Financial Planning and Analysis (FP&A)

August 2012
Financial analysis refers to an assessment of the viability, stability and profitability of a business, sub-business or project.

Financial planning is a series of steps or goals used by business, the progressive and cumulative attainment of which are designed to accomplish a final financial goal or set of circumstances.

Financial planning & analysis is the assessment of the viability of course of action set out by a company’s management.
My definition of FP&A

Financial planning & analysis - the financial processes which allow business leaders to make better business decisions.

The following page provides an overview of all processes which define FP&A; subsequent pages group processes by key deliverable.
FP&A Processes - Overview

1.) Develop budget
2.) Design & implement KPI process
3.) Design & implement results package
4.) Publish financial results & KPI package
5.) Analyze budget to actual differences
6.) Work with ‘field’ to close actuals to budget
7.) Budget presentations to executives / Board
8.) Develop forecast (update budget actuals)
9.) Create financial model of company
10.) Prepare forecast presentation(s)
11.) Valuation of company
12.) Create valuation model & process
13.) Model and evaluate prospective acquisitions
14.) Model and evaluate new projects and services
15.) Prepare business cases for investments
16.) Feed approved projects into P&L forecast
17.) Feather approved projects into forecasting
18.) Design & implement monthly BS & CF package
19.) Publish monthly BS & CF results package
20.) Establish control over uses to control cash
21.) Control cash
22.) Review and modify legal contracts
23.) Operational audits / improvements
24.) Follow-up and track investment decision
Annual P&L Budget

Process:
1.) Develop budget
2.) Design & implement KPI process
3.) Design & implement results package
4.) Publish financial results & KPI package
5.) Analyze budget to actual differences
6.) Work with ‘field’ to close actuals to budget
7.) Budget presentations to executives / Board
FP&A – Forecasting

Forecasting P&L

Process:
  8.) Develop forecast (update budget actuals)
  9.) Create financial model of company
 10.) Prepare forecast presentation(s)
FP&A – Valuations

Valuations

Process:
11.) Valuation of company
12.) Create valuation model & process
13.) Model and evaluate prospective acquisitions
14.) Model and evaluate new projects and services
15.) Prepare business cases for investments
Budget & Forecasting Balance Sheet & Cash Forecast

Process:
16.) Feed approved projects into P&L forecast
17.) Feather approved projects into forecasting
18.) Design & implement monthly BS & CF package
19.) Publish monthly BS & CF results package
20.) Establish control over uses to control cash
21.) Control cash
FP&A – Miscellaneous

Miscellaneous

Process:
22.) Review and modify legal contracts
23.) Operational audits / improvements
24.) Follow-up and track investment decision
Note: Enterprise performance management (EPM)
"Greenfield" implementation:

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FP&A - Ready for another season?

"Looks like you've got all the data – what's the holdup?"