

A photograph of a tennis racket and two tennis balls on a green court. The racket is positioned horizontally across the middle of the frame, with its head to the right and handle to the left. Two bright yellow tennis balls are placed on the court surface in front of the racket's head. The background is a blurred green field with trees under a bright sky. A yellow text box is overlaid on the left side of the image.

# Evolving role of FP&A in today's organizations

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# FP&A, the coach sitting courtside

Organizations large and small have been impacted by the ever-evolving economic environment, and the speed of change has been challenging. To manage risks associated with this, organizations have realized that there is a need to differentiate themselves and attain competitive advantage at a faster pace than ever. The ripple effects of the pandemic, escalation in inflation, and need to manage costs more effectively have resulted in an increased demand for data-driven insights. Therefore, chief financial officers (CFOs) are expected to drive long-term value across the organization, requiring financial planning and analysis (FP&A) to focus on more than just financial measures of success. FP&A is examining what they are measuring and how they are trying to show value to become more strategic and agile to support decision-making. The script is changing from reporting what has happened to generating insights that drive more impactful outcomes.



# Hitting all angles

It's clear that society, investors and employees are focused on responsible and ethical business practices. This theme is not new. However, organizations realize this is more challenging in practice, and there is work to be done to make this vision actionable.

Who is the best team within an organization to shepherd this forward? CFOs' responsibilities have expanded across the business, including lead roles in mergers and acquisitions, strategic planning and technology transformations. Additionally, the finance function, and

FP&A in particular, operates in the center of the data and has the analytical skill set required to identify opportunities for value creation and drive holistic performance management efforts. Simply said, the finance function is uniquely positioned to hit all angles of long-term value creation (not only financial value).

To effectively respond to increased expectations and accelerate long-term value creation, FP&A is shifting focus from financial value and taking a more central role in customer, people and societal value dimensions.

## Value dimensions

Click on the below items to find out more

As expectations of the finance function continue to grow, delivering value across **all four dimensions of the EY value framework** will be imperative. FP&A is focusing on three levers to stay ahead of the curve.

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# Getting in the mindset

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# Playing your best

Is your FP&A organization sitting courtside as “the coach” partnering with “the player” (the business) to provide insights that propel long-term value creation? If you can answer “yes” to the following characteristics, then you are on your way to being a leading FP&A organization.



**Your team provides answers quickly through these capabilities:**

- ▶ Persona-based insights aligned to the metrics that matter for a particular role or function
- ▶ Self-service data accessible through a singular location
- ▶ Cloud-connected planning systems
- ▶ Real-time reporting through automated data feeds



**Forecasts are accurate and your team uses the following techniques with regularity:**

- ▶ Rolling forecast with an extended horizon
- ▶ Scenario planning with a range of outcomes and confidence intervals
- ▶ Assumptions enhanced by AI and predictive techniques
- ▶ Sensitivity analyses and storytelling data visualizations



**Deeper insights are being derived and acted on through the usage of:**

- ▶ Nonfinancial data and external data sources
- ▶ Cleansed and harmonized master data
- ▶ Rationalized reports used cross-functionally as single source of truth
- ▶ Automated analyses rather than offline highly manual ad-hoc models

# Game, set, match

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As the demands and expectations of stakeholders continuously evolve, companies must also progress. Finance, in particular FP&A, has positioned itself to lead this evolution and create long-term value in the process. From expanding its involvement in nonfinancial reporting to driving business partnering and collaboration, there are numerous levers FP&A can pull.



# Taking the first step

Need help taking your FP&A organization to the next level? Ernst & Young LLP (EY US) can support you through your transformation journey from re-imagining and assessing today's capabilities through planning, execution and monitoring of tomorrow's opportunities. EY professionals are here to help you design and adopt data-driven performance management enabled by timely and predictive insights across all value dimensions.

Learn more about EY US service offerings



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