

Unleashing the potential and power of enterprise business planning

March 2021

A woman with short dark hair, wearing a white blazer and a black and white striped scarf, is looking down at a smartphone in her left hand. She is also holding a light blue clipboard in her right hand. The background is a blurred city street at night with bokeh lights.

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Impacts of the digital finance journey on FP&A

The financial planning and analysis (FP&A) function has a mandate to evolve its role as a strategic value partner. Leaders are leveraging the explosive trends in digital innovations and capabilities and are transforming areas, such as planning, reporting and transactional execution. Organizations all over the globe are seeking to harness solutions, such as artificial intelligence (AI), robotic process automation (RPA), cloud computing and other technologies, for a variety of business processes. Yet, transformation is not an overnight feat. To implement a digital solution without examining the underlying related processes is a costly mistake that can result in lost opportunities. While digitization is ushering in demand for increased end-to-end efficiency and visibility, the traditional finance function is having an identity crisis. With larger demands and higher expectations on the CFO, organizations are forced to deconstruct the finance function and synthesize a future vision fueled by enhanced skills and leading-edge technology.

By leveraging digital tools and leading process techniques, FP&A can close the gap between the upstream commercial and supply chain events and the impact on financial outcomes. Metrics rise and fall, and sometimes finance is notified only on a need-to-know basis. Now, FP&A can shift from looking in the rearview mirror to predicting and reporting on what is likely to happen.

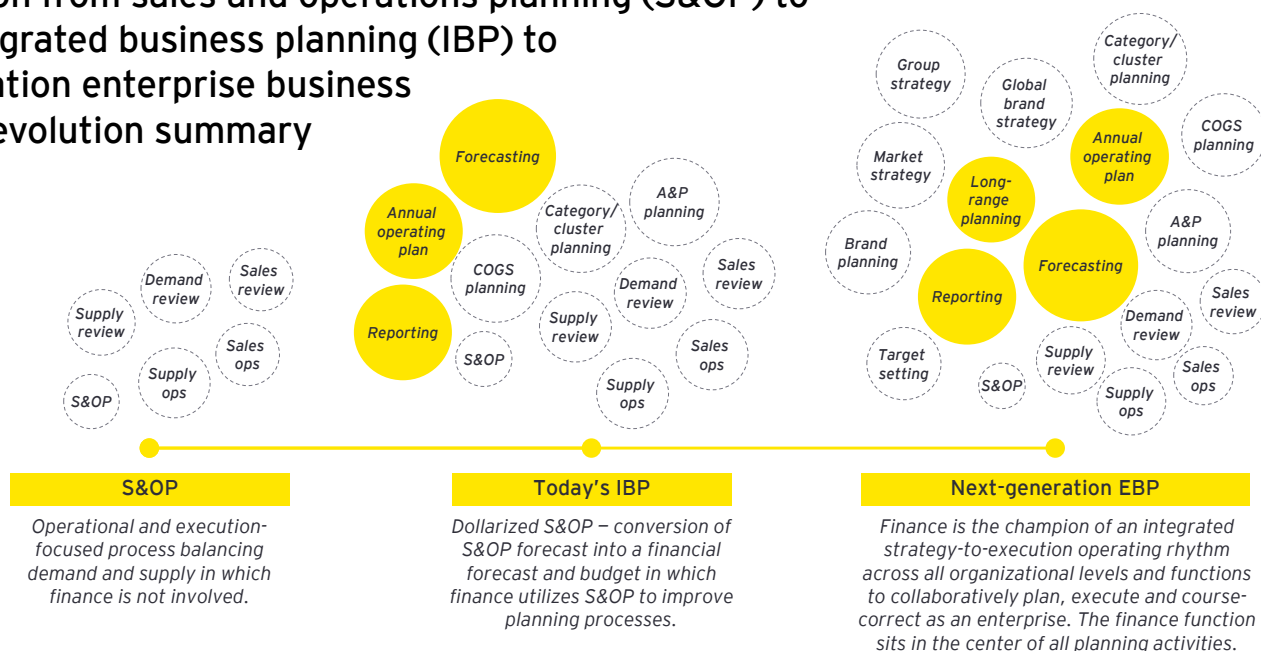
By combining leading processes, cross-functional teaming and widely available technology, organizations can move to a more connected, insights-driven process called enterprise business planning (EBP). But what is EBP?



Why enterprise business planning

Moving to EBP can help an organization shift from sporadic interactions to collaboration, and teaming throughout the organization if done effectively. But why is this important? Disruption, an unstable social climate, and global events have shown us that a rudimentary understanding of business drivers in relation to planning is inadequate. Many companies are racing toward greater visibility and efficiency by leveraging new technology and digital capabilities; however, technology is not the sole enabler of more efficient outputs.

The evolution from sales and operations planning (S&OP) to today's integrated business planning (IBP) to next-generation enterprise business planning – evolution summary



Which organizational planning processes involve FP&A?

Within organizations, there often is a disconnect between the strategic high-level, top-down approach and the bottom-up approach applied throughout the organization. EBP converges these two methodologies to form a robust, streamlined and connected planning process for decision-making.

EBP builds off sales, operations and integrated business planning to bring strategy through to execution across the organization. This includes cross-functional coordination between commercial, operational and finance functions.

The process also brings together cross-functional teams with clear roles and responsibilities, decision-making authority, and a

shared view with common goals, analytics and metrics to enable faster, data-driven decision-making.

What role does FP&A play in these activities today? What role will FP&A play in the future (from scorekeeper to champion)?

Although the concept of EBP is not new, many organizations struggle with how to put action behind the concept. In theory, unification of planning activities sounds simple enough to accomplish, but in practice, many companies battle functional fiefdoms with competing priorities. Without intentional planning and direction from leadership, FP&A may find it difficult to break old habits.



FP&A is now juggling multiple internal customers while parsing through large data sets to drive long-term value. Stuck in a loop of transaction processing and reconciliations, often, little time is left for analysis. Driven by the availability of cutting-edge technology and tools, FP&A has the opportunity to step out of functional isolation into the guts of the organization. One way to usher in a more collaborative way of working is to embrace EBP.

Where does FP&A fit into EBP?

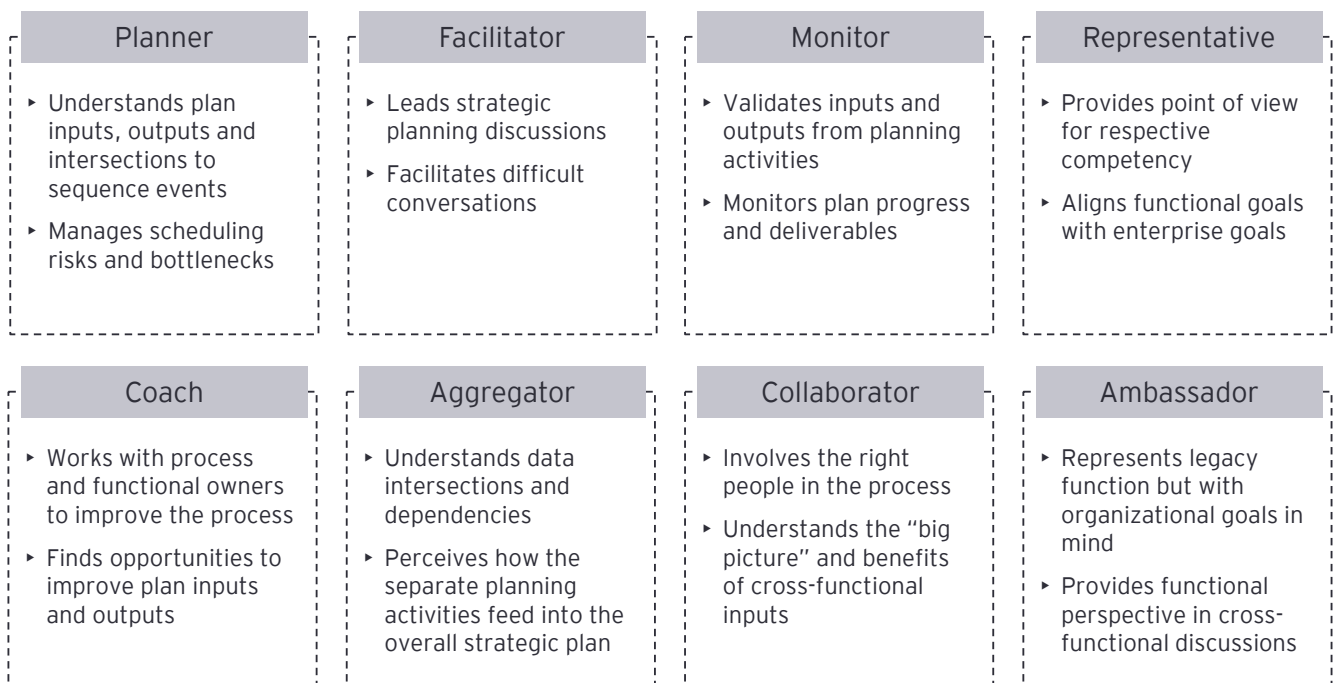
FP&A must join forces with commercial and supply chain counterparts to lead the process as planning champions. If left undefined, many companies struggle to achieve the principles of EBP, and the various players involved are left to fend for themselves. By designating clear process owners, the EBP process has a greater chance of success. Many companies

fail to implement successful EBP efforts because of a lack of formalization of roles. Leadership should create a formal structure for the planning process with cross-functional representation led by the FP&A, commercial and supply chain functions. How does this work?

Ownership in the EBP process is a key differentiator. In a true cross-functional effort, roles must be defined in the planning process. While multiple functions provide inputs to the process, companies must establish roles that not only break down traditional silos while aligning planning activities but also drive planning excellence throughout the organization. The key to success is to signal to the business that collaboration and cooperation are essential by installing planning champions with representatives from the three primary functions.

Enterprise business planning champion roles

What does a planning champion do? Planning champions serve in multiple capacities throughout the process, and their main objective is to drive buy-in and collaboration across the organization to gain valuable and actionable results.





What are the tools that help an organization become a champion of EBP?

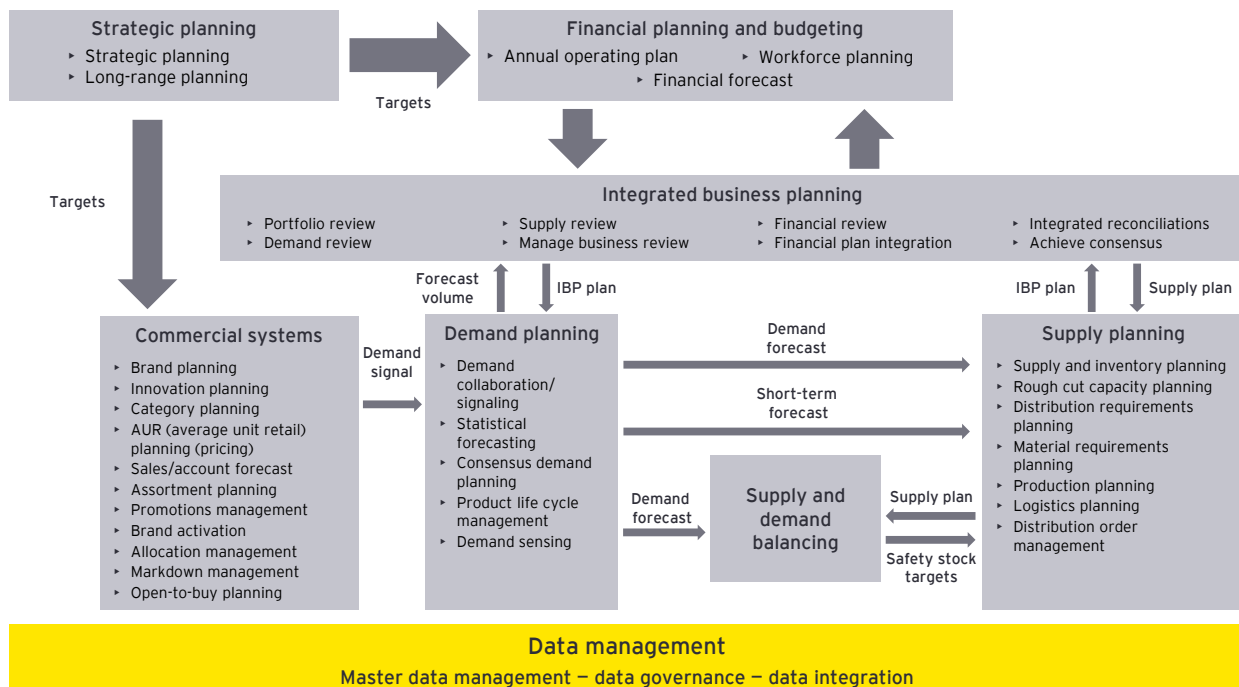
Many organizations today have a complex system architecture that comprises a wide range of vendor-based and homegrown legacy systems and tools. FP&A and operational planning tools are often not integrated throughout the organization, leading to significant challenges when leadership wants to adopt a more connected cross-functional planning process to enable informed decision-making. Organizations should aim to achieve a simplified landscape and improved integration to help deliver “one source of truth” between operational and financial plans.

To have the greatest impact, EBP requires enlisting a robust set of tools and enablers to get the most out of the organization’s planning process. A growing suite of tools is helping organizations break down silos to achieve successful cross-functional planning. Used correctly, these tools can help to elevate the effectiveness of the EBP champion.

Data integration and data management technology:

- ▶ Allows organizations to perform complex data transformations and planning teams to find common ground when comparing information
- ▶ Harmonizes master data across multiple planning systems so that EBP champions have one source of truth across the organization that can be used to drive decision-making
- ▶ Allows the organization to quickly integrate new data sources (internal and external) on demand so that complex EBP processes can continue to evolve

Enterprise planning framework with technology overlay





Planning and forecasting technology:

- ▶ Connects the organization by providing a common platform for planning activities and driving cross-functional collaboration, workflow and monitoring
- ▶ Aligns the planning process on a set of decision scenarios that drive organizational performance, while using technology and machine learning to reduce the need for the organization to spend countless hours planning and forecasting every line item
- ▶ Allows organizations to quickly scale up planning scenarios for multiple parts of the organization

Reporting and advanced analytics technology:

- ▶ Combines interactive data visualization with narrative techniques to deliver insights in a compelling and easy-to-understand way for decision-makers

- ▶ Provides a single reporting layer that enables automated real-time scenario modeling and accurate performance management
- ▶ Provides access to the latest planning scenarios, underlying drivers and resulting KPIs on a mobile-enabled platform to empower quick decision-making and collaboration

Intelligent automation technology:

- ▶ AI and machine learning enhancing the outcomes of scenario planning by augmenting a base plan with external and sector-relevant factors, leading to a series of likely scenarios and improved decision-making
- ▶ Cognitive computing and analytics helping answer questions without the use of complex querying tools
- ▶ Basic automation of routine tasks guiding users through planning scenarios

How FP&A technologies enable EBP champions

EBP role	Technologies			
	Data integration and data management	Planning and forecasting	Reporting and advanced analytics	Intelligent automation
Planner	✓	✓	✓	
Facilitator		✓	✓	
Monitor	✓	✓	✓	✓
Representative	✓	✓	✓	
Coach	✓	✓	✓	✓
Aggregator	✓	✓		
Collaborator		✓	✓	
Ambassador	✓	✓	✓	

Connected planning platforms stand above other technologies in their ability to enable a new way to plan that is continual, collaborative and dynamic and drives action through connected data, people and plans across the enterprise.

Next steps: how to become an EBP champion

The EBP adoption pathway is not easy. It requires shedding the old way of operating and implementing novel approaches to problems. While many companies recognize the value of striving toward EBP, it often can be challenging to gain the internal support needed to facilitate change. FP&A must come together with other areas of the business to establish an end-to-end framework that integrates planning activities efficiently and sustainably.

The road to EBP is not a one-time effort; it requires continuous effort to improve or maintain an organization's position. Where in the EBP adoption journey is your organization currently?



EBP adoption journey



How far along is your company on the EBP journey?

- ▶ Planning processes that occur sporadically across the organization with limited integration between functions and company-wide metrics

- ▶ Operational and executional processes with a focus on balancing supply and demand and limited integration with finance

- ▶ Formal, robust and fully integrated business planning process linking operational plans with financial forecasts

- ▶ Organization-wide process aligning all functions' long-term plans and operational actions with enterprise strategic goals

How can the EY organization help?

- ▶ Conduct a current state maturity assessment and fit/gap analysis against leading practices
- ▶ Identify quick wins and areas of opportunity for realizing efficiencies and improvements
- ▶ Define the future state FP&A service delivery model and develop a road map for transformation and the EBP journey

- ▶ Design IBP finance process and integrate into existing operations-focused IBP process
- ▶ Support evaluation and selection of enabling tools and systems to enable connected planning
- ▶ Develop a future state talent profile to respond to an increased demand for business partnering, data management and analytics

- ▶ Integrate long-range planning into the existing IBP process to arrive at an enterprise-wide connected plan across all time horizons
- ▶ Identify and align on internal and external drivers of enterprise-wide metrics and KPIs
- ▶ Adopt predictive and prescriptive analytics for FP&A on demand to support better decision-making

- ▶ Refine enterprise planning processes and integration between planning horizons
- ▶ Continue to leverage evolving next-generation tools for on-demand, automated insights
- ▶ Validate evolving talent mix to confirm that skills are in line with next-generation planning needs

Why EY

Not sure where to start? EY teams bring the power of years of experience and can team with your organization to help move the needle from disparate planning activities to leading-practice EBP. By leveraging proven methods and accelerators across competencies such as finance, supply chain, and technology, an EY team can help you drive greater collaboration and rapid alignment of planning activities.

Is your organization ready to start its FP&A transformation? Learn how we can help by reading our latest thought leadership on finance [here](#).





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US SCORE no. 12223-211US_2
BSC no. 2102-3715510
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