

Getting the most out of your Planning systems initiative

1. Financial planning is critical to successful execution of business strategy

Consolidation and Financial Reporting	Management Reporting	Budgeting, Planning and Forecasting BPC
Business Intelligence	Data Integration	Scorecards and Dashboards

However, any planning project should consider your organization's longer-term EPM plans

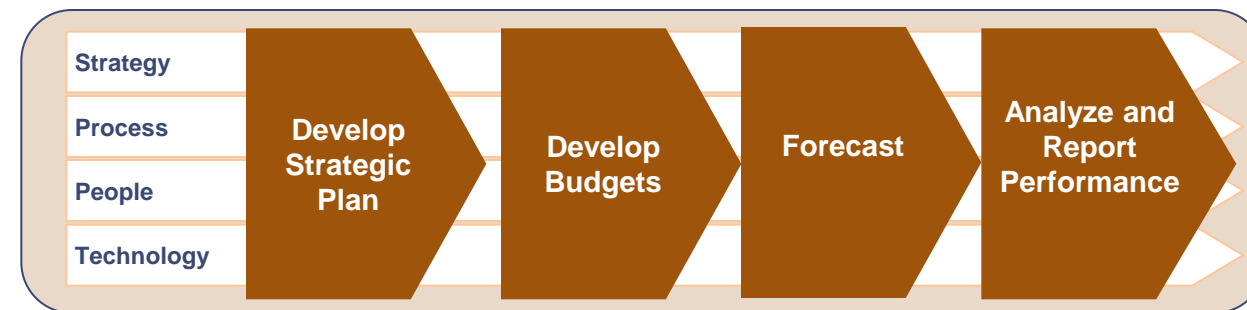
2. Planning 101: Process first

Process should drive technology, design and configuration choices. World class financial planning has become a top priority within leading finance organizations and budgeting and forecasting has become a critical competency for organizations to effectively plan, manage, and execute on strategy. Successful planning functions share a number of key characteristics:

- Shift the focus to target setting, analysis and measurement from data collection and reporting
- Link financial planning targets with organizational strategy and value drivers
- Break down organizational silos. Use budgeting and planning processes to increase collaboration and knowledge sharing between finance, management, and operations.
- Migrate toward driver based budgeting and forecasting and align the process around the measurement of value drivers
- Simplify and standardize processes, systems, and data models in order to reduce cycle time.

3. Recognize constraints and requirements

From the outset, acknowledge data constraints and information needs

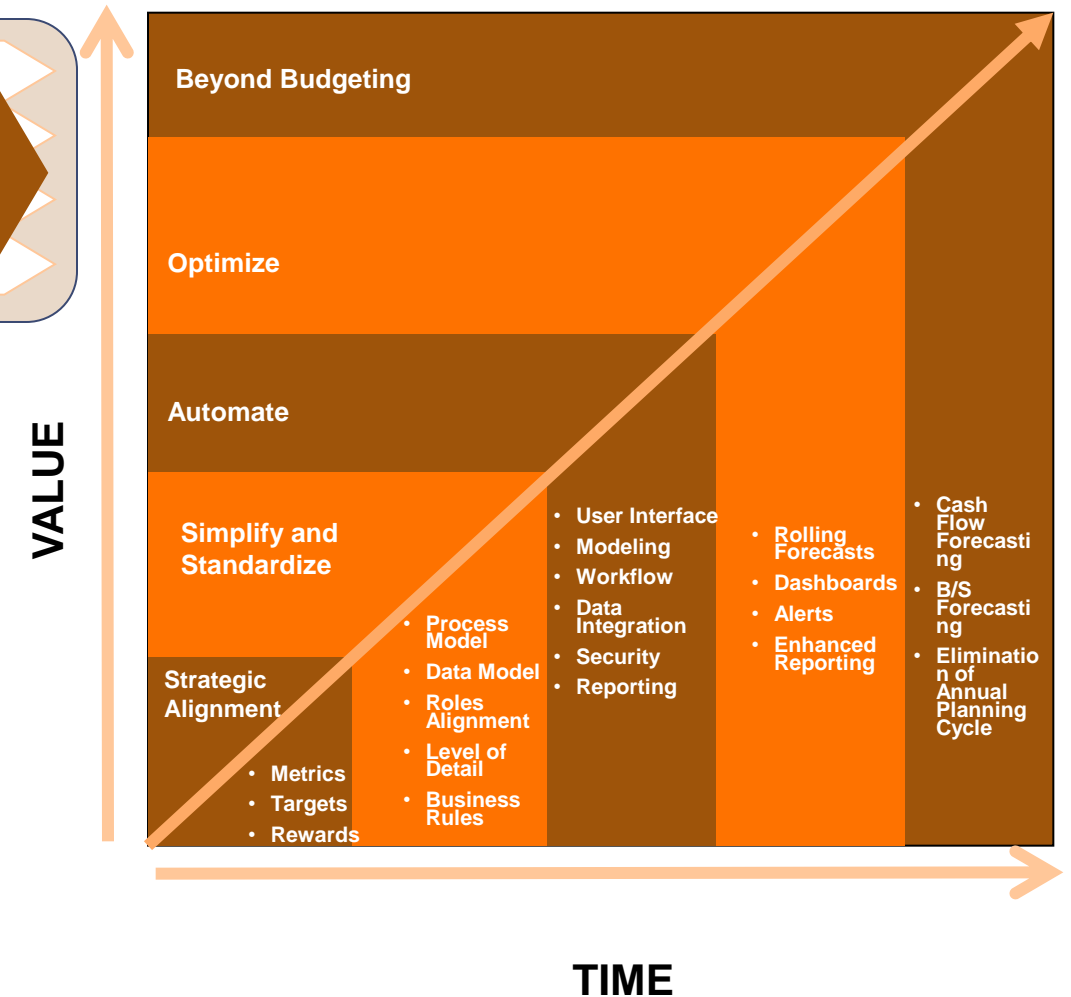


Common Challenges

- Lack of standardized/consistent process across organization
- Materiality levels not defined
- Lengthy cycle time
- Disconnects between strategic plan and annual budgets
- Allocations process too complex
- Lacks direct correlation to performance reward objectives
- Involves too many people
- Too much detail, doesn't allow for focus on key strategic operating items
- Consolidation process is manual and time consuming, leaving little time for analysis
- Limited ability to perform scenario modeling and iteration
- Balance sheet planning is not integrated with P&L planning
- Underlying technologies and applications lack integration
- Lack of common data dictionary and hierarchies

4. Assess your aspirations & consider possibilities

Know where you want to be short- and long-term



5. Prioritize your list of desired process benefits

Use these as input to your requirements and design stages

Strategic Plan	Budget/Plan	Forecast
<p>The strategic planning process is focused largely on external drivers – economic data, market conditions, competitor positioning, along with customer, product and operational strengths/weaknesses.</p> <ul style="list-style-type: none"> • Focuses on business' overall objectives, sources of competitive advantage, positioning and results • Uses competitive and capital portfolio analyses • Links investment, and IT planning to strategic plan • CEO-driven, COOs, CFOs actively involved • Documented calendar, with clearly defined roles and responsibilities • Based on core set of business drivers • KPIs developed based on strategy with linkage to budget • Performance awards directly linked to budget KPIs • Corporate view, executive-oriented, narrow audience • Significantly "top down" • Summary level of detail • More external than internal focused • Numerous scenarios • Discrete set of metrics and performance indicators 	<p>Leading practices in budgeting focus on streamlining, simplifying and organizing the flow of the process. In addition, the attention has shifted to a more outward and proactive focus that address business change.</p> <ul style="list-style-type: none"> • Centrally defined and controlled process • Documented calendar with clearly defined roles and responsibilities • Budget information used as formal cost control mechanism • Strong culture and aggressive approach towards challenging the plan and assumptions • Core assumptions (i.e. Interest rate scenarios) developed centrally, with set assumptions given to business • Minimize data collection and data integration through use of standard data templates, supported by underlying technology • Costs assigned to products directly or through activity drivers • Expense detail defined and maintained by product or functional manager • Cost driver and standard cost information used as basis for budget 	<p>Forecasting drives a "continuous" budget mindset, focusing on a core set of targets and the underlying operational risks and opportunities.</p> <ul style="list-style-type: none"> • Rolling forecast 6 – 8 quarters • 4 to 6 set targets reported and measured monthly/ quarterly • Targets re-forecasted for rolling periods on a monthly/ quarterly basis • Monitors risks, opportunities and watch items that could impact forecasted targets • Linked to major predictive processes in operations • Summary, aggregated information • Actions taken as direct result of re-forecast, risk and opportunities • Common data templates and IT infrastructure • In some cases, rolling forecasting replaces the annual budget cycle

Next Steps - Get out ahead of the technical effort

1. Make a plan

Evaluate your goals and resources and set a scope

Our business process and EPM application experts can work with your team over a day or two to

- Determine business process goals and articulate pain points
- Provide additional background on the application capabilities and challenges
- Talk about data and data quality
- Explore you's degree of comfort with change and any stakeholder challenges
- Discuss the timing and resource demands placed on finance, IT and others in an EPM effort
- Discuss lessons learned and challenges faced in prior EPM projects
- List improvements that can be made right away, before the system implementation
- Understand the upstream constraints and downstream demands on the consolidations process

2. Get moving on process improvements

Many improvements don't need new systems; get moving on that list now

STRATEGY

Determine what you want to be, develop a plan and monitor progress

- Align reporting objectives with the organization's strategic goals
- Look for leaders, not silver bullets
- Consider opportunities throughout the close and reporting cycle
- Do not be afraid to implement change
- Expect to spend six to ten months transforming your closing process
- Plan the work and work the plan

PROCESS

Streamline, simplify and standardize processes throughout the cycle

- Properly sequence activities and look for opportunities to move work away from the close
- Use estimates and materiality thresholds intelligently
- Proactively manage issues and perform root cause analysis

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3. Talk to others

Let us put you in touch with other teams who have tackled similar challenges

Client	Issues	Value provided
Global Supply Chain Management Company	<ul style="list-style-type: none"> • The client had decided to upgrade their current budgeting tools. After a thorough system selection, including a RFP process and vendor demonstration, the client ultimately purchased SAP's Business Planning and Consolidation tool (BPC). • In order to support an aggressive timeline and budget requirement, PwC was engaged to provide implementation services and a structured project management approach to closely manage the project from design to go-live. 	<ul style="list-style-type: none"> • PwC delivered a proven BPC implementation methodology and facilitated all major aspects of the implementation from system design to training delivery. • PwC provided Leading practices input into the design of key BPC related planning processes and supported the documentation of process design in the planning area. • PwC consultants also provided critical documentation support around user testing methods, end user training and configuration maintenance.
Global Instruments Company	<ul style="list-style-type: none"> • The client was looking to gain a competitive edge and increase efficiency by replacing their legacy FDC system and redesigning finance processes and management information. • The new system and processes needed to meet the requirements of the corporate entity, but be flexible enough to accommodate the needs of its operating companies. 	<ul style="list-style-type: none"> • With PwC's assistance, the client was able to successfully implement SAP BPC to support corporate consolidation, planning and reporting, and to accommodate differences in current and future operating company needs. • A new management information environment was designed to provide insight and support decision-making through the inclusion of non-financial and external information. • Processes for planning were simplified, and better and more accurate multi-dimensional reporting, supported by SAP BPC, was created. • The project also drove collaboration between autonomous operating companies which continues to foster sharing of information, good practices and ideas.

4. Implement using leading practices

- Establish clear EPM goals and business sponsorship upfront
- Identify key business drivers to set a foundation for future planning, reporting and analysis
- Develop quick wins with tactical deployment - keeping longer term vision in mind
- Plan for business changes- flexibility is the number one requirement
- Engage business and functional expertise in operating model development - this is not just a finance or IT exercise
- Address data, quality and integration issues upfront
- Standardize and leverage leading EPM tools for financial planning, consolidation, reporting and analytics
- Utilize prototype driven approach for deployment