Best Practice in Financial Planning and Analysis

FP&A BUSINESS PARTNERING

Issue #2 ('20)

TIJANA BALOTIC TRUONG

MOHAMED EL-ROUBY

TURGUT KAPISIZ

MICHAEL J. HUTHWAITE

ANDREW JEPSON

ANDERS LIU-LINDBERG

LARYSA MELNYCHUK

ANTONY PARKER

BENJAMIN STOTER

BEN WANN

FP&A TRENDS E-BOOKS

Content

Authors 3

Introduction 8

What is FP&A Business Partnering? 9

Business Partnering and the Link to Corporate Performance 11

The Most Critical Attributes of an FP&A Business Partner 13

Becoming the FP&A Business Partner – What to Consider Beforehand 15

How to Be a Great Business Partner 19

- Speak Their Language 20
- Provide Insights, Not Just Information 22
- Build Trust and Respect 25
- Ensure That Your Team Adopts Business Partnering 28
- Find a Common Language – Start With Cash Flow 31

How You Can Implement FP&A Business Partnering 34

A Journey From Financial Control to Finance Business Partnering Function 36

The Finance Business Partner Is an Employable Role 40

Larysa Melnychuk, Founder and Managing Director of the International FP&A Board

Larysa is an experienced FP&A practitioner who has held senior FP&A positions at Invensys plc, Ace Group, Key Bank and HSBC Bank before setting up the International FP&A Board in 2013 — a global and well-recognized FP&A best practices think-tank. Since then, she has been running the Board which has successfully expanded into 16 countries in Europe, the Middle East, Asia, Australia and North America.

Tijana Balotic Truong, Performance Management Professional

Tijana Balotic Truong is CIMA qualified Performance Management and Commercial Finance practitioner, currently helping JTI SA in Geneva, Switzerland with transformation in FP&A through process simplification, documenting and training.

Tijana has been working in commercial finance in FMCG companies (Sarantis, Coca-Cola, Japan Tobacco International) since 1999, in emerging and mature markets in Europe, South West Europe and Baltic Region and HQ, focusing on KPI delivery, risk management and people development. In addition, she was advising an NGO in Vietnam on fundraising strategies and building partnerships with the international community.

Mohamed El-Rouby, Head of FP&A - Middle East Clusters at Takeda

Mohamed is Senior Commercial Finance / FP&A expert, with more than 15 years of experience in global multinational companies; J&J, Novartis, Allergan, Energizer & Shire. He handled multiple international senior roles across Middle East, Africa, India, Turkey and Southwest Asia.

Mohamed is also Chartered Global Management Accountant from CIMA Chartered Institute of Management Accountant, UK, and Certified Corporate FP&A professional, from AFP Association for Financial Professional, USA.

Mohamed has an MBA degree in Finance & Investment.

Turgut Kapisiz, Regional Commercial and Planning Director at Brightstar Corp.

Turgut Kapisiz is a Commercial and Planning Director at Brightstar, a global leader of end-to-end device lifecycle solutions. His background in consulting, IT and engineering enables him to look at Finance ‘outside of the box’. Turgut has a passion for systems, business process improvements, insights on business performance, driver-based forecasting & planning and is a true business partner.

He has worked in the IT and Telecommunications space for more than 2 decades. He’s on a mission to simplify, automate and make everyone’s work life a better one.

Michael J. Huthwaite, Founder and CEO of FinanceSeer LLC

Passionate advisor and thought leader in the area of Strategic Finance. A seasoned consultant with 20 years of experience, Mike has advised numerous mid-market and large multi-national organizations enhance their strategic planning capabilities.

Mike is an advocate for Cash Flow and Discounted Cash Flow (DCF) analytics. He is a regular speaker and blogger on the topics of uncertainty, Real Options (advanced scenario analysis) and various financial modeling technologies.

Andrew Jepson, Senior Finance Consultant, Revenue Management Expert

Andrew is a Chartered Accountant with over 20 years of professional and commercial experience. He held various senior finance and non finance roles in several industries. He has worked both domestically in Australia as well as globally in the UK and Europe.

Andrew is a Partner of TheFinanceBusinessPartner.com, one of the world's only consulting firms focused purely on finance business partnering and the Training and Development of finance teams.

Following this passion, Andrew has become one of Australia's leading presenters and authorities on finance business partnering. He is a published author on the topic having released the book Compliance to Commercial: The QUIET approach to Finance Business Partnering. He has also presented for CPA Australia, CAANZ and ACCA on the topic.

.

Anders Liu-Lindberg, Co-founder, COO and CMO at the Business Partnering Institute

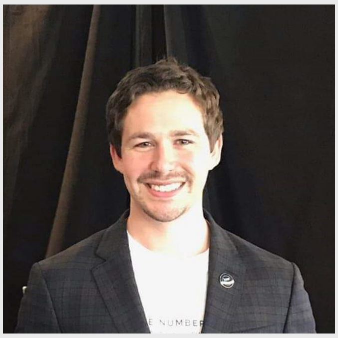
Anders is the co-founder, COO and CMO of the Business Partnering Institute. He has ten years of experience as a business partner at global transport and logistics company Maersk. He's a long-time blogger and co-author of the book "Create Value as a Finance Business Partner".

Antony Parker, Senior Commercial and Transformation Finance Manager at AECOM

Anthony Parker is a Senior Commercial Finance and FP&A specialist with extensive cross functional experience covering start ups, business development and post-merger integration and transformation. His diverse FP&A achievements cover the entire commercial life cycle from developing business cases, negotiating contracts and post-contract management. His achievements include developing Australia's second largest technology business TPG.

Benjamin Stoter, Group Finance Business Partner at Inverson Group Services

Benjamin Stoter is a Chartered Accountant and Group Finance Business Partner for a private international group. He is highly passionate about strategic partnering; business transformation; FP&A; automation; systems implementation; analytics; future of finance; process optimization and continuous improvement.



Ben Wann, Operational Controller at Savencia Cheese USA

Passionate Team Leader dedicated to dynamically solving complex problems and improving, developing and redesigning Business Partner processes. Leverage analytics/business intelligence to unlock the power of data and increase organizational impact of accounting and finance function.

Introduction

There has been a long debate in our profession about FP&A business partnering and what stands behind it. We are often faced with questions such as:

- Is FP&A business partnering different from finance business partnering?
- Is it a role or a mindset?
- Is it something that can be learned and developed or it is something that people are born with?

Together with the International FP&A Board, we had debates on FP&A business partnering in 27 cities across 16 countries around the world. These dynamic and compelling discussions led to the conclusion that FP&A business partnering is different from finance business partnering because it is more strategic and influential. An FP&A Business Partner shakes up the status quo of the traditional organisational model.

In this e-book, we collect different views and ideas on FP&A business partnering. Here we will look at its essence and the most critical attributes of an FP&A business partner. Throughout the book we will also discuss how one can become and be a great business partner and whether it is an employable role.

Let us dive into the world of FP&A business partnering!

Larysa Melnychuk

Owner and CEO at FP&A Trends Group

Managing Director at International FP&A Board

What is FP&A Business Partnering?

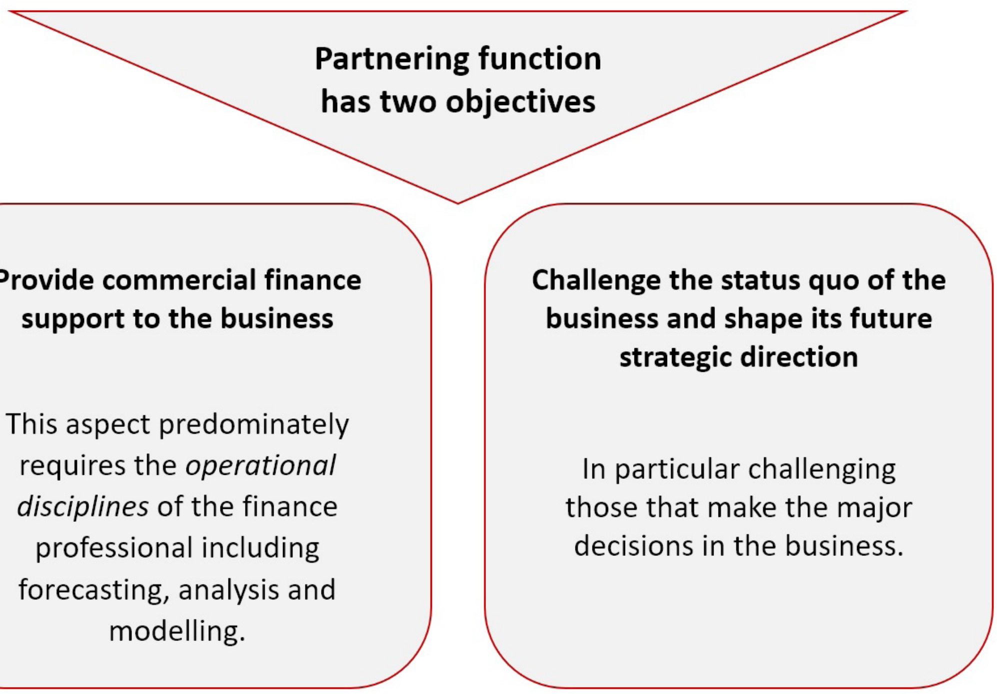
By Antony Parker, Senior Commercial and Transformation Finance Manager at AECOM

One important skill finance professionals are never taught during their formal education is the power of personal engagement with operations and how to use these relationships to deliver bottom-line value. There is too much focus on models, processes, procedures and systems with no regard for the fact that all these have to be developed, operated and interpreted by people.

I never cease to be amazed by the number of job ads that contain the title *Business Partner* when the candidate and employer do not know what the term means or which behaviours and competencies are required for effective business partnering. Many organisations also fail to understand the powerful link between partnering and organisational performance. They simply see business partnering as an attempt to convince themselves that following the latest trends will lead the organisation to achieve success.

What is business partnering?

A typical partnering function has two high-level objectives.



Getting beyond the clichés, finance business partnering is broadly defined as 'the alignment of the finance function with business operations in order to acquire business knowledge and influence decision making'. It recognises that the true value of a finance professional is no longer in the idea of *what happened in the business* but rather an understanding of *what should happen* and *how to execute the changes necessary.*

In its purest form, the finance business partner will have a dual reporting relationship, directly to the finance function and indirectly to the business.

In its purest form, the finance business partner will have a dual reporting relationship, directly to the finance function and indirectly to the business. At a more general level business partnering is about gathering real-time information and making decisions that cross formal organisational structures.

The challenge-the-status-quo objective requires more personal qualities from the finance professional. This includes the power to influence, demonstrate gravitas and command members of the business as well as the ability to wisely manage multiple stakeholders.

Business Partnering and the Link to Corporate Performance

By Antony Parker, Senior Commercial and Transformation Finance Manager at AECOM

Business partnering is not an end in itself, but a means to driving improved financial performance. The main benefits of a well-designed and executed business partnering function include:

More accurate and timely decision-making.

- The finance professional is able to identify business performance defects at the earliest stage.
- Alternative solutions from those at the coal face of the business are easier to discover.
- Implementing agreed corrective action can occur more promptly.

Breaking down the line management walls of a business that often cause dysfunctional decision-making and sub optimal financial performance.

- A culture of trust and collaboration is established that maximises the flow of information.
- It is easier to influence the business when rich business partner relationships exist.

Business partnering in practice

A few years ago, I joined an organisation that had a global client base, but was local in its approach to business finance and engagement. It is best described as *old school* where the business produced a profit & loss, and made all the decisions.

Timesheets were regularly submitted late. The quality of business analysis poor. Interaction between the finance department and the business was virtually non-existent. One business leader even said to me, on my first day, that finance was the *dark side* of the company.

My first observation about this silo structure was the profound and obvious impact these behaviours were having on business performance.

In order to change things, I formalised a business partnering program that involved:

1. Obtaining business support for the introduction of business partnering. This was done through a series of one-on-one presentations that highlighted the benefits of aligned decision-making.

2. Creating a useful decision analysis tool. This included a data warehouse and sales pipeline which aggregated data from disparate systems in the organisation. These tools created resource planning that drove improvements in profitability.
3. Weekly partnering meetings, that shifted the focus away from month-end towards future sales and resource plans.
4. Hosting regular feedback sessions where both finance and the business could honestly appraise the relationship

These factors forced the business to clean up their data quality issues and assigned responsibility for updating systems in a timely manner. The weekly meetings shifted the focus to the future and drove reciprocal accountability between the business and finance. The *them and* us became *we*, which is what business partnering is all about.

The Most Critical Attributes of an FP&A Business Partner

By Larysa Melnychuk, Owner and CEO at FP&A Trends Group and Managing Director at International FP&A Board

According to the list of three critical FP&A roles developed by Mark Gandy, Founder of G3CFO, the FP&A business partner is almost a storyteller role since he delivers analytical and financial messages to the decision-making and operational teams.

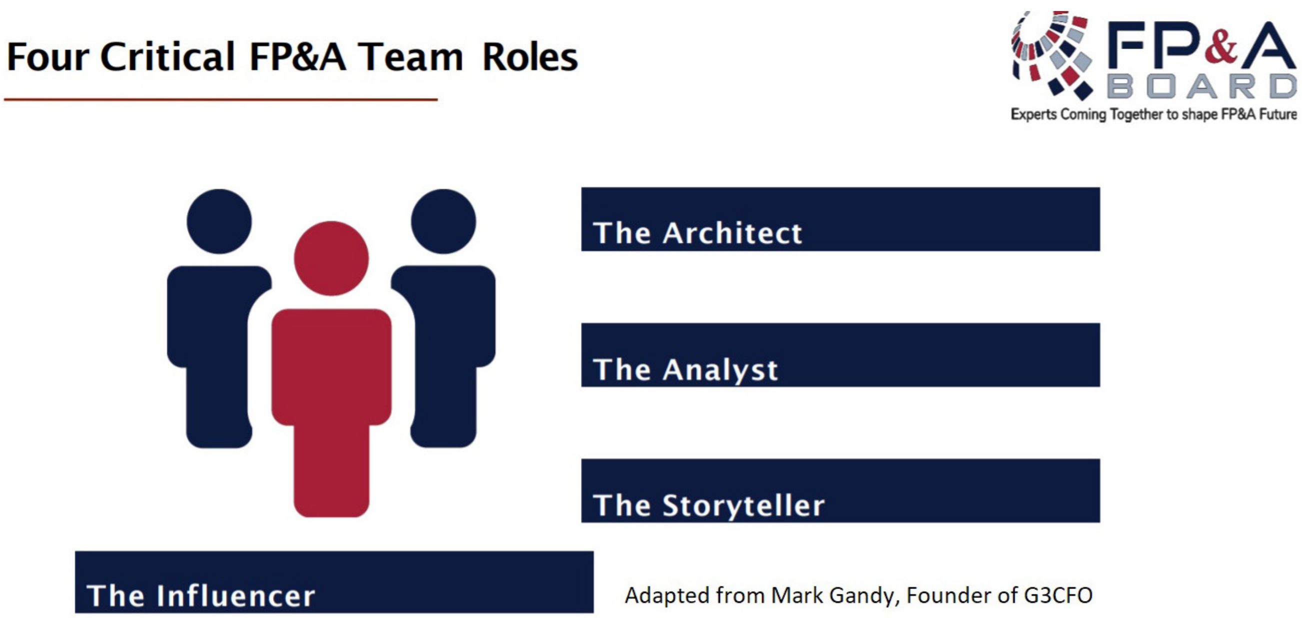
"FP&A storytellers possess the unusual gift to turn seemingly complex issues into simple, digestible nuggets that any leader can both grasp and understand.

"The FP&A storytellers are adaptive. They can do monologue. But they are masters at dialogue too. They can create the narrative. Or they can improvise on the fly. Ad hoc discussions do not scare them.

"In short, storytellers leave us wanting more by communicating the financial story arc in plain, simple language."

© Mark Gandy, Founder of G3CFO

At the same time, an FP&A business partner understands the role of the architect and the analyst and when to use them along with his defined business partner role. This is the main difference between the FP&A business partner and the general finance business partner. In other words, the role of the FP&A business partner is more strategic and influential in its nature. This is the reason why the International FP&A Board suggested the addition of a fourth role to Mark Gandy's model, the influencer.



How do you determine where you stand with FP&A business partnering? According to the FP&A Business Partnering Maturity Model, at the leading stage the business partner has strong, holistic knowledge. He becomes a key influencer and trusted advisor. He should be involved in the decision-making process and act as a sounding board. In softer skills, he confidently challenges the business, persuades effectively and acts as an effective communicator and storyteller. Last but not least, analytically, he has a solid grasp of modern analytical concepts and processes such as rolling forecasts and driver-based planning as well as advanced BI analytics.

FP&A Business Partnering Maturity Model

FP&A BOARD
Experts Coming Together to shape FP&A Future

	1. Basic State	2. Developing State	Leading State
Business Knowledge	• **Limited** internal and external knowledge	• **Good** knowledge level in some areas	• **Strong**, holistic knowledge
Degree of Influence	· "Back office" · No involvement in decision making	· Partial involvement and influence in decisions · Starting to transition into the role of advisor	· Key influencer and Trusted Advisor · Involved in decision-making · Acts as Sounding board
Soft Skills	· Lacks confidence and finds it difficult to adapt to change · Limited ability to persuade and advise	· Confident in some areas · Prefers to remain in comfort zone areas · Developing storytelling skills	· Confident in challenging the business · Strong ability to persuade · Effective communicator · Established Storyteller
Analytics	· Focus is historical reporting and analysis · Ad-hoc analysis · Predominately excel	· Starting to transition to forward looking analysis · Basic BI analytics	· Modern analytical models, Rolling Forecasts and Driver-Based Planning. · Advanced BI analytics

Becoming the FP&A Business Partner What to Consider Beforehand

By Tijana Balotic Truong, Commercial Finance and Performance Management Professional

Becoming a business partner is usually a choice. There are several areas to consider when preparing for your new way of working.

- Yourself
- The people you care about
- Your team
- Your peers and your future partners

Yourself

Everything starts with you, and understanding what you want and why. The how comes later.

- What is the purpose of you becoming a business partner? Why do you want that to happen?
- What do you expect from this role?
- How realistic are those expectations?
- Is there an alternative way you could achieve the same goal and meet your expectations outside of being the business partner?
- What are your motivations?
- How does your role as business partner fit into the existing organisational culture?
- What will be the implications (both positive and negative) of you becoming a business partner for you, your family, team and company?
- Where do you see the biggest challenges?
- What are the tools that you need to overcome your challenges?
- What kind of support do you need?
- What do you require from your future partners in order for your role to add the most value to the organisation?
- What is the best way to obtain the necessary tools and support?

It is crucial to understand your own primary drivers and assess whether business partnering is the way forward for you.

If you decide to work towards becoming a business partner, it would be helpful to anticipate the main changes which will occur once your journey starts. Planning how to address these changes will be very important.

At the same time, it is necessary to accept that you will not have all the answers and that some of your views will change as your learning evolves. Staying open, connected to reality and flexible will enable you to adjust quickly.

If you focus on the big picture, you will keep your priorities straight.

Although this assessment is about you, it does not mean that you should do it alone. Feedback from others will help you gain additional perspective. Feedback from people who know you well, people in your organisation and your network that you can trust. Also people who have been through a similar process that can give you relevant inputs. The more realistic picture you have, the clearer your next steps would be.

The people you care about

Adequate support at home would make it easier for you to focus on what needs to be done at work. Open conversations about the following topics will help you prepare.

- Decreased availability at certain times, due to longer hours in the office, more meetings to attend and more business trips.
- Concerns that your partner, spouse or rest of your family have about the new situation.
- How to manage the additional stress and what each of you might need to do this.

Being a business partner will increase your scope and you will become more dependent on others. You will learn to delegate, choose which battles to fight and say no without compromising the relationship. You will expand your knowledge base, surround yourself with the right people and support them. These are the keys to your success.

Talking in advance about how your life outside of the office will change once the workload increases will allow everyone to be more ready. Going through the agenda of an ordinary day, under the new circumstances, will help agree a realistic plan of who does what and where the bottlenecks are. If, for example, it is necessary to hire someone to help with the children, the household or the pets. It is better to start the search early.

Your team

For you to succeed as a business partner, it is critical to have your team on board. Discuss with your team members what becoming a business partner will mean for them, the benefits it will bring, the challenges they might face. Discuss with your team the expectations and concerns they might have and how to manage those.

Potential Benefits vs Potential Challenges

Potential Benefits	Potential Challenges
• Professional development, strengthening existing skills and developing new ones • Learning more about the business, the company or the industry • Broadening their knowledge about the work done by other departments • Internal networking and visibility across the company • Wider opportunities for future career steps, both internally and externally as the skill set of the individual enhances while their network enlarges	• More pressure as the scope of work increases and changes • Conflicting deadlines • Lack of skills • Limited resources • Work life balance

Your team members should conduct an assessment similar to the one you have done for yourself. If the expectations and motivations are aligned, it provides a solid base.

After identifying the existing challenges, the next step would be to design a plan to overcome them.

Prioritisation is important in this process to define the optimal path. Ensuring some quick wins will help motivate and encourage the whole team.

Discussing the upcoming changes will also contribute to a more general assessment of the team, identifying if you already have the right people or whether you need the team to change. In order for you to succeed, it is essential to have a strong team around you who shares the same vision and values.

Your peers and your future partners

The model of working should be designed in a way that helps everyone, instead of overloading your department with too many additional projects to work on. That is why it is important for everyone to understand and agree **that you and your team will provide support where relevant and that you will get the adequate support from the rest of the company.**

However, is the company ready for this? How has the organisation considered people in finance so far? It is your role to demonstrate the importance and the benefits of bringing finance to the table while protecting your team.

Remember that this will be a long process and your role will evolve. Requirements from your partners are not always going to be obvious. Sometimes your biggest contribution will be to identify the areas that others need to focus on. There may also be cases where it will be necessary for you not to get involved.

Being a business partner will increase your scope and you will become more dependent on others. You will learn to delegate, choose which battles to fight and say no without compromising the relationship. You will expand your knowledge base, surround yourself with the right people and support them. These are the keys to your success.

Planning will help you get prepared, although it will not provide all of the answers. Situations will evolve over time and you will adapt along with the rest of your company.

There is a chance you may realise that the overall price you pay to become a business partner may be too high. There is nothing wrong with that. Actually, the earlier you understand this, the better you can prepare for the possible alternatives.

Becoming the business partner is only the beginning. The main challenge is remaining a relevant party at the table. The journey is guaranteed to be dynamic and you will learn a lot. Enjoy!

How to Be a Great Business Partner

By Antony Parker, Senior Commercial and Transformation Finance Manager at AECOM

There are a number of aspects required to be a great business partner. From my experience they include the following:

1. Believe the benefits yourself first. If you believe them, others will too.
2. Identify the key people to know. Every business has a core group of people who are a key source of business knowledge or are at the heart of every decision made. If you are new to an organisation, you may not readily identify them. The best approach is to seek the counsel of a long term employee who will know.
3. Build acceptance for partnering across your business stakeholders. If the business and their leaders understand your intentions, they are more likely to grant you a seat at their table.
4. Form strong relationships with the business and nurture them. Partnering is all about people and if the relationships are there, the insight and influence will follow.
5. Focus on one-to-one meetings with the business. A group can be an intimidating environment in which to be challenged by someone or to make decisions. One-to-one meetings allow relationships to develop and insight to flow.
6. Do not be afraid of challenge back from the business. It is all about getting the right outcomes, and often the business will know best.
7. Be future focused. Over interpreting the past, adds very little value. Your role is to help the business move to a perfect future rather than dwell on an imperfect past
8. Do not allow yourself to go native, you are finance professional after all. Getting close to the business does not mean you should allow your judgment to be clouded or influenced in the wrong way.
9. Do not be their administration clerk. Partnering is about providing high-value insight and challenging the business. The moment it becomes just about updating bespoke spreadsheets that are kept by the business is the moment something has gone wrong. At this point the partnership needs to be overhauled.

Speak Their Language

By Andrew Jepson, Senior Finance Consultant, Revenue Management Expert

Back in 2004 I spent a large portion of time overseas, travelling around France. I would often find when talking to a local the first question I would ask was, ‘Do you speak English?’ Most times, the response I got was a short and sharp ‘No!’

However, at other times, when I was conscious of where I was, I would try ‘Parlez-vous anglais?’ More often than not, the response to this was ‘Mmmm, a little’, accompanied occasionally by a gesture that they would be happy to help me because I had made an effort to speak their language.

Spending more time in the country I found myself picking up more French phrases and words, and the more I learned to speak their language, the more I understood and became more effective with the locals.

You need to find a way to translate your knowledge of estimate-based accounting standards into something that makes sense for your colleagues from other departments.

Being an FP&A business partner to non-finance people is exactly like this. Sales, marketing, supply chain and IT. Each department speaks their own language, and if you are not attuned to it, you will not be as effective as you need to be.

The business do not care that a new lease standard is going to be introduced in a few years' time. They do not care that your balance sheet is changing significantly. They probably don't even know what a balance sheet is, and they do not need to. That is the job of finance.

Sales and marketing are interested in things that are going to improve the top line. How can we sell more, grow our customers, realise better prices and develop new segments. That is what you need to be talking to them about. They have lots of ideas and experience so get beside them and learn to know what they know. Go to a customer meeting, talk to your businesses target market and learn to speak their language.

I.T. want to talk to you about your project, BI environments and their new whizz bang toy they have found. They want to scope everything and work with certainty. They often do not understand the difference between capex and opex and the accounting standards that govern them. In their mind, they can capitalise anything and defer it to when they want to expense it. You need to find a way to translate your knowledge of estimate-based accounting standards into something that makes sense for them. You need to speak their language.

Supply chain and operations are great at building efficiencies, driving cost improvements and refining processes. They are constantly under pressure to reduce costs so help them with this. Understand what drives their costs, what is variable and what is fixed. Which costs reduce quality and which costs increase quality. Use the extensive business knowledge you have built up through your CA and CPA training to help them improve things that they have never even thought about. Overall speak their language.

As an FP&A business partner you have a unique position in the organisation to interpret some complex rules and regulations and you have access to a lot of information others do not see and cannot understand. If this is not what helps your partner, you will never do yourself justice as a leader in an organisation and you certainly will not be adding any value.

Provide Insights, Not Just Information

By Andrew Jepson, Senior Finance Consultant, Revenue Management Expert

Our industry is often regarded as an information provider, rather than a provider of real insight or understanding that influences an organisation to act and respond accordingly. That is the place we as accountants need to get to if we want businesses and organisations to take our functional roles seriously. We need to show that we can add real value beyond the administrative functions most departments expect from us.

Gather the information. Identify the meaning. Determine what action to take.

So how do we do this? The following step-by-step approach should help move your team up the spectrum from information provider to insight delivery. As an added bonus step 3 includes ideas to consider that may bring insight to your various stakeholders.

Step 1: Gather the information

The first step towards providing value-added insight is to gather information. Having systems and processes in place that allow for information gathering quickly and accurately is essential. This is **basic level finance** and for some departments it begins and ends here. Month end reporting, profitability analysis, variance analysis are all information gathering techniques. Commentary that says 'x product is 8% below budget,' is a simple re-statement of information. It is not insight. This step needs to be done accurately and efficiently. Minimise the time spent on this or outsource it so that more time can be spent analysing the information and adding value, rather than summarising it and checking its accuracy.

Step 2: Identify the meaning

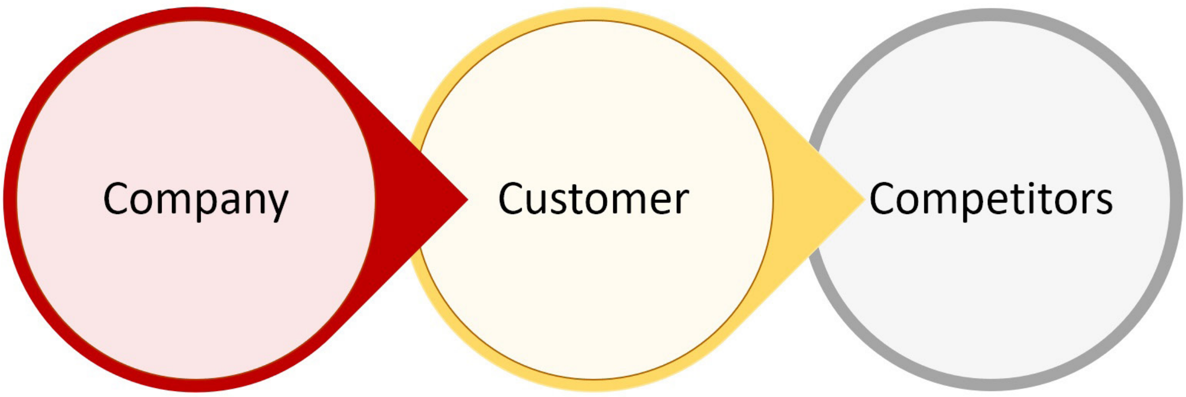
A sound and **intermediate finance team** does this. They will take the information provided in Step 1 and review it with a critical eye to identify things that look unusual. They will then spend time analysing to understand the reasons why. A good level of understanding of the business and having the right conversations will help provide explanations to the underlying meaning of the information. You have gathered some information, analysed it and identified something that has captured people's attention. Stopping at step 2 will identify you as a strong finance individual within your organisation. However, if you want to be a strong commercial person, there is one last step.

Step 3: Determine what action to take

This is where it gets complex and only an advanced business partner will get to this step. Identifying the correct action to take could be obvious, or it could be lost in a myriad of alternative options. There may be more than one right answer. Consideration of the correct action requires you to think about the whole company the impact be to the customers, and the potential reaction of the competitors.

We call these **'The 3 Cs'.** Looking at the gathered information through these three lenses will help make good decisions on the right action to take.

The 3 C's



Company. What does the gathered information mean for your company? From every perspective, be that financial, operational, personnel or competitive etc. All of these metrics and influences are active within an organisation every day of every week. However, a lot of these metrics conflict with one another and often a choice needs to be made between them. This choice can change from one week to the other depending on what is most important at that time. A perfect example is the choice between prioritising making profit or gaining market share. This decision may impact staff, it may impact manufacturing capacity and therefore unit costs. The list is endless. Therefore, forcing yourself to consider every decision from all perspectives of the company will help you determine the right course of action.

HINT: You may have to talk to several people in other departments before you get a solid handle on this.

Customer. Your customers are another critical factor for every decision made. At the end of the day, they are the reason you are in business, and ensuring they receive value from your company is critical to its success. You will have a fair idea of how your customers will react (if you do not, your sales team will) but you have little control over it. You also need to consider the environment of your customers. Remember without your customers you do not make money.

Competitors. Then we have our competitors. The organisations that are trying to win our business and will always be on watch for signals to react accordingly. Be thorough but don't jump to any conclusions. In this space, you will never have perfect information, so balance out the probabilities and a take a conservative approach to what action they may take.

Please note: For consumer goods companies there is a fourth C – the consumer. They are the ones buying your product.

Applying the 3 Cs model to your financial analysis is the final step in becoming a strong finance business partner. In finance you are lucky enough to have a seat at the table with most other functions. With this seat, you have the responsibility to turn the information learned into analysis and insight, for the good of your company, the benefit of your customers and the detriment of your competitors.

Build Trust and Respect

By Turgut Kapisiz, Regional Commercial and Planning Director at Brightstar Corp.

1. Start off with the basics and build-up a knowledge base

All FP&A professionals will start by building report templates and providing analysis with commentary on the performance of the business. This could include commentary on the reasons for variances to budget or forecast along with identification of any recent trends. In order to achieve this, FP&A professionals need to partner with the finance community as well as the sales teams.

One of the most challenging aspects of being a trusted business partner is to obtain data that is reliable and accurate.

How do you build up your knowledge base?

- Establish interactions with the sales team.
- Understand the key drivers behind what did or did not go well.
- Look into seasonal fluctuations that might occur throughout the year.
- Get to know the key people involved in creating the budget and forecasts.
- Have a clear understanding of all data sources.
- Own your errors and do not hide behind them. Otherwise, you may lose trust with the business.
- When an error is made, acknowledge it and indicate what you will do in the future to avoid repeating this error and share the lessons learned.

This knowledge will enable you to assist the sales team, validate or test assumptions and ensure forecasts make sense.

2. Be the source of truth

One of the most challenging aspects of being a trusted business partner is to obtain data that is reliable and accurate. This is a great foundation to start from. If you do not have reliable data, the analysis you perform or the advice you give to the business will not be reliable and will not be taken into consideration.

How do you become the source of the truth?

- Make sure that the data you obtain is reliable and free of errors.
- Data must be able to be traced to the source.
- Establish the business rules for data extraction.
- Upload reliable data into a consolidation tool that allows for multi-dimension reporting.

Throughout my career, I have consolidated data in tools and systems such as TM1 and Hyperion/ Essbase. This has allowed me and my team to perform analysis on data obtained. These tools help slice the data in different ways to see it from all angles. Using them also allowed me to partner with IT.

3. Obtain a deep understanding of the business

This step requires you to work with other areas of the business and learn their end-to-end processes.

If an opportunity presents itself to work on an Enterprise Resource Planning (ERP) implementation, you should take it. Whilst this is very tough work and requires long hours, you will gain deeper insights into how the business works and where profit is made. It also allows you to partner with the **operations and supply chain** teams in your organisation.

4. Focus on the future

The next step in business partnering (as well as career progression) involves a deeper understanding of where the business wants and needs to grow. Being involved in the 3-5-year planning process gives you a strong idea of where the business is heading, where it needs to invest and also what resources it may need to get there. It may also give an idea of the costs that need to be incurred and where any selling, general and administrative expense (SG&A) reductions can be made.

So, what are the steps required to focus on the future?

- Work on budgets and forecasts. Build bottoms-up driver-based planning models based on information obtained in the past.
- Obtain an understanding of the pipeline opportunities and the likelihood of them occurring. Consider how each may impact the performance of your company in the future. Without a solid pipeline, there will be limited opportunities for your company to grow.
- Work on the strategy. Obtain a deep understanding of where and how the business will grow. Understand the business interaction with companies and commercial partnerships outside your organisation.

Working on these allows you to partner with general manager's (GM's), HR, Marketing and the Senior Leadership Team (SLT) in your organisation or department.

Assessing the future opportunities will require financial business cases to evaluate the contracts and commercial terms of each negotiation that takes place. This allows you to partner with commercial and legal teams.

5. Get involved with transformation initiatives

As your career progresses and you become a trusted business partner in your organisation, you may get involved with company transformation initiatives.

Being involved in the 3-5-year planning process gives you a strong idea of where the business is heading, where it needs to invest and also what resources it may need to get there.

What is considered when aiming to transform the business?

- Sales opportunities. Formulate a strategy to drive committed growth where accountabilities are defined.
- Efficiency initiatives. Improve processes and ultimately save time to have a competitive cost structure.
- Systems improvements and digital transformation. Define the technology and most accurate systems for different areas within the business.
- Reorganisation. Ensure the right layers and spans of control are in place to allow effective decision-making.

Also, working with external consultants will allow you to deepen your understanding everything about your organisation.

Ensure That Your Team Adopts Business Partnering

By Tijana Balotic Truong, Commercial Finance and Performance Management Professional

The article was first published in Unit 4 Prevero Blog.

If you are in charge of an FP&A team and want to implement business partnering, it is essential for you to:

- Be clear and determined about what you want your department to achieve.
- Have your team members, your superiors and your key clients on board.

Change does not happen overnight and sometimes it is easier to continue with old practices.

This article focuses on how to ensure your team adopts business partnering fully. Long-term it is not feasible to maintain a good quality of the work if you need to do it all yourself. The quality is what makes partnering stick.

Understanding your team members

When evaluating the team, it starts with understanding all of the members individually. What each person wants to accomplish, what topics they enjoy working on and the professional interests each member has. Some people may not immediately have clear answers to these questions and may find them difficult to talk about. Be prepared for that and tailor your approach to each individual to make people comfortable with sharing their thoughts.

The answers will show you how close (or far) you are to true business partnering and will help you prepare for the right discussions. Discussions need to align on the definition of business partnering and how that can be successfully implemented within your group.

Documented framework

It is important to have an open conversation and translate the findings into:

- Documented FP&A team vision and mission
- Key principles of working methods
- Action plans

If everything is in writing, it will make it easier to share across the team and it can be used for progress tracking. It also serves as a practical reminder and a reference point during the induction of new team members.

Action plans, as well as reflecting the vision and the mission of the company, should also address any concerns or reservations you and your team might have. For example, the relationship with other departments, lack of suitable skills, manual processes, restricted manpower, conflicting deadlines. This way, the team will not only have a clear idea about what is expected from them but will also feel that they are being listened to.

When defining the action plans, manage both your expectations and the expectations of others. Keep in mind that not all situations can be covered upfront and that you cannot achieve everything at the same time. There will be challenges. You will become aware of them only once you face them, not before. A strong team culture will help you in these moments, and a successful resolution will depend on how well you can listen, communicate, prioritise, organise and follow through.

Turn the framework into practice

Once everyone agrees the key principles, the next step is to identify the actions required to put them in practice. The success of business partnering starts with your commitment. If you are truly engaged, leading by example will come naturally. Monitor the progress, celebrate the successes and address any failures. Be consistent and persistent. It may be hard at times but keeping your integrity will pay off in the long run.

Although very important as a catalyst of change, commitment from the FP&A lead is rarely enough. It is important to have the right infrastructure in place for the partnership between FP&A and the other functions to work. This requires investment, however an increased investment in FP&A is not always feasible. Understanding the barriers helps to potentially manage the way around. The strategy is different if the red light is driven by budget constraints or internal politics. In any case, the FP&A and CFO should be aligned on priorities and if resources are limited, they will need to select the right projects and initiatives to move forward with.

Change does not happen overnight and sometimes it is easier to continue with old practices. Sometimes colleagues from other departments will not fulfil their partnership role. If this happens, you should stand up for your team, talk with those colleagues and if required, involve your boss. It is important to demonstrate to your team that you are there to protect them. It is unrealistic to expect them to work hard and constantly deliver if others are not respecting the agreement.

Learning and improving is part of the process and it involves everyone. Continue working on yourself and acquire new skills. Keep up-to-date with the latest trends and developments, both in the same industry and within finance. That will contribute to your credibility in front of the team, and give them a good example to follow.

Having the right people

Last but not least, in addition to embedding the approach of continuous learning, your commitment should also be seen in having the right people on board. It is important to give your current team members a chance as not everyone will be able to easily adopt this new way of working. You may need to accept that the approach you are advocating might not actually be appealing to everyone. To address this, you may need to find a suitable alternative role within the organisation foe these individuals. In some cases, the person may need to look for an opportunity in another company.

Although very important as a catalyst of change, commitment from the FP&A lead is rarely enough.

The earlier this is identified, the better it is for all parties involved. In fact, normally you can ask HR to support the transition. The decision to replace some people in the team might not make you well-liked in the team. Still, remember that strong business partnership relies on being trusted, not on being liked. Quality is what makes a difference and you have a better chance of ensuring quality if you have a team of strong FP&A professionals.

Find a Common Language – Start With Cash Flow

By Michael J. Huthwaite, Founder and CEO of Finance Seer LLC

We need a common language that both finance and the business can speak, without trying to turn finance people into business experts nor business experts into finance experts.

So, what is this common language? The answer is cash flow.

Below are 7 reasons why the business should adopt cash flow as the definitive language for justifying growth and measuring success.

1 – No accounting necessary

One major benefit of making cash flow your primary metric is that it does not require any accounting knowledge. Of course, we are not saying that accounting is not important or that it doesn't have to be done at some stage, but it should not be the driving force in the financial business partnering discussions.

2 – It is all inclusive

One of the reasons why cash flow is so useful is that it is all-inclusive. It includes both the Income Statement and the Balance Sheet. This avoids the problem of jumping from one financial statement to another only to fall short on one or two metrics that will kill the deal and frustrate the business expert.

3 – Provides driver justification

Businesses are shifting more and more to driver-based planning. As a result, organisations should be better positioned to understand and react to changing business conditions. It's all about connecting the dots. However, a common pitfall to driver-based planning is to focus on the drivers that do not directly drive sustainable cash flow growth.

The cash flow ecosystem works well because, if implemented correctly, it can simultaneously benefit both the company and its employees. It enables everyone to work together to pull in the same direction.

Operational drivers are extremely useful, but they should always be linked to sources of cash or uses of cash. This is not always easy to do, but the exercise is well worth the effort. In many cases, you might find it impossible. In that case, you may want to ask yourself why? Is your business model overly complicated or are you relying on poor or meaningless drivers?

4 – Eliminates ratio confusion

Some people may be quick to argue for a few easy to understand ratios to stand as the top indicators for performance. The fact is that common ratios may seem logical for finance minds, but they can cause a great deal of confusion and misinterpretation for business experts, with disastrous outcomes.

For example, consider a simple ROI formula. If investments are made today and the income is generated later, the ROI will initially look unattractive as the numerator will be unchanged while the denominator will increase (thus reducing ROI).

5 – Provides the best way to compare alternatives

Due to resource constraints, organisations are forced to make business decisions based on comparing two or more business opportunities. Cash flow analysis allows the business to decide which projects should be undertaken and justify this based on a comparative metric. This provides an additional layer of scrutiny for pet projects that have a tendency to get pushed through by persuasion or politics.

Asking the business to be an active participant in the analysis of alternative opportunities is a great way to ensure that the best projects and ideas get green-lighted. It is also a great way to ensure that the business does not waste their time engaging in projects that will not add any value.

6 – It is how a strategy is measured

Let's face it, we all want to improve our ability to think more strategically. Yet we all seem to have slightly different definitions of what strategy means, let alone how to measure it. Broadly speaking, most people would agree that strategy involves the long-term allocation of business resources in a way that optimises shareholder value.

That being the case, we can measure strategy by analysing the upfront cash investment against the likely future cash returns at a perceived level of risk.

Unfortunately, many companies will focus all their efforts on being more operationally efficient, in an attempt to eliminate risk and optimise the time-to-payback. Yet in doing so they will inevitably run the risk of missing out on the next big thing due to their lack of strategic investment.

Of course, no one can accurately predict the right assumptions all the time, but proper financial business partnering will ensure that the right communication happens. Ensuring the business and finance department engage in meaningful strategic dialogue is vital for every business.

7 – Cash flow is good for you

The cash flow ecosystem works well because, if implemented correctly, it can simultaneously benefit both the company and its employees. It enables everyone to work together to pull in the same direction.

This is achievable by linking employee compensation to sustainable cash flow growth. Currently, this is common practice for senior executives, but it should be actively extended to lower levels throughout the business, eliminating short-term thinking wrapped around complex accounting treatments.

By educating the business on the importance of cash flow, we are creating value trees throughout the organisation that increases value for the shareholders while at the same time rewarding the individuals who are responsible for creating it.

Despite the overwhelming justification of cash flow over other forms of measurement, I'll admit that it is still just one method of many. Yet, what sets cash flow apart is its purity and simplicity. Everything is either cash in or cash out.

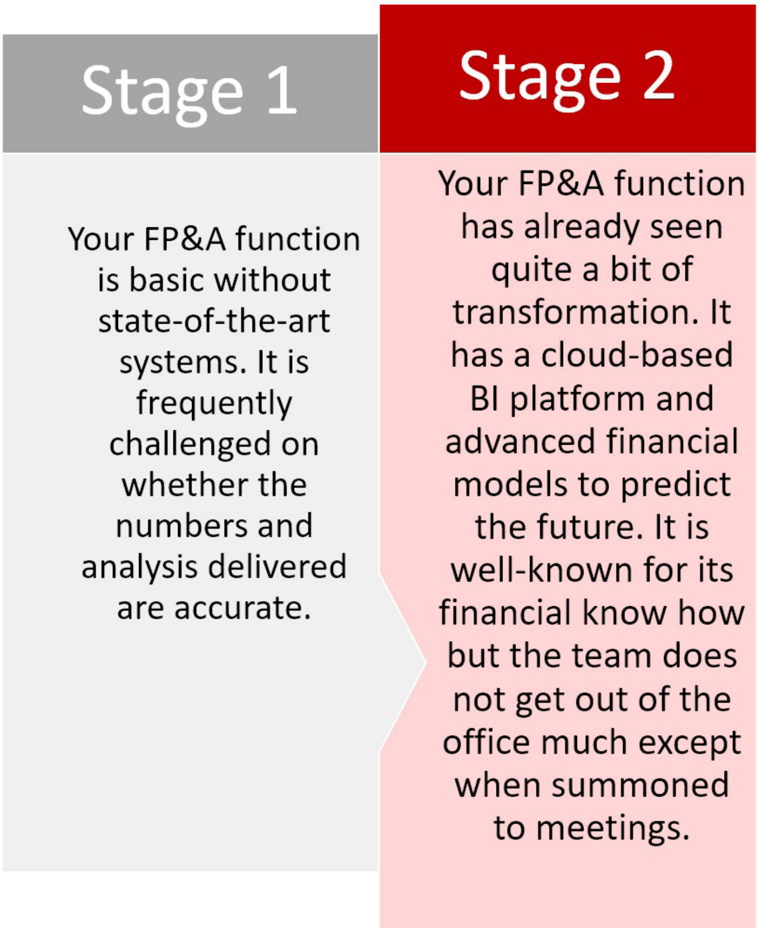
As finance leaders, we need to do a better job of leading efforts to educate the business on the importance and simplicity of cash flow. In a world where we are being told to be better storytellers, we must realize that cash flow is a fact, it is not fiction. Let us lead with the simple truth.

How You Can Implement FP&A Business Partnering

By Anders Liu-Lindberg, Co-founder, COO and CMO at the Business Partnering Institute

The article was first published in prevero Blog

Depending on the current state of your FP&A function you have some choices to make before you start implementing business partnering. To simplify, we will look at two possible states.



If you are in stage one, you will find that trying to implement business partnering will be an uphill battle. As a business partner trust is your main currency. So if you repeatedly show up with wrong numbers in over-used Excel graphs, you will lose your currency, no one will trust you. It is recommended that you firstly look to transform some of the more basic processes and invest in new systems to bring you up-to-date. If you want to pursue the implementation of business partnering before these things are addressed, you will need set very clear expectations with your business stakeholders. You will also need to accept that your business partners will do a lot of reporting work while you upgrade the other areas of your FP&A function.

For functions in stage two your stakeholders have a good level of trust in your FP&A team. However, they are not used to engaging your team members during times of decision-making. They are more familiar with simply receiving a report from finance and making up their own mind. To change that, you need to analyse their numbers and identify an area where you can help them create more value, then positively surprise them with your insights. You will likely need to train your finance analysts and FP&A managers in partnering skills and make a plan for them to build their business knowledge.

If you decide to create a new role, you need to clearly explain how the role of FP&A business partner is different from that of an FP&A manager or finance analyst. The main difference is that the standard roles deal with reporting and analysis, whereas the new business partner role uses that analysis to deliver insights to the business stakeholders and create an impact by influencing their decisions.

Here is a quick step-by-step guide to selecting and developing your business partner team.

- Identify the most important attributes required of a business partner, for example problem-solving or communication.
- Carefully evaluate your people based on these attributes.
- Categorise your people into three buckets: fit for purpose, maybe, and not fit for purpose
- Create an action plan for the 'maybes'. Find alternative roles or dismiss those identified as 'not fit for purpose'.
- Hire new people to fill the gaps creates, based on your selected attributes
- Give training or find externally suitable training to accelerate the performance of your new team

A Journey From Financial Control to Finance Business Partnering Function

By Mohamed El-Rouby, Head of FP&A - Middle East Clusters at Takeda

In this article, I will share with you my experience when I took over the responsibility of leading the finance department at a multinational FMCG company. The finance department at that time was strong in financial control. The team provided accurate financial statements, the necessary controls were in place and working capital was managed well.

However, when I spoke to business stakeholders, I discovered a big gap in the finance function concerning the level of support provided to the business. There was minimal finance involvement in decisions made and the commercial team were not receiving value-added insights from finance. Also, there was a weak relationship between finance and the business. Finance did not have a seat at the table for most strategic meetings.

At that time, I realised that I had to make a major transformation in the finance function. To take it from being only a control function to a true business partner team that adds value to the business.

The 5-Step Transformation Journey

1. Build a relationship with business stakeholders and understand their needs.

I started conducting one-on-one meetings with key stakeholders including the general manager, sales directors, key account managers and the marketing, supply chain, and HR teams. I listened carefully to their expectations of finance and what they needed. I asked them to share examples from history. After deep discussions with them, I began to think of quick wins to start building credibility with them. Then I set short-term and long-term goals on how to add true value to the business and gain their trust.

2. Understand the business and the organisation.

The second step was to understand the business model, the value chain and the company strategy while identifying the competitors, the benefits of our products over our competitors, our distributor, our wholesalers and our key customers.

The great combination of understanding the business, having the right reporting tools, and establishing a good relationship with our stakeholders helped us provide powerful insights to the business.

To reach the needed level of business acumen, I had to do a lot of things with my team. We attended all possible business meetings and spoke to the business at every level including sales directors, managers, sales reps, product managers, supply chain and HR. These would either be in the form of formal meetings or simple casual engagement by the coffee machine.

We had to make frequent field visits with the commercial team to observe the day-to-day challenges of the sales team on the ground. We spoke to consumers and saw our products position in the point of sales areas amongst many other things.

We had to take notes of all of our observations, record all of the feedback, and prepare a field visit report after each single visit so that we could discuss it all with the commercial leaders to get their feedback.

The outcomes from the frequent field visits were fantastic. My team and I gathered a deep business understanding and we were able to understand clearly what was behind the reported numbers. It also helped in building a strong business relationship with the commercial team.

3. Improve reporting & performance management tools

The third step I had to implement was to develop proper reporting tools that really added value to the business and aligned with the expectations of the commercial and business leaders. It was more powerful because we built it after first understanding the business deeply.

So, as a finance business partner, we planned to do the following:

- Create an interactive smart solution to provide strong support to the commercial team and the main decision-makers so they can make quick, effective and fact-based decisions.
- Give commercial teams more free time to focus on in-market activities.
- Highlight critical opportunities and gaps in the market.
- Develop a user-friendly and interactive tool that can be accessed at any point in time.
- Help the commercial team prepare accurate forecasts using monthly and annual trends.
- Have one accurate source of financial and commercial information replacing all previous reports.

The results were outstanding. The commercial team were very happy with the new smart tool. It replaced all of the existing reports with one accurate source of information and it saved time for many functions including the sales, marketing, finance & leadership teams.

- The commercial team was able to focus on in-market activities rather than on time-consuming information analysis tasks.
- Quick and accurate decisions were taken.
- Full control of key account business and top customer performance were implemented on a daily and monthly basis.
- Leadership meetings became more productive due to focusing on key business gaps using smart dashboard reports.

4. Provide insights and influencing decision-making

The great combination of understanding the business, having the right reporting tools, and establishing a good relationship with our stakeholders helped us provide powerful insights to the business. We supplemented our reports with the proper business questions, the right business story and the most appropriate and realistic insights that would lead to clear action plans.

Subsequently, finance started to significantly support decision-making and began adding true value to the business.

5. Gain the trust of your business stakeholders

After implementing the above transformation steps, the finance function obtained a permanent seat at all meetings where business decisions were made. It became an essential part of the Sales and Operations Planning (S&OP) meeting, sales and marketing meeting, key account contract renewals and all other key operational and strategic meetings.

Finance learned to speak the language of the business, not the technical finance language. The finance team was involved in the day-to-day company activities working very closely with the business. Over time finance succeeded in gaining the trust of all stakeholders who began to realise the true value of finance input.

At the end of the transformation journey, the finance team was able to influence decision-making and became a true business partner.

The Finance Business Partner Is an Employable Role

By Ben Wann, Operational Controller at Savencia Cheese USA, and Benjamin Stoter, Group Finance Business Partner at Inverson Group Services

Imagine this scenario. You need to hire someone for your team who is well-rounded, dynamic, affable and has the leadership potential to help the organisation deliver its strategy.

How would you begin to put a title on the set of requirements and expectations for the role? Senior accountant? That would be too restrictive. Project manager? This is not technical enough. Finance Director? Too high-level. Financial Analyst? This might work, but what about the leadership aspects? IT analyst? Definitely not enough focus on the required industry knowledge. How do we find an accountant with charisma or selling skills?

This is where finance business partners comes in.

To explain the finance business partner role, we need to talk about what it is not. It is not an entry-level position. It requires management-level experience and responsibility. At least five years of experience and a variety of roles across different functions in the business is the minimum.

The expectations and demands of finance are rapidly transforming, and we need to be ready to answer with a defined set of skills and competencies that bridge technical acumen, technology, and influence.

In short, a finance business partner is an experienced, well-rounded, dynamic professional who can step into any organisation and quickly deliver long-term value. It is important that we identify and apply the definition of a finance business partner during the hiring process so that we can **clearly align our business needs with the expectations of the candidates.**

To answer the question posed in the title of this article, 'Is the financial business partner an employable role?' The answer is yes. The finance business partner is a recognised beacon of business excellence. They work as an internal consultant within a company to deliver results by driving accountability.

A finance business partner:

- Must be able to influence and challenge across the business to ensure processes and activities are optimised for maximum performance.
- Must be involved in business decision-making, not just as a trusted advisor, but as a key influencer. That is true partnership. The finance business partner should be part of the management team and should contribute to discussions and decisions as an equal rather than an observer.

- Must know the business and know finance, inside and out. This not only instils trust and confidence in you from your business colleagues. It means that together you will improve the performance of the business.
- Activities must pass the value-added test. Are they related to adding value to the bottom line?
- **Should connect strategy to execution, in other words drive major strategic or tactical initiatives such as cost savings or revenue optimisation projects.**

We have only just begun on the path of the finance business partner, and there is still massive potential for change ahead of us. The expectations and demands of finance are rapidly transforming, and we need to be ready to answer with a defined set of skills and competencies that bridge technical acumen, technology, and influence.

Welcome to the finance business partner.

Best Practice in Financial Planning and Analysis

FP&A Trends Group is a global platform for finance practitioners to come together and shape the future of FP&A. Follow us on social media to stay on top of the latest trends and developments in the field.

receive regular insights directly to your inbox (subscribe to FP&A Trends Digest here)

take part in weekly discussions facilitated by a team of FP&A professionals (join the FP&A Club LinkedIn group here)

learn from experts in the field (you can watch our webinars and videos on YouTube here)

exchange ideas, expand your network and ask for advice from colleagues all over the world.