

# *Driving Performance Excellence*

*Creating a world-class Financial Planning  
and Analysis organisation*

# *Characteristics of a best-in-class FP&A organisation*

Finance organisations in leading companies add value to business by enabling the management to continuously monitor performance against expectation and align individual goals with business objectives

## ***Best-in-class finance organisations align their EPM\* strategy to core business issues***

### **Challenges to business**

- Balance long term and short term focus
- Make value based strategies operational
- Embrace information transparency & accuracy
- Focus on what is truly important
- Enforce performance driven behaviour
- Establish consistent responsibility structure
- Balance Integration with simplification

\* Enterprise Performance Management

### **Key questions to explore**

- Do you have a clear picture of performance across the business?
- Can you provide analysis to the Board that enables confident decision making?
- Is your business strategy cascaded to business unit and team objectives through KPI's?
- Are you able to enforce performance driven behaviour consistently throughout the organisation?
- Do you have genuine foresight through predictive, risk based scenario plans?
- Is your organisation making decisions that affect short and long term focus based on facts and analysis?
- Are F&A personnel spending increasingly more time on analysis and decision support?
- Is your ability to plan and monitor performance against the plan undermined by inconsistent data in multiple systems?

***Effective EPM enables an organization to deliver a predictable contribution to sustained value creation...***



A world-class performance management process consists of multiple sub-processes...

- strategy development
- strategy translation
- budgeting/target setting
- performance measurement
- performance review
- incentive compensation

... supported by an effective **Enterprise Risk Management** culture and strong **People** and **Technology** capabilities

***... through rigorous monitoring of lead and lag indicators that actively support decision making***

Key levers for reporting & analytics	Key question	
Optimization / Scenario analysis	What is the best / worst that can happen?	<b>Analysis - based on lead indicators</b> <b>Typical tools:</b> <ul style="list-style-type: none"> <li>• XXX</li> <li>• XXX</li> </ul>
Predictive Modeling	What will happen next?	
Forecasting / Extrapolation	What if these trends continue?	
Time-series forecasting	Why / When is it usually happening? Which are the typical pre-indicators?	
Exception reporting	What/ When do you need to take action on exceptions?	<b>Reporting - of lag indicators</b> <b>Typical tools:</b> <ul style="list-style-type: none"> <li>• XXX</li> <li>• XXX</li> </ul>
Online (fully-flexible) self-service reports	What is the underlying problem?	
Online (semi-flexible) reports	Where did the problem occur, why did it occur and at what frequency?	
Standard (pre-formatted) reports	What is the current status of the problem and the resolution?	

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# *How we assist our clients*

Our service offerings - mapped to EPM sub-processes and support systems, enable CFOs deliver value to four key stakeholders - board, management, investors and employees

## How we assist our clients (1/3)

EPM sub-process	Ares of intervention	Benefits
<b>Strategy development</b>	<ul style="list-style-type: none"> <li>• Long range planning (LRP)</li> <li>• Definition of Value drivers and Strategic objectives</li> <li>• Growth option evaluation frameworks</li> <li>• Bottom line improvement plan (BLIP)</li> <li>• RoCE/ EBITDA improvement program</li> </ul>	<ul style="list-style-type: none"> <li>• Clarity in strategy</li> <li>• Alignment of Strategy and LRP</li> <li>• Rigorous focus on relevant enterprise metrics - Shareholder wealth/ROCE/ ROI etc.</li> </ul>
<b>Strategy translation</b>	<ul style="list-style-type: none"> <li>• Strategic, Operational and Financial KPIs</li> <li>• Balanced Scorecards</li> <li>• Management Scorecards</li> <li>• Organisation designing/restructuring*</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment of Strategy and Organisation</li> <li>• Seamless translation of strategy to implementation</li> <li>• Enhanced accountability across the board</li> <li>• Organisation that delivers long-term performance</li> </ul>
<b>Budgeting/Target setting</b>	<ul style="list-style-type: none"> <li>• Product/Service/Project Costing framework</li> <li>• Annual planning, Monthly operational budgeting</li> <li>• Integrated planning</li> <li>• Variance and Performance analysis (e.g. - Fixed and Variable expenses, Capex RoI etc.)</li> <li>• Capital investment governance</li> </ul>	<ul style="list-style-type: none"> <li>• Clear handover points to improve alignment between strategic plans, business plans and budgets</li> <li>• Shift of focus to material and controllable cost drivers</li> <li>• Tight integration between planning, execution and monitoring</li> </ul>

## How we assist our clients (2/3)

EPM sub-process	Ares of intervention	Benefits
<b>Performance measurement</b>	<ul style="list-style-type: none"> <li>• <i>Monthly variance reporting and analysis</i></li> <li>• <i>Profitability and product/service portfolio analysis framework</i></li> <li>• <i>P&amp;L analysis (and monthly performance reviews)</i></li> <li>• <i>Enterprise consolidation</i></li> <li>• <i>Linking Operational and Financial KPIs, and aligning employee rewards</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Consistent view of the business across all reporting dimensions</i></li> <li>• <i>Faster decision making capability</i></li> <li>• <i>Predictive analytics and forecasts that provide real foresight</i></li> </ul>
<b>Performance review</b>	<ul style="list-style-type: none"> <li>• <i>Monthly performance review</i></li> <li>• <i>Board meeting preparations</i></li> <li>• <i>Benefits management programs for large scale transformation initiatives</i></li> <li>• <i>Investor communication strategy</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Institutionalised culture of continuous improvement</i></li> <li>• <i>Business ownership of financial objectives</i></li> <li>• <i>Rigour in tracking the effectiveness of transformation programs</i></li> </ul>
<b>Incentive compensation</b>	<ul style="list-style-type: none"> <li>• <i>KPI-KRA alignment frameworks</i></li> <li>• <i>Rewards and benefits program</i></li> <li>• <i>Career development program</i></li> <li>• <i>Design and Implementation of Long Term Incentive (LTI) program</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Alignment of individual goals to corporate objectives</i></li> <li>• <i>Alignment of incentives to measurable performance</i></li> <li>• <i>Long term career outlook for employees</i></li> </ul>



## How we assist our clients (3/3)

EPM sub-process	Ares of intervention	Benefits
<b>Enterprise risk management</b>	<ul style="list-style-type: none"> <li>• Financial risk assessment frameworks</li> <li>• Strategic/Operational risk assessment frameworks</li> <li>• Market risk assessment frameworks</li> <li>• Defining Key Risk Indicators (KRIs)</li> <li>• Linking risks to Strategy and defining 'Strategy refresh' governance process</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding of revenue, cost and systematic risks and their impact on shareholder wealth</li> <li>• Clarity in financial risks associated with the organisation's strategy and operations</li> <li>• Insights into organization's performance and risk exposure in light of market movements</li> </ul>
<b>People and Technology</b>	<ul style="list-style-type: none"> <li>• Finance leadership assessment programs</li> <li>• F&amp;A Target Operating Model</li> <li>• Business acumen training for finance personnel</li> <li>• Business-IT alignment in technology transformation programs</li> <li>• Benefits management programs in ERP implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Well articulated finance vision that is aligned with the organisation strategy</li> <li>• Competent finance leadership that can meet/exceed board expectations</li> <li>• Greater technology ROI</li> <li>• Better alignment of finance IT with finance's objectives</li> </ul>

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# ***Thank you***

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