Cross-Company Planning: The Evolution of Finance to Become a Strategic Planning Partner

The 451 Take

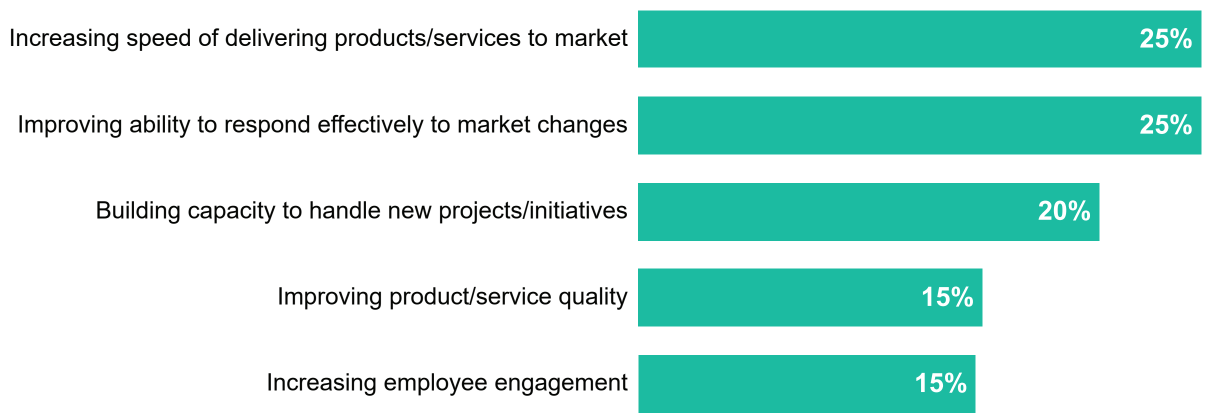
In 451 Research's recent Voice of the Enterprise: Workforce Productivity & Collaboration, Work Execution Goals & Challenges research survey, we asked respondents what their organization should prioritize improving over the next two years. Strategic planning (34%) was the second-highest response. This elevates planning owners – mainly finance – as priority drivers in the enterprise. Those same respondents said the most positive impact over the next two years would come from delivering products and services to market more quickly (25%), improving the ability to respond to market changes (25%), and building capacity to handle new projects and initiatives (20%). These responses suggest there is a shift from reactive work to more strategic work to reduce risk and improve agility. Effective planning helps support this shift, but it must be done in a collaborative manner.

Improvements that Would be the Most Impactful if Implemented

Source: 451 Research's Voice of the Enterprise: Workforce Productivity & Collaboration, Work Execution Goals & Challenges 2020

Q: Which of the following improvements would have the most positive impact on your organization if implemented over the next two years?

Base: Workforce respondents (n=1,028)



Finance professionals are already predicting that finance departments will engage in more cross-company collaboration. Essentially, cross-company financial planning is a broader, more detailed and strategic form of financial planning that includes input from executives and functional leaders outside of finance. The result is a model that incorporates key business variables into budgeting and supports more flexible plans that adapt to business growth. Only 1.5% of finance professionals surveyed expect collaboration with colleagues from other business divisions to decrease. Some 98.5% said it would stay the same (50%) or increase (48.5%). If finance departments are expecting an increase in collaboration, they can leverage that collaboration to supercharge planning.

Collaboration elevates finance's identity as a strategic partner while also removing key friction points in the planning process. According to our work execution survey, the top struggles for finance at the organizational level are aligning priorities across the organization (33%), responding to market changes (28%), providing useful reporting against plans (28%) and soliciting input from stakeholders (28%). Priority alignment starts at the top, including making budgeting and planning more of a priority with department leaders outside of finance.

The 451 Take (continued)

Collaboration must be modeled by the CFO. Collaborating with leaders and considering their needs ensures the plan is more representative of aligned priorities while accounting for a broader swath of market impacts. Each priority defines how finance must approach collaboration. For example, in prioritizing agility, finance can partner with DevOps and agile teams for insights on iteration – learn how to revisit and rework plans with new information at a modern pace, leveraging tools like scenario modeling. If the priority is time to market, consulting R&D, logistics and project management could be beneficial.

Business Impact

BUSINESS SUCCESS. Approaching planning from a collaborative and unified standpoint in a way that removes friction has the potential to improve the speed and effectiveness of planning. Cross-company planning can expedite your business's ability to react to changing markets and plan better. This adds forecasting and scenario-modeling agility to help mitigate risk and further support a potential pivot.

INCREASED PARTICIPATION IN PLANNING. According to our work execution research, employees want to contribute to company strategy (34%) and to more effectively track their individual performance goals against strategy (31%). A more unified and cross-company approach to planning can give users outside of finance the opportunity to contribute to strategic planning and create more visibility for all stakeholders.

MORE EFFECTIVE PROJECT MANAGEMENT. According to our research, the top struggles for finance departments in project management are collaborating effectively (26%), delivering on time (26%) and lack of alignment among departments (24%). Finance departments that prioritize collaborative planning can help solve these challenges at a high level (collaborating and alignment) thanks to input from other departments, and they can help keep the roadblocks from trickling down into project management. This connects back to the top three improvements shown in the figure above – that's the ultimate business impact list.

COLLABORATIVE PLANNING RESHAPES TECHNOLOGY INVESTMENTS. As input is gathered and finance departments drive planning forward through collaboration, companies must revisit their toolkit for planning, goal tracking, and objectives and key results in order to account for the unified approach.

Looking Ahead

Cross-company planning with higher participation from multiple business divisions could help companies more effectively prepare for a future disruption (like the COVID-19 pandemic) by supporting more effective scenario modeling and predictive analytics – as long as their tolling strategy supports this as well. As we know, COVID-19 has reshaped work models, supplier relationships and market demand – all of which impact finance. By prioritizing collaborative planning, finance gets an earlier view of potential impacts and can act on plans and budget with more insight to steer the business away from emerging threats, further elevating its status as a strategic partner.

This also prepares organizations for a contextual planning approach whereby stakeholders from differing business functions see their most relevant metrics contextualized for them, relative to the overall plan. This, of course, is only possible with a continued participation in planning from non-finance leaders, along with finance spearheading its collaborative approach moving forward. Widening the lens through which finance views planning will also allow it to continually streamline the planning process and, ultimately, improve the agility organizations have in their ability to plan, budget and execute on all key business objectives.