

IN ASSOCIATION WITH



# A HEAD FOR PLANNING

Across the world, CFOs are being forced to adjust to new demands and responsibilities placed on finance departments. How can effective planning and forecasting help you to excel in the face of these changes?

**T**he role of finance is changing. As the director of performance management consultancy ais, Azim Khan FCMA, CGMA is acutely aware of this fact and the implications for businesses worldwide. “Modern finance departments are no longer locked within their own four walls,” he says. “CFOs and others within the finance community are extending outwards into operational areas of the business and upwards to support leadership and management teams.”

Rather than being restricted to traditional activities such as analysing costs, finance is now making its presence felt in boardrooms worldwide.

“In the current climate, finance is looking at things such as incorporating risk into visions of the future and running scenarios,” says CIMA fellow Khan, who has experience in finance, technology and process improvement.

Established almost 15 years ago, ais typically works with the FTSE 100 and multinational companies across a range of industries. Through the use of specialist SAP enterprise planning software, ais helps CFOs to manage these transformations, while improving planning and reporting practices.

According to CIMA research, businesses seem underwhelmed by their own provisions in this area – with just 51.2 per cent believing their planning processes are achieving their purpose and only 47.8 per cent satisfied with the alignment of planning processes and the strategic plan.

But where are organisations falling down? One of the most common weaknesses is in the planning and cycle time – the amount of time it takes to implement a plan. Despite investing significant time into the research stages, many fail to spend enough time analysing the data. Furthermore, businesses often tend to manage their planning processes in isolation from the rest of the organisation – often receiving a shock if a member of the leadership team objects to a plan.

Despite this, robust planning brings a multitude of business advantages. If done well, planning can help a business focus its efforts and resources, proportioning out investment solutions and calculating benefits. “Financial

processes around planning and forecasting are as much a method of communicating as anything,” says Khan.

But how do organisations improve their communication and get the most out of their planning processes? The first step is to put the business through a rigorous analysis, which ais achieves through an analysis tool developed with CIMA. The next stage is to identify leading practices in planning and performance management. “Following these practices can take finance on a journey from an insular department to one that’s much more operationally outward facing,” says Khan

Understanding the role of the supply chain is also crucial. Whether they are private sector, public sector or not-for-profit, organisations are all made up of supply chains of interdependent parts. “The move for modern finance is to make those parts connected with finance as the steward, rather than receivers of information,” says Khan.

Change management, or defrosting the status quo, is also key. “If there is a system change, we help with the implementation and execution and also project management from a more practical level,” he adds.

To accomplish this for one client, ais helped the finance and sales teams create a live plan, updated twice daily. “Having planning and forecasting on a daily basis meant they were always up to date and could react very quickly and proactively,” says Khan.

Another client worked with ais to provide the board with a tool to run scenarios in real time during meetings. “What they really get is communication across functions, which enables faster and better decision-making,” says Khan. This solution is particularly resonant in light of the CIMA research, in which just 46.6 per cent of respondents claimed to adopt scenario planning effectively.

“We don’t encourage our customers to boil the ocean in one go,” says Khan. “It’s about quick wins and steady changes that add value up front, then having a plan to fulfil a sequence of events.”

That the role of finance is changing may be nothing new to those in the industry, but planning and performance management can provide the resources to juggle these new demands.

Visit [ais-consulting.co.uk](http://ais-consulting.co.uk) to find out about the **Finance Improvement Toolkit** developed with CIMA and how it can help to improve planning processes.

