key tenets or principles in which FP&A will succeed? • How should FP&A be measured against those principles? • What is the FP&A brand in the future?
Future Vision / Goals	• What will the next three years bring? • Split out various teams within FP&A when appropriate • Align goals for each year by the Pillars of Excellence
Organizational Chart	• Future state organizational chart • Include future positions to be added

Summary

When a strategic plan is properly executed, it's referred to constantly by internal and external members of the team and used for:

- Annual Goal Setting

- Measurements / Accountability / Expectation Setting

- Team direction

- Projects / Improvements

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Example of an FP&A 3-Year Strategy
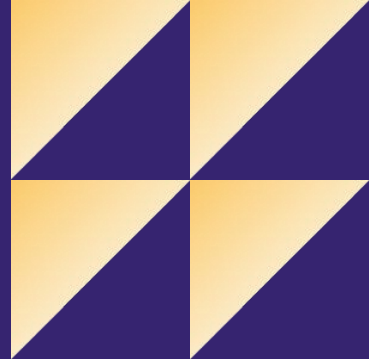
FP&A 3 YEAR STRATEGY

May 2020

CONTENTS

- What is FP&A?

- FP&A Core Functions

- FP&A Pillars of Excellence

- Current Status
  - Systems / Data
  - Partnership
  - Reporting / Budgeting / Forecasting

- FP&A Path to Excellence

- Goals and Timelines
  - Debt & Covenants
  - Business Partners
  - Systems & Processes

- Optimal Organizational Chart

What is FP&A?

FP&A is a centralized analysis and reporting team that works as a liaison between the business units and finance to provide insights and understanding that enhances decision making across the organization

FP&A Responsibility

- Management Reporting (internal)
- Quarterly Forecasting
- Annual Budgeting
- Finance Business Partners
  - Engagement with the business
  - Knowledge transfer to finance
  - Business case analysis
  - One contact for finance support
- Data Stewards (identifying and improving data quality and data usage)
- Ad-hoc "SWAT" team that can quickly pivot and adjust to current needs and fire drills

Accounting Responsibility

- External & Regulatory Reporting
- Engagement with External Auditors
- Follows GAAP Procedures
- Executes transactions and journal entries
- Manages and owns accounts payable, accounts receivable, and fixed asset ledgers
- Data Champion / Owner of GL Data
  - Consistency in approach
  - Providing guidance and research for users
  - Complying with quality standards and regulations
  - Provides details and transparency when applicable
  - Ensures data quality across financial statements

FP&A CORE FUNCTIONS

- Internal / External data
- Acquisitions / Financing
- Cash Flow / Liquidity
- Headcount
- Revenue & Expenses

- Monthly Management
- ELT / Portfolio Reports

Analysis

Reporting

Budgeting / Forecasting

Knowledge

- Quarterly Forecasts
- Annual Budgets
- Scenarios
- Long-Term Forecasts
- Cash Flow / Liquidity
- Debt / Covenants

- Significant Industry & Company Experience
- Key Internal & External Relationships

FP&A PILLARS OF EXCELLENCE

Insightful, Reliable, Impactful, Trusted, Thoughtful, Accurate, Timely

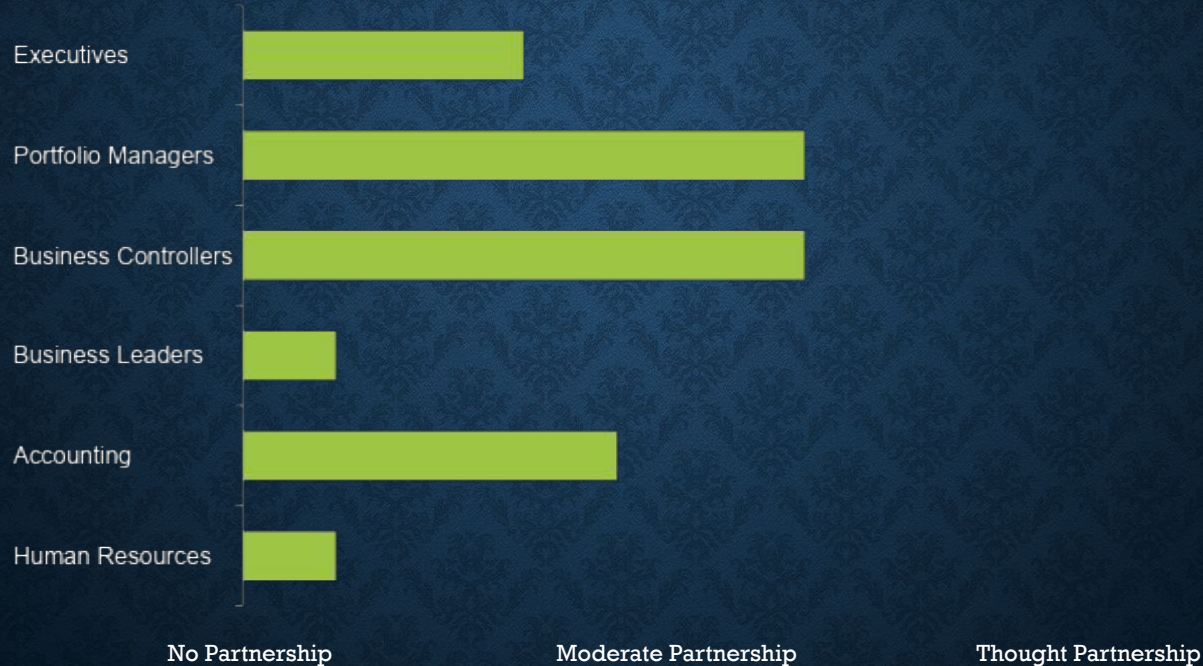|	Customer Service	Operating Efficiency	Communication	Knowledge / Expertise	Personnel
Goals	• Go To Resource • Superior Quality • Strong relationships • Direct / Transparent Information	• Technology / Systems • Automated Reporting • Easy to Use Self-Service Tools	• Open & Transparent • Clear & Impactful • Thought Partnership	• Industry • Market Insights • Operational Best Practices • Deep Internal Relationships & Knowledge	• Highly Engaged • Career Paths • Leadership • Cross Training • Teamwork
Measurements	☐ Inside business knowledge ☐ Requests / Projects from business	☐ Production Time ☐ Data Access ☐ System Users	☐ Process / Data Understanding ☐ Shared timelines	☐ Impactful / Actionable Insights & Analysis	☐ Engagement Scores ☐ Tenure ☐ Promotions

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CURRENT STATUS – Personnel

CURRENT STATUS – SYSTEMS / DATA

	Manual	Automated	Does Not Exist
Monthly Financial Input (from underlying companies)	●		
Standardized / Consolidated General Ledger Accounts			●
Consolidations / Roll-ups	●		
Reporting / Dashboards	●		
Budget / Forecast Scenarios	●		
Validation / Data Integrity			●
Data Governance Council			●

CURRENT STATUS – PARTNERSHIP

Executives

Portfolio Managers

Business Controllers

Business Leaders

Accounting

Human Resources

No Partnership   Moderate Partnership   Thought Partnership

CURRENT STATUS – REPORTING / BUDGETING / FORECASTING

- Budgets / Forecasts
  - Annual calendar
  - General Ledger Account Level
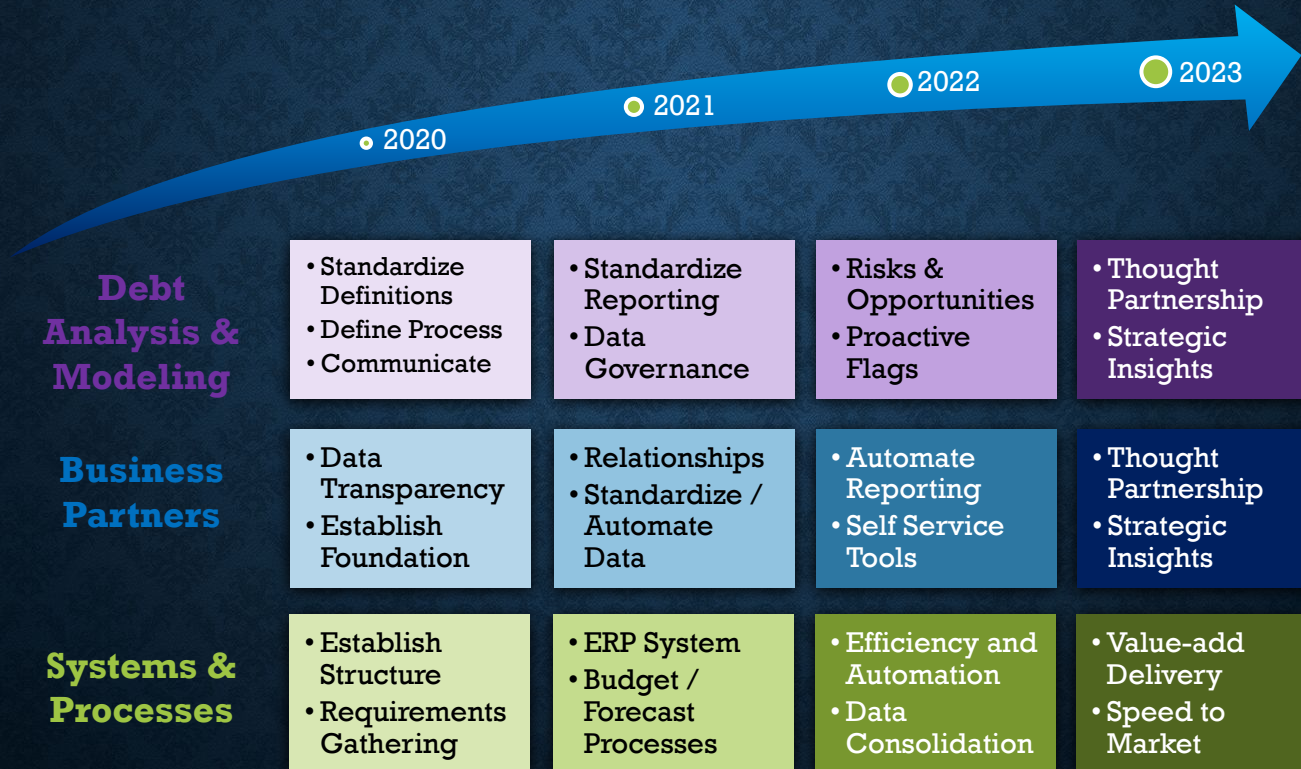 - Inclusive of all Global Entities
  - FP&A Insight

- Reporting
  - Data Quality
  - Analysis
  - Production
  - Forward Looking / Insights for Future Decisions

FP&A PATH TO EXCELLENCE

2020 — 2021 — 2022 — 2023

Debt Analysis & Modeling	• Standardize Definitions • Define Process • Communicate	• Standardize Reporting • Data Governance	• Risks & Opportunities • Proactive Flags	• Thought Partnership • Strategic Insights
Business Partners	• Data Transparency • Establish Foundation	• Relationships • Standardize / Automate Data	• Automate Reporting • Self Service Tools	• Thought Partnership • Strategic Insights
Systems & Processes	• Establish Structure • Requirements Gathering	• ERP System • Budget / Forecast Processes	• Efficiency and Automation • Data Consolidation	• Value-add Delivery • Speed to Market

GOALS & TIMELINES
DEBT ANALYSIS & MODELING

	Customer Service	Operating Efficiency	Communication	Knowledge / Expertise	Personnel
2020	• Get feedback on current processes and reports from end users	• Create an inventory of all debt, EEA payments, and covenants • Develop a standardized database to house inventory • Develop update processes • Begin to develop standardized modeling	• Develop a user list by group • Work to integrate into debt refinancing and deal making processes	• Establish a glossary of terms • Establish a contact list for attorneys, bankers, lenders, etc. • Begin to understand deal packages	• Design roles and responsibilities • Establish back-ups and succession planning • Create annual goals by team member
2021	• Deepen relationships • Establish 1:1s with key personnel	• Import database into new ERP system • Establish automated reporting • Roll out standardized models	• Establish a presence within stakeholder meetings • Establish data governance	• Develop working knowledge of new ERP system	• Develop team leadership skills • Provide growth opportunities • Expand roles and responsibilities
2022	• Proactively deliver analysis – risks & opportunities • Take ownership of modeling and coordination with lenders	• Automate updates and data inputs • Automate modeling process	• Continuously improve transparency and communication within the team and the company	• Share system expertise with self-service tools • Become modeling expert within ERP system	• Provide management and growth opportunities • Deepen employee impact
2023	• Achieve thought partner status with key stakeholders	• Create report packages through publishing	• Continuously improve transparency and communication within the team and the company	• Continue to expand company and industry knowledge	• Continue to expand, grow, and develop the team

GOALS & TIMELINES
BUSINESS PARTNERS

	Customer Service	Operating Efficiency	Communication	Knowledge / Expertise	Personnel
2020	• Establish business line ownership within FP&A • Begin to proactively analyze the business lines	• Establish requirements for new ERP system • Standardize GL accounts and mapping from underlying businesses • Standardize reporting	• Communicate FP&A strategy • Create 1:1s with key business line partners	• Establish understanding of business lines, industry, structure, etc. • Enhance partnership skills • Learn FP&A best practices	• Design roles and responsibilities • Establish back-ups and succession planning • Create annual goals by team member
2021	• Deepen relationships with business line partners and leaders	• Learn and develop automated reporting through new ERP system • Budgeting and Forecasting in new ERP system	• Deepen transparency in analysis and reporting • Request feedback for improved reporting	• Understand data governance • Enhance knowledge of ERP system	• Develop team leadership skills • Provide growth opportunities • Expand roles and responsibilities
2022	• Proactively deliver analysis and insights • Train business partners on self-service tools (ERP)	• Automate updates and data inputs around budgeting and forecasting • Automate reporting • Define / Consolidate Business Metrics	• Continuously improve transparency and communication within the team and the company	• Deepen knowledge of business lines and ERP system	• Provide management and growth opportunities • Deepen employee impact
2023	• Continue to deepen partnerships with key personnel	• Create report packages through publishing	• Continuously improve transparency and communication within the team and the company	• Continue to expand company and industry knowledge	• Continue to expand, grow, and develop the team

GOALS & TIMELINES
SYSTEMS & PROCESSES

	Customer Service	Operating Efficiency	Communication	Knowledge / Expertise	Personnel
2020	• Gather requirements for ERP system	• Establish a calendar for forecast and budgeting • Develop data integrity checks • Evaluate ERP Solutions • Establish GL maps to a consolidated GL	• Distribute budget and forecast calendar • Develop working group for ERP system • Establish 1:1s with key partners in accounting, IT, and business lines	• Understand data inputs from business lines	• Design roles and responsibilities • Establish back-ups and succession planning • Create annual goals by team member
2021	• Train end users on ERP system • Develop an improvements list for ERP system	• Roll out ERP solution • Establish a data governance council • Automate data inputs to reduce close process	• Develop policies for the data governance council	• Deepen knowledge of ERP solution and how end users are using the system	• Develop team leadership skills • Provide growth opportunities • Expand roles and responsibilities
2022	• Train business partners on self-service tools (ERP)	• Consolidate business metrics • Automate reports • Improve ERP processes	• Continuously improve transparency and communication within the team and the company	• Deepen knowledge of business lines and ERP system • Look for ways to enhance and expand the ERP system	• Provide management and growth opportunities • Deepen employee impact
2023	• Continue to deepen partnerships with key personnel	• Enhance ERP system usage through report publishing packages, modeling, and other enhancements	• Continuously improve transparency and communication within the team and the company	• Deepen knowledge of business lines and ERP system • Look for ways to enhance and expand the ERP system	• Continue to expand, grow, and develop the team

FP&A ORGANIZATIONAL CHART

Glenn Snyder
Head of FP&A

Director
Debt Analysis &
Modeling

Head of Finance
Business Partners

Director
FP&A Systems &
Processes

Manager
Debt Analysis &
Modeling

Manager
Debt Analysis &
Modeling

Senior Manager
Business Partner

Senior Manager
Business Partner

Senior Manager
Business Partner

Senior Manager
Business Partner

Manager FP&A
Systems & Processes

Manager
Business Partner

Manager
Business Partner

Assistant Manager
Business Partner

Assistant Manager
Business Partner

Senior Manager FP&A
Systems & Processes

Senior Associate
Business Partner

Manager
Finance Business
Partner

Manager FP&A
Systems & Processes

Associate FP&A
Systems & Processes

■ Existing Employee
■ Current Open Req
■ Future Role

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