

Planning and performance management paradigm

Planning and performance management are key issues for finance professionals in the challenging times that many organisations face from the rapidly changing economic environment. The responses to the survey that was undertaken as part of this research suggest that finance teams are still looking to regress to the approaches to planning and performance management that were adopted prior to the pandemic. There are opportunities which finance teams must seize to remain relevant.



This report, which has been jointly developed by ACCA and Chartered Accountants Australia and New Zealand in association with PwC, has been compiled from nearly 3,000 survey responses and interviews and discussions with nearly 100 finance professionals across the world.

There are seven actions identified in the report that finance organisations should consider in relation to planning and performance management.

1. Take a more holistic view of planning and performance

Increasingly both internal and external stakeholders are looking at a broader view of performance. 82% of the global survey respondents believed that there is a need for new forms of performance measures for investors, analysts and the capital

market which are less focused on solely financial objectives. If finance teams are to be relevant, they need to broaden their perspective of planning and performance management from pure financial lens to one that embraces non-financial performance and elements such as the organisation's purpose and environmental, social and governance issues.

2. Develop an inclusive culture of planning and performance

Leading organisations in volatile times requires that planning and performance management cannot be a siloed activity. The understanding of demand and supply signals, and their implications on working capital are essential. 56% of the global survey respondents responded that they considered that their organisations had an equal focus on both financial and non-financial elements in their planning processes in contrast to the 8% that were solely financially focused. For this to be effective, there needs to be a strong organisational culture of integrated planning. This must be led from the top in demonstrating planning teams working together on one integrated plan and taking decisions in a similar manner.

3. Identify new data sets and insights

To facilitate the integrated nature of planning, finance teams need to look outside their traditional data sets. In such times of volatility utilising real-time, or near real-time, data which includes sources of customer behaviour and supply chain activity are essential. Any planning activity needs to look forward. It requires agility to be able to present a range of insights and scenarios that facilitate decision making. 57% of the survey respondents said that it took between one and three months to prepare a forecast.

4. Develop a deep understanding of the organisation

Any planning model must reflect the strategic levers of the organisation. In developing their models finance teams need to ensure that they reflect the nature of performance and filter out the noise. Cash and working capital management are vital. Focusing on the drivers of these aspects will enable finance teams to drive survivability. In volatile times, especially, a drive for precision may well mean that the circumstances have changed in the time taken to achieve it. It is important to identify the point at which more information will not change the outcome of a decision. That is the level of precision required.

5. Re-examine processes

There needs to be a recognition that the former ways of planning and performance may not match the challenges that organisations currently face. It is important to re-examine the planning and performance management processes to ensure that they can respond to the volatility currently faced.

6. Become agile in approach

In common across all the other actions is the need to ensure agility in the planning and performance management processes. Performance itself in volatile times is a collective activity and needs to be appraised and rewarded as such. All too often, performance management processes focus on individuals and relate to old ways of working rather than reflecting team effort, which the culture is looking to instil. Finance teams need to lead the way in providing insights that reflect this culture on a timely basis. Such an approach rewards innovation and creativity.

7. Consider your technology stack

There is an array of new Cloud-based planning and performance management tools available that will facilitate the real-time integration of financial and non-financial data into the process. However, 82% of the survey respondents relied a great deal on spreadsheets. In contrast 13% used the extended planning and analysis tools that are available to a similar extent. Whilst spreadsheets may be tool of choice for the finance professional, they need to think broader to ensure that they have tools that can process and facilitate faster analysis of more complex scenarios.

In conclusion, delivering effective planning and performance management processes for their organisations it is imperative that finance professionals are effective business partners to other teams. They need to provide relevant and constructive insights based upon reliable and relevant data sets, and to facilitate decision making and enable actions. The effective business partner has a broad range of technical and personal skills to deploy in developing the necessary trusted relationships.



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