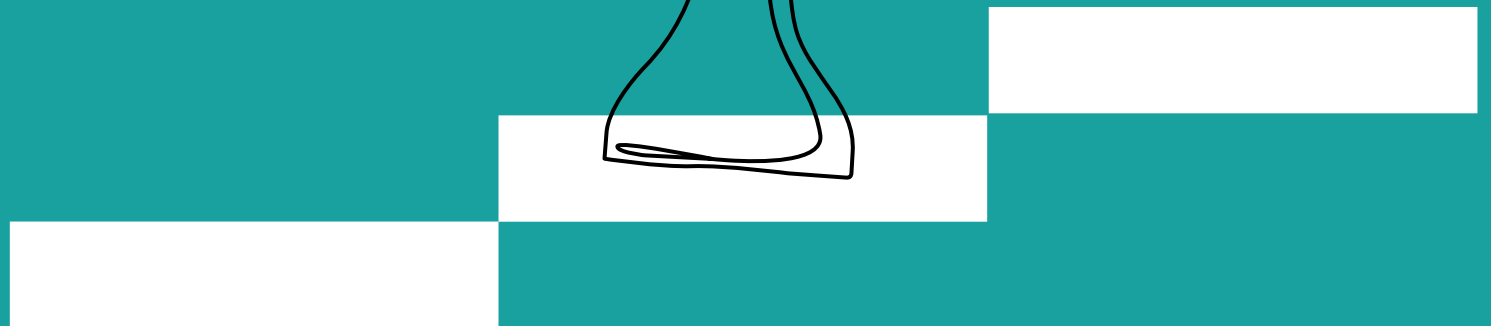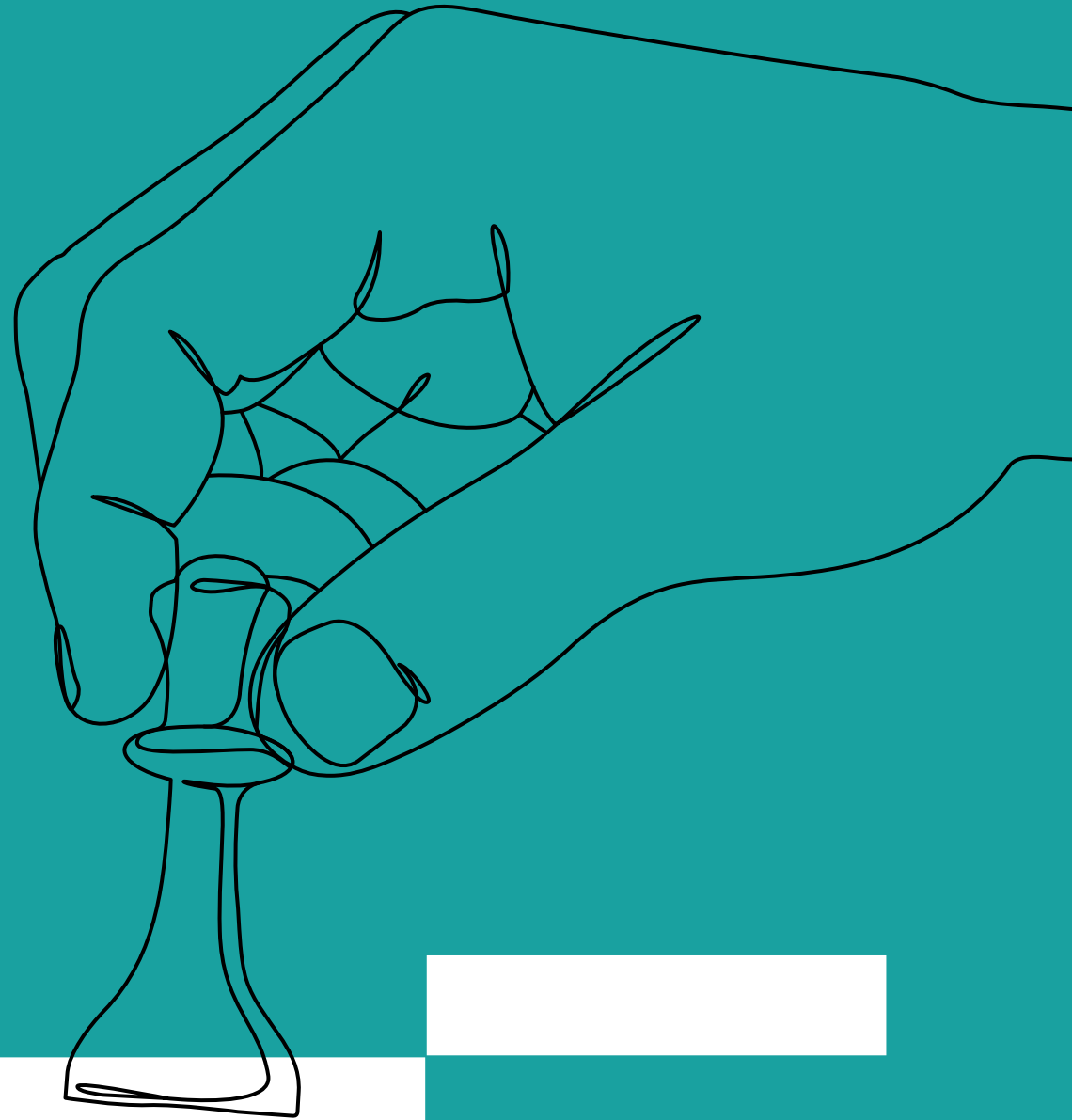# Plan to Win

**Achieving business agility
in the age of urgency**

Inside

Business agility is now a determining factor for success in today's data-driven, fast-paced world. To think fast and move first, companies must embrace a new model or risk being left behind. *Plan to Win* reflects the collected experience and wisdom gained from working with thousands of companies, the insights of CFOs and FP&A practitioners, and our partners and other thought leaders, as well as research on how planning impacts business performance. Available in both print and digital formats, the book sets forth a clear vision for where strategic business planning is headed and the impact it can have on organizations. The practices detailed here are a guide for businesses to chart their futures in this ever-changing, digital world.

Our special thanks to the customers and partners of Adaptive Insights, who every day prove themselves to be the most influential and steadfast change agents of all.

Adaptive Insights, a Workday company

Planning and execution are existential

Whether they know it or not, many organizations today stand at a cliff-edge.

They didn't get here overnight—the business environment has been growing faster, more dynamic, and more complex for years, picking up pace as it goes.

But we're headed towards a huge step change in the way organizations need to operate in order to succeed—in the way they plan, execute, and measure their activities in service of their strategic objectives.

"In today's market, not only is change happening quickly, it's forcing businesses themselves to change quickly. It's a constant flow of innovation, disruption—and sometimes chaos—that is moving us ahead, even faster than we ever imagined."
Daniel Newman
Agility Is The Key To Accelerating Digital Transformation, **Forbes, April 2017**

Surviving in a fast, ever-changing, complex environment means organizations need a few critical qualities to function:

- Visibility to see what's happening

- Insight to form a strategic plan in response

- Control to execute meaningful, coordinated action

- Listening instruments to measure the results

When these qualities are all working in harmony, businesses become agile. They can create new strategies, operationalize them into plans, and execute them quickly and easily. In doing so, they can continually optimize their organization to the changing conditions around them.

This is a massive competitive advantage. The businesses that possess none (or only some) of these qualities are most likely outperformed by those with all of them. They move too slowly, arrive too late, and waste time, money, and opportunities in the process.

But historically, misalignment between planning and execution hasn't necessarily been fatal. It's been possible to offset inefficiencies with sheer brawn, overwhelming resources, or just dumb luck.

That's about to change. Developments in AI and machine-learning hold huge potential to revolutionize the way organizations execute against their plans. Increasingly, they will be able to supplement human thinking with things like algorithmic scenario planning.

They'll be able to leverage historical information with forward-looking analytics to see any number of options almost instantly, before selecting the best path forwards.

As cycle times fall and decision-making gets faster, close alignment between planning and execution is going to be necessary to survive. Before too long, visibility, planning, execution, analysis, and course correction are going to be table stakes, not differentiators.

The companies which stand the best chance of not only surviving this imminent shift, but capitalizing on it first, will be the most agile. The companies which fail to embrace agility will be outpaced, outperformed, and outmaneuvered.

"In today's tumultuous markets, where established companies are furiously battling assaults from start-ups and other insurgent competitors, the prospect of a fast-moving, adaptive organization is highly appealing. But as enticing as such a vision is, turning it into a reality can be challenging."
Darrell K. Rigby, Jeff Sutherland, Andy Noble
Agile at Scale, Harvard Business Review, May–June 2018

For organizations that strive to become more agile, it's imperative to embrace a new model of business agility, in which planning and execution converge into an entirely new discipline—an ongoing, closed feedback loop of planning, execution, measurement, and adjustment.

This book is about how to do that.

Why you should read this book

This book is an urgent call to arms for organizations of all shapes and sizes to adapt the way they create, plan, and execute operational strategies in response to a rapidly changing competitive environment.

It's urgent not because new planning represents some unmissable advantage, but because failing to adapt is potentially a death sentence. There's more change brewing on the near horizon, and laggards will soon be two generations behind.

It's crazy to think that: *"Only 12% of the Fortune 500 firms that existed in 1955 remain, thanks to the creative destruction that fuels economic prosperity."* AEI.org, Mark J. Perry, October 2015

The rising prominence of AI and machine learning in the global business environment is gathering speed every day. In the blink of an eye, automated, algorithmic what-if scenario planning will shift from fringe technology to standard best practice.

Who this book is for

Planning is at its weakest when it's an exclusive activity that belongs to a few senior stakeholders. Everyone has a part to play in better planning—the more people are on-board, the more the whole business benefits.

This story is relevant for CFOs and leaders from all over the business, wherever they come from. Strategic thinking happens all over the organization today—in all departments, at all levels—and crucially, everyone's voice is worth listening to.

Senior decision-makers still have an important role to play, but this is a book as much about *listening* as it is about *doing*.

How to use this book

This book is not a step-by-step, paint-by-numbers template for new strategic thinking. There are no exercises. There are no checklists.

Instead, this is a book about how to do something bigger and more valuable (and certainly more difficult).

This is a book about unlearning deeply embedded behaviors and routines and building up new habits in their place—new ways of working, listening, and collaborating.

This is a book about not shying away from complexity—rather, it's about about making decisions based on data instead of gut instincts.

This is a book about rethinking how your business runs—from top to bottom. And that's a scary thing to do. But in a rapidly changing world, the alternative is a death sentence.

The truth is, reinventing the way planning and execution gets done in your organization is going to be hard. That's a good thing—real change and valuable growth never feel comfortable. When things feel hard, it's a sign you're headed in the right direction.

Let's dive in.

A short history of planning and execution
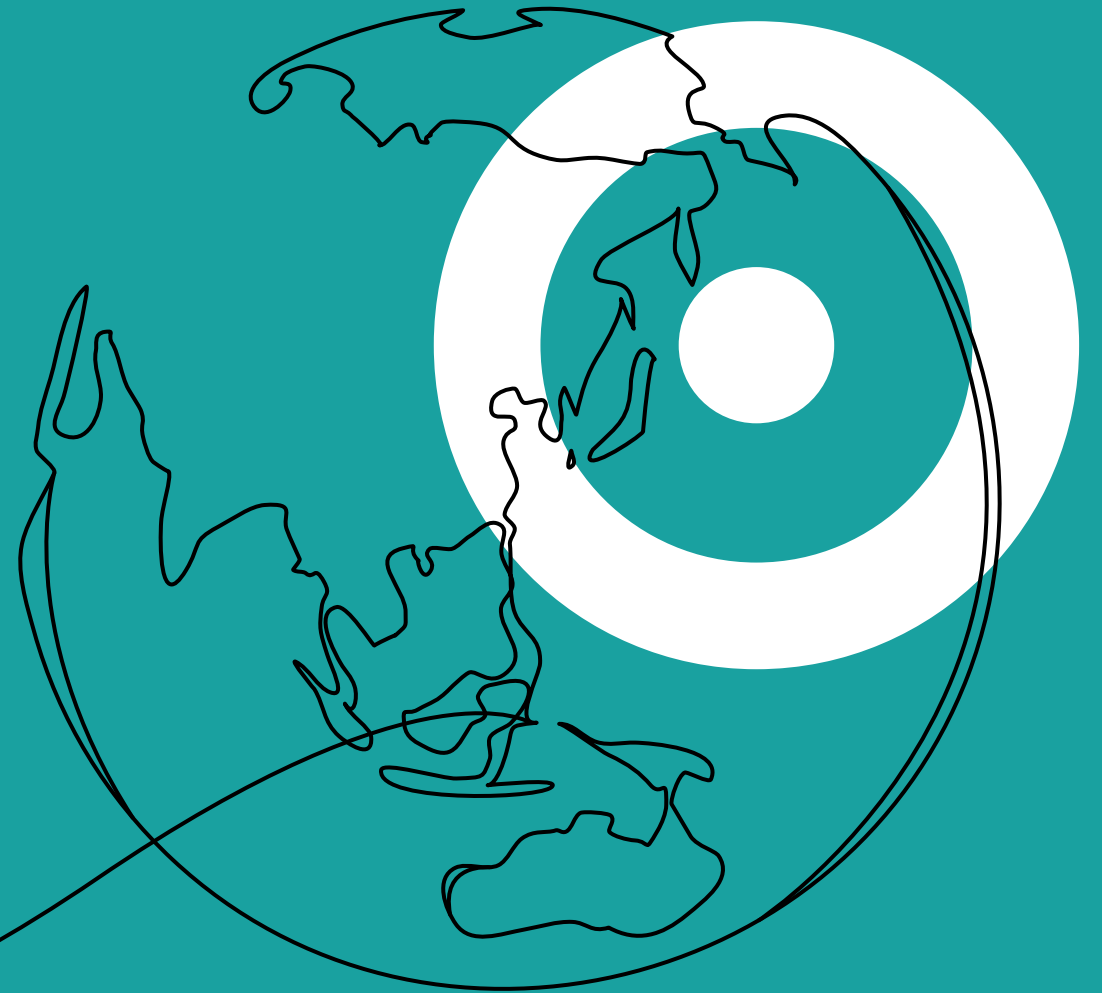
Planning and execution are the base elements of progress.

This fundamental sequence has served as the framework through which almost every human endeavor has been willed into existence—most discoveries, inventions, achievements, and conquests started with this deceptively simple model.

From the Pyramids to the Panama Canal.

The Great Wall of China to the Geneva Convention.
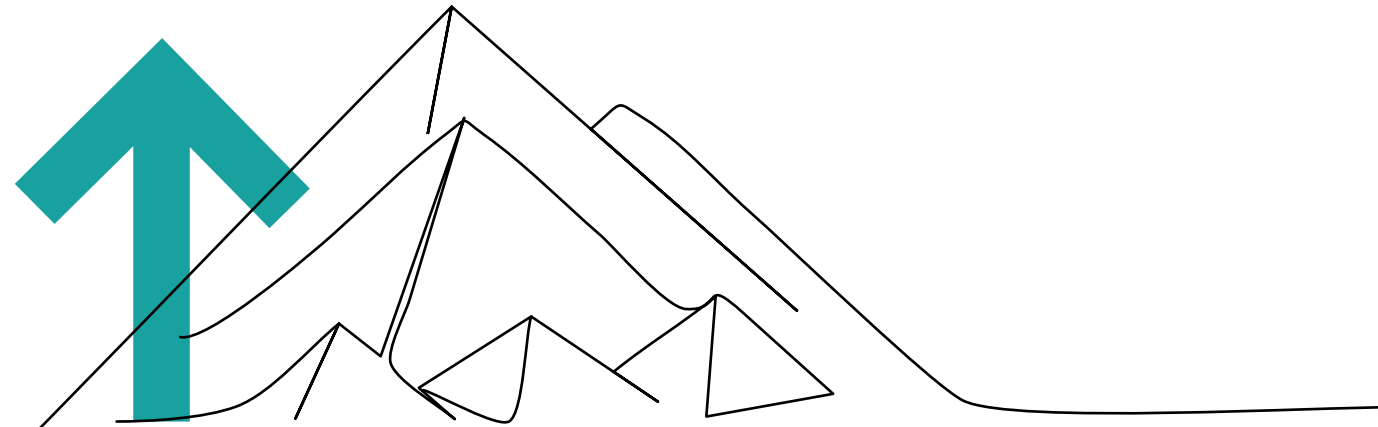
The automobile to Apollo 11.

ARPANET to Artificial Intelligence.

For most of human history this sequence has proven to be surprisingly robust. Whether it's building a wonder of the ancient world or developing the building blocks of the internet, individuals, teams, and organizations tend to carry out planning and execution in broadly the same linear pattern.

They:

– Defined strategic goals.

– Allocated resources towards those goals.

– Measured the return those resources delivered.

– Analyzed the results to improve future strategies.

There are caveats of course—goals must fulfill certain criteria to be valuable, resources need to be carefully deployed to be effective, etc.—but broadly speaking the sequence of *thinking, doing, observing, improving* remains a very functional description of the way humans collaborate to get work done.

And you don't have to look very far to see this basic sequence still at work.

The emergence of static planning and execution in annual corporate strategy

Throughout the 20th century, the biggest companies planned and executed their annual corporate strategy in broadly the same way.

Once a year, senior executives convened to define company goals, plan activities, and allocate budget towards them for the next 12 months.

These plans cascaded downwards, throughout functions and regions, for the whole organization to move in lockstep, executing the strategy en masse.

After 12 months, those functions and regions reported their performance upwards, and those same senior executives reconvened, measured progress, and started the whole process over again.

This static process—plan, execute, plan again—was based on infrequent snapshots of business performance, and produced rigid, inflexible plans that were often out of date before they were finalized.

And yet it was enough to sustain the market dominance of long-standing industry giants like GE, Xerox, and IBM.

But then something happened towards the turn of the Millennium.

The digital age disrupted everything. Suddenly the annual "plan, execute, plan again" sequence proved unable to keep pace with a rapidly accelerating business environment.

More agile contenders, both new and old, quickly pulled away from the pack.

Southwest Airlines remained growing and profitable throughout the 2008 crash[1] (and subsequent fluctuations in oil price) as their competitors languished by making quick, smart bets on strategies like fuel hedging, a strategic hiring process, and removing bagging fees[2].

New, lean startups like Facebook quickly displaced established social media players by being nimble, capturing and leveraging data to create new monetization models instead of falling back on the classic planning and professional management styles used by News Corp, as they failed to innovate following their Myspace buyout[3].

Gradually we crept into a new era in which the traditional boundaries of linear planning and execution started to converge.

1. Mary Francis Masson, *The Detroit Free Press*, "Southwest's fuel gamble: Hedges keeps fares in check"
2. Jad Mouawad, *The New York Times*, "Pushing 40, Southwest Is Still Playing the Rebel"
3.Yinka Adegoke, *Reuters*, "Special report: How News Corp got lost in Myspace"

"These are disruptive times. Companies not busy innovating are likely doing their best to fend off new competitors. When they're trying to innovate or respond to change, they need visibility into business conditions and solid planning and forecasting. They need what-if analysis to test new business models and gauge the impact of new products and services."

Doug Henschen
VP & Principal Analyst
Why the Digital Era Demands Agile Planning,
Constellation Research, 2018

Why static planning and execution is too slow in a dynamic world

The pace, scale, and breadth of technology change over the last few decades has been one of the most profound accelerants of progress in human history. Even a cursory glance backward reveals multiple, massive innovations across almost every aspect of our lives.

"Any company designed for the 20th century is doomed to failure in the 21st."
David Rose
Angel Investing, **CEO of Gust**

Globalization, fast and ubiquitous connectivity, digital transformation, and an explosion of data have made the ways we trade, travel, communicate, and work together almost unrecognizable from those only a couple of generations ago.

Long established markets and industries have been disrupted and replaced. Manual processes and analog workflows have given way to sophisticated digital systems and solutions.

In the last decade alone, the computing infrastructure on which almost every business operates has been compartmentalized, commodified, and outsourced as a managed service. Today, a two-person startup running out of a bedroom can rent the same full stack technology infrastructure as the biggest businesses on the planet on a pay-as-you-go monthly subscription.

In short, the world got flatter, faster, and more data-driven. Gradually, the old guard found themselves in a busier and more complex competitive environment, edged out by younger, more agile, data-rich challengers.

These new contenders were among the first out the gate to capitalize on a burgeoning data and analytics economy that sprung up, matured, and quickly eclipsed everything surrounding it.

Think about it…

Amazon became the world's biggest retailer without shopfronts.

Uber revolutionized the transit industry while owning no vehicles.

Airbnb did the same for hospitality while owning no real estate.

Spotify did the same for media while owning no content.

These innovative new disruptors were competing on information—on their ability to analyze vast quantities of operational and customer data, and leverage those insights to create stronger, more personalized connections between buyers and sellers.

But crucially, those insights also benefit internal planning processes. Data-first companies could make better decisions, faster. They could identify and address new customer segments and market opportunities more effectively. They pioneered agile development, lean manufacturing, and continuous improvement.

In short, they could iterate quickly, fail fast (and understand why), and pivot to a new strategy without losing momentum.

Meanwhile, a surprising number of organizations failed to adapt. Even today, many businesses are still struggling with old, methodical and linear planning and execution processes. And gradually, cracks and imperfections in the traditional framework have started to appear.
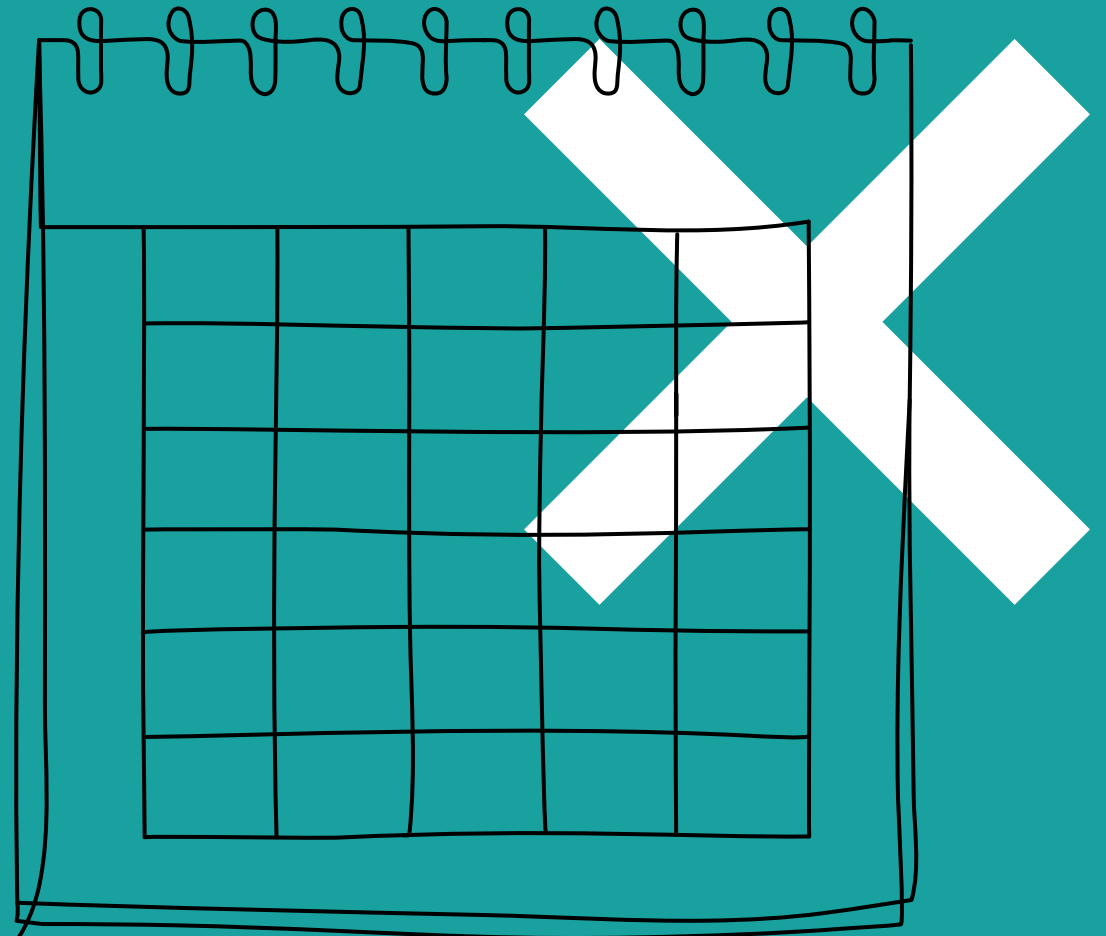
✕ **Blind spots.**

✕ **Hidden assumptions.**

✕ **Unchecked optimism.**

✕ **Underestimated obstacles.**

The result for laggards isn't just suboptimal business performance—it's threatening their survival.

So what's going wrong?

Why static planning doesn't work anymore

Static planning is too...

The old, static model of planning and execution is no longer fit for purpose in today's fast, data-driven, multi-dimensional business environment, for three key reasons.

Top down

When the primary dictators of success were order, discipline and coordination at scale, it made sense for a small group of senior executives to own every decision in the planning and execution process.

But the business environment has become too large and complex for one-way hierarchical planning to be viable.

Flat, fast-moving organizations produce too much information for a small group of paternalistic decision-makers to meaningfully process. Senior leaders no longer have the cross-functional visibility and insight required to identify opportunities and risks with enough granularity.

Slow

Static planning typically happens on a rigid annual schedule, with periodic reviews to assess progress against predefined milestones. The trouble is that updating strategies, financial plans, and operational plans once or twice a year doesn't work when the rest of the business functions in real-time.

This isn't just a frequency problem. Static planning has no real-time mechanism—it can only provide snapshots of business performance, which renders it a fundamentally backwards-looking activity.

Limited

Perhaps most dangerously, static planning and execution is extremely limited in scope. It understands business strategy in purely financial terms—and even then, usually only according to a very small set of financial data.

But corporate financial data is just one part of the operational puzzle. Planning happens all over the organization—functional departments have their own datasets siloed within specific modeling and transactional systems.

It's impossible to make truly strategic decisions with a partial view of the wider organizational environment.
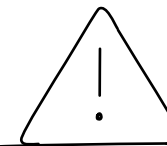
It's a silent killer

If you're not actively looking out for them, the symptoms of static planning can be hard to spot—aches and pains such as manual processes, duplicated effort, and consistent inaccuracies feel innate to the process when you don't know there's a better way.

But that's why it's so insidious—while the outward signs aren't dramatic, the cumulative underlying damage can be fatal.

It's a slow, invisible death too. Undiagnosed, many organizations sleepwalk into their own graves, gradually being outpaced by competitors, helplessly hemorrhaging customers, and weathering a revolving door of senior executives brought in to remedy the situation.

We only need to look at GE's recent troubles to see this in effect—when John Flannery succeeded Jeff Immelt as CEO in 2017, 40% of the top team he inherited were newly instated, with Flannery himself lasting only 14 months in the position.[4]

But the most dangerous—the most *terminal*— symptom of static planning is when it feels like it's working (or at least that the mediocre results it produces are acceptable for now).

Static planning feels stable. It's business-as-usual—a tried-and-tested methodology that's been around for so long it's often accepted as the natural order of things. So, yes, planning is a huge time drain, version control is a nightmare, and everyone's miserable by the end of it, but *that's just how the game is played*.

"The drawbacks of old-school, spreadsheet-based budgeting and planning include:

– Time-consuming

– Poor support for what-if scenario and contingency planning

– Unreliable e-mail-based collaboration rife with version-control problems

– Tedious, manual reconciliation of top-down and bottom-up numbers

– Difficulty calculating and applying allocations across the organization"

Doug Henschen
VP & Principal Analyst
Why the Digital Era Demands Agile Planning, **Constellation Research, 2018**

This attitude is poison to innovation. And innovation is a critical component of success for businesses today—and not just success but survival. In the data-driven economy, no market or industry is insulated from disruptive new services, efficiencies, and insights. And if you're not disrupting yourself, you're waiting around to be disrupted.

Even on a relatively short timeline, static planning can hamstring agility, strangle innovation, and cost the business millions in inefficiencies and missed opportunities.

But in order to convince others to overcome the inertia of static planning, it's helpful to understand why some of the workarounds are proving to be so sticky.

Disentangling your organization from old habits means an overhaul in thinking and methodology.

4. Geoff Colvin, *Fortune*, "What the Hell Happened at GE?"

It favors instincts over data

This is a difficult one to let go of. In the static planning world, raw intuition could build an incredibly successful business. Visionary business leaders like Steve Jobs, Richard Branson, and even Henry Ford were venerated (and highly rewarded) for predicting consumer trends, industry shifts, geopolitical events, and competitor moves on gut-feeling alone.

Plus, good instincts become self-reinforcing. The more success you see with instinctive decision-making, the more it seems like a trustworthy basis on which to inform future strategy. So for the few remaining businesses still using gut-based planning, it's an incredibly hard-sell to suddenly disregard it.

The thing is, instincts aren't inherently unreliable. At best, they represent the cumulative benefit of decades of experience. And they certainly aren't going anywhere in business planning— decisions always come down to judgment calls about the unknown.

But crucially, instincts alone aren't enough anymore. In a complex environment with a high-rate of change, unchecked instincts can cause strategic myopia, leading businesses to rely on what they know—existing methods or tools that might be ill-suited for fundamentally new challenges.

Worse still, there's almost no imperative to scale up data analytics activities when gut feelings consistently override data insights. Even if you aren't actively mining huge volumes of data to garner competitive insights, your competitors probably are.

Fortunately, data-driven planning and strong business instincts can co-exist. The challenge is to start integrating more concrete data points from as many sources as possible into the process.

The first challenge here is to build mechanisms that can make sense of the abundant data flooding inwards. That takes more than just inclination—it's also about time, systems, and expertise.

"The data dive yielded many insights, but the Warriors eventually zeroed in on the 3-point line. NBA players made roughly the same percentage of shots from 23 feet as they did from 24. But because the 3-point line ran between them, the values of those two shots were radically different.

This, the Warriors concluded, was an opportunity. By moving back just a few inches before shooting, a basketball player could improve his rate of return by 43%.

Mr. Lacob wasn't the only team owner in sports to delve into statistics...The difference between the Warriors and everyone else was what the team decided to do with this information..."

Ben Cohen
The Golden State Warriors Have Revolutionized Basketball,
Wall Street Journal, Updated April 6, 2016

It keeps shadow planning in the dark

The problem with static, top-down planning in highly distributed organizations is that it has limited reach, and so inevitably neglects certain areas of the business. Operational teams or business units might be allocated centrally agreed targets in the master plan, but there won't be much fidelity or alignment around how they achieve them.

And that's where people start taking matters into their own hands.

Shadow planning is invisible decision-making that isn't recognized or consistently recorded by primary planning functions. It's also usually the primary means by which most things get done under static planning. Most often, it's isolated business unit managers running activities and campaigns, allocating budget, and making small investments or hiring decisions in order to deliver against their overarching targets.

It's a free and loose planning structure that materializes from below because it's too difficult to confront widespread complexity in any detail from above. Static planners are usually happy to leave shadow planning in the dark under the rubric of pushing out relevant decisions to the people best placed to make them.

"I worked for a number of companies… they had annual financial plans, revenue numbers to hit, and broad strategies around them, but nothing structured or continuous. Not coincidentally, those organization shared something else in common: a glaring lack of alignment. I'd have no clue as to what other teams were doing, or how we might work together toward a common objective. We'd try to compensate with more meetings, which only wasted time."

John Doerr
Measure What Matters: How Google, Bono, and the Gates Foundation Rock the World with OKRs

But there's no strategic value in choosing to ignore shadow planning. Quite the opposite, it's an abdication of strategy—while it's almost always done with the best intentions, shadow planning is an inherently chaotic way to keep business operations moving forwards. It's the opposite of distributed decision-making—it's a last resort born in the absence of official controls.

It's also a fundamentally short-sighted model that stymies innovation. Shadow planners focused purely on getting things done are actively disincentivized from taking risks, experimenting, and waiting for long-term payoffs—much less given the freedom to tolerate any missteps along the way.

Similarly, while disconnected fringe planning might serve the immediate needs of individual teams working in isolation, it also inevitably results in disjointed execution that forfeits efficiencies, misses opportunities for economies of scale, and wastes the combined impact of separate activities. Even on a very simple level, it's easy to imagine how misalignment between your marketing campaigns and your sales activities can lead to a huge amount of wasted potential.

Crucially, the answer isn't simply to suppress shadow planning—doing so would bring critical processes to a grinding halt. Instead, it's important to locate shadow planning, and bring it into the light by integrating it with a more centralized approach. You need to recognize how all those little plans (intentionally or unintentionally) support or inhibit the big overall plan.

It's a blunt instrument for detailed work

Your business is a complex system—a collection of interconnected inputs and outputs that together form an intricate operational engine.

Crucially, no one part of the engine can be manipulated in isolation—every action creates multiple effects that cascade throughout the organization: some intentional and some not.

But static planning has no observational mechanism to understand this horizontal cascade of effects. It only sees individual operational functions in isolation, in terms of how they connect upwards, to the overall plan.

This is a hugely clumsy way to run the engine—people pull levers and push buttons in the dark in order to achieve their immediate goals without truly understanding the effects of their actions.

Most operational engines are already sensitive to disruption from external forces and unforeseen events. Without the machinery to visualize lateral consequences and drive collaborative thinking, they're exposed to a significant amount of additional unnecessary risk.

To be a step ahead in a modern business environment, new planning models need to support a lateral understanding of change, and build insight into the horizontal consequences of new inputs and processes.

For instance...

The costs of static planning in a smartphone accessory manufacturer.

Say you're the CFO at a publicly traded company that designs, manufactures, and distributes accessories for smartphones.

As the financial leader of the company, you're tasked with driving performance improvement and, because you're a public entity, you're responsible for reporting that progress to the street along with guidance on the future.

In order to lower costs, you've transferred much of your manufacturing overseas, but have discovered that failure to forecast demand accurately has required products to be shipped by air, which is driving up freight costs unexpectedly.

Further clouding the picture is a lack of visibility into sales discounts and wholesale pricing that sales managers are offering.

With a global operation involving multiple players, how do you ensure that data is being communicated real-time across the organization, so that interdependent pieces can stay synced up?

Highly distributed businesses with a high rate of change can't think systemically with static planning.

In order to keep up with a more dynamic business environment, organizations need a new, forward-facing model of planning and execution that's built for complexity, drives participation, and leverages executional data in near-time.

Active planning: a new model for business agility
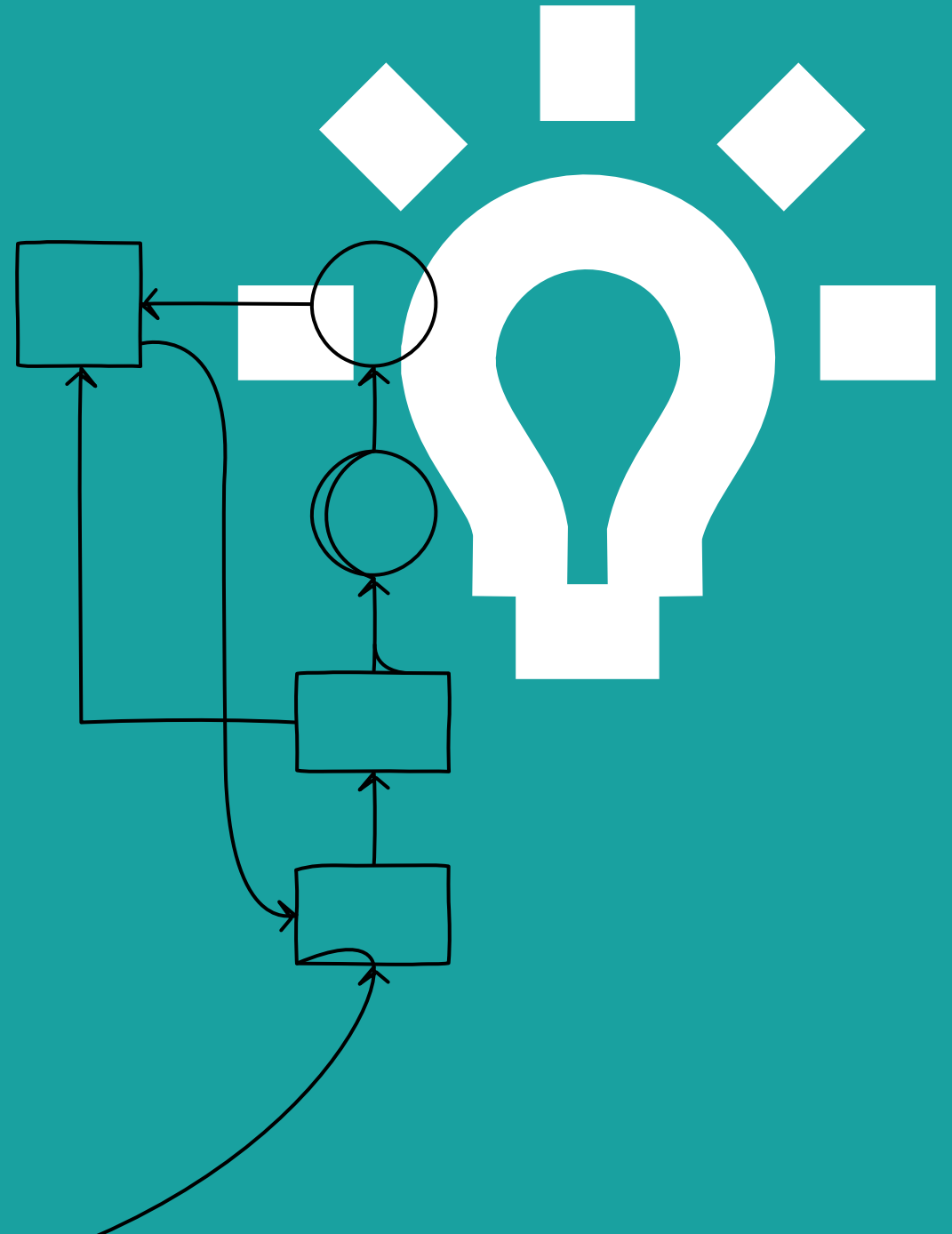
Static planning produces monolithic plans that aren't a true reflection of the business environment. Then it asks the whole organization to stick to the script against its better instincts.

Active planning is different. It's about listening—to what your data is telling you: about your goals, your performance, your processes, your resources, your customers, your competitors, and the wider market.

Where static planning is top-down, siloed, slow, and limited, active planning is collaborative, continuous, and comprehensive.
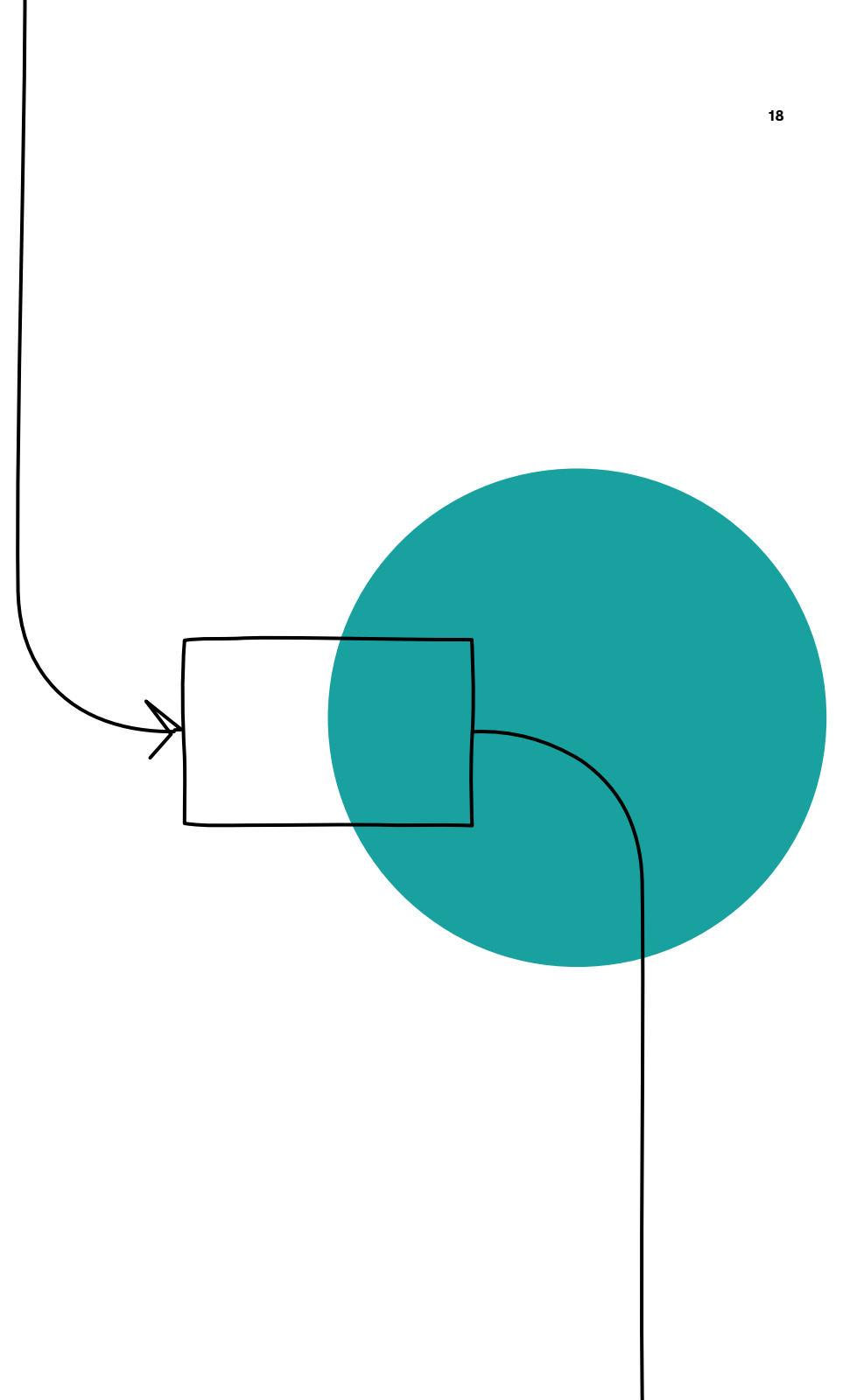
Collaborative

**The reason top-down, paternal planning doesn't work is because it escalates critical decisions to people without the information or insight needed to make the right choice.**

Active planning is an inclusive horizontal exercise that benefits from broad participation from across the whole enterprise.

It empowers teams and operational leaders—the people closest to the work—to create functional plans optimized for the on-the-ground reality. But crucially, active planning makes these plans visible to the rest of the business—they're integrated with (and accountable to) other business activities and aligned with the wider corporate plan.

The result is a single, unified, high-fidelity view of the business environment at all levels.

Driving wide participation in planning among historically disenfranchised groups is a delicate process of negotiation, coercion, and incentivization. You need to redistribute responsibility and accountability, break old habits, form new ones, and drive widespread adoption of new standardized processes and tools. We'll cover these in more detail in Chapter 5.
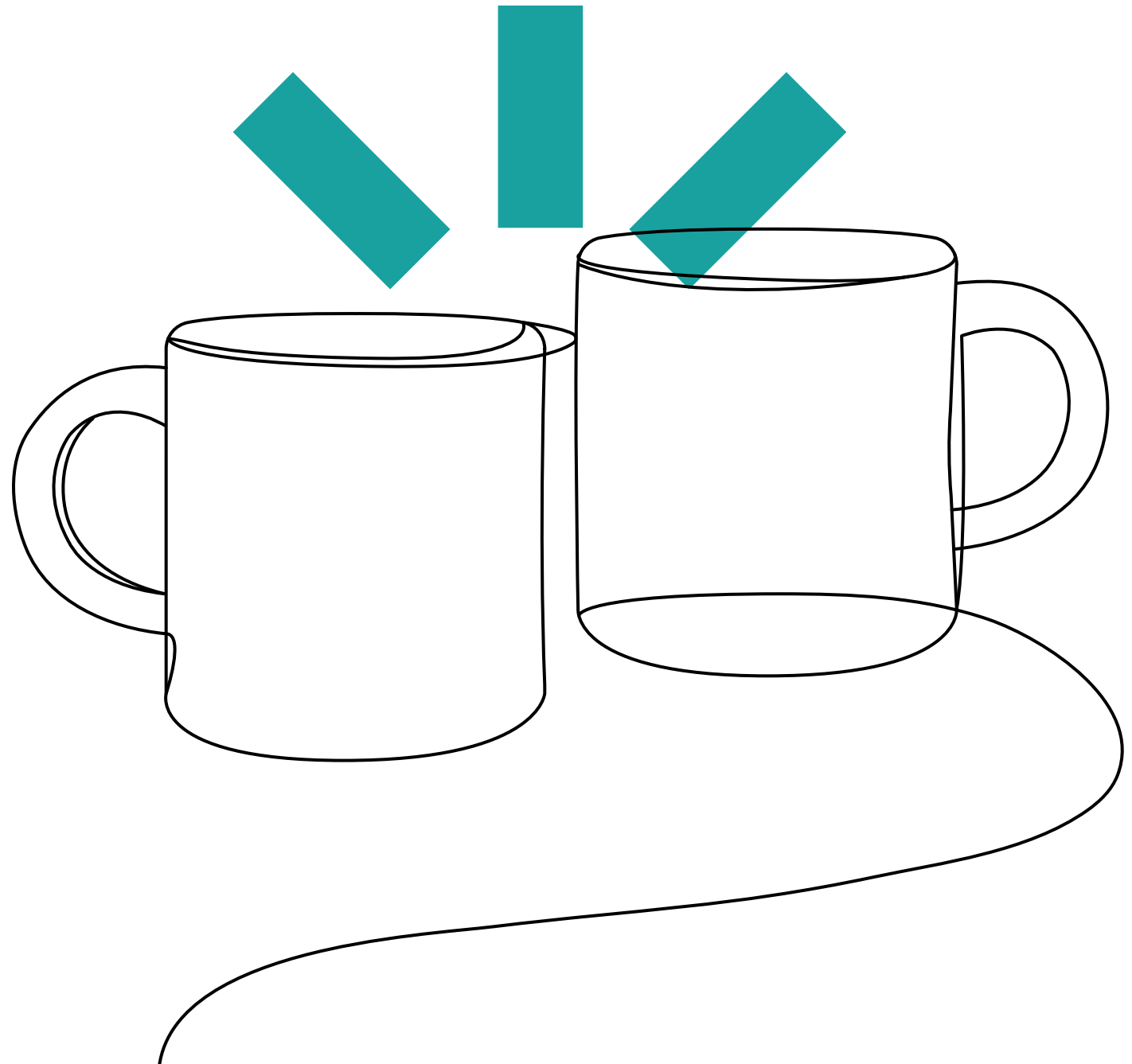
Continuous

Static planning is inherently periodic. Even in organizations that convene more regularly than the standard annual plan/quarterly review cycle, static planning still only offers snapshots of business performance.

Active planning is a continuous, ongoing exercise, in which the boundaries of planning and execution start to merge. And that's not just a case of planning more frequently. It also depends on having quality underlying evidence on which to accurately assess past performance and make informed decisions about the future.

Which means getting your data in order.

"Continuous planning is increasingly important in a volatile market."

The benefits of continuous planning:

1.5 times more likely to be able to reforecast within 1 week

4 times as likely to be able to respond quickly to market change

Almost twice as likely to be able to forecast earnings between +/- 0-5%

The Future of Planning, Budgeting, and Forecasting, **FSN Survey 2017**

For decision-making to be truly fast, flexible, and iterative, you need to fuel it with a constant stream of trusted data, flowing in from across different parts of the business and integrated into an easily-consumable format.

This allows companies to update strategies and plans dynamically, as conditions change.

The end goal is a closed feedback loop in which companies can model, monitor, and analyze results in real-time, in parallel with execution, so they can make faster, better-informed decisions and course correct as necessary by iterating on the current model.

Comprehensive

Static planning is inherently limited. It's fundamentally incapable of acknowledging operational complexity in any serious detail.

Comprehensive planning is high-fidelity and cross-functional. It explicitly builds visibility into operational models at every level across your organization and creates a "model of models" to understand them both individually and collectively.

When you understand not just how those separate models work, but also the ways in which they're interconnected, you can see the impact of a single change across the entire organization.

Comprehensive planning also explicitly links your operational models to your financial models, so you get a much better picture of sales capacity plans and scenarios in context with the wider corporate posture.

By incorporating large volumes of operational and financial data, companies can not only improve the accuracy of their plans, but also support broader analytic initiatives and ensure that planning is aligned with execution.

The ultimate goal is to build a data-driven mechanism that holistically understands the impacts of actions taken across the whole business.

The result is that decision-makers can stop pulling levers and hitting switches in the dark, because they can see the impact of the strategic moves they make.

So, if our smartphone accessory manufacturer from the end of Chapter 2 implemented an active planning process, the benefits would be significant...

The outputs of active planning in a smartphone accessory manufacturer

Bringing all the departments onto a single system would improve visibility into consumer demand and sales projections, leading to potentially huge savings in unnecessary freight costs. Staff could order the right products with enough lead time to be delivered via low-cost ocean freight instead of overnight air freight.

Dashboards mean sales managers could to see the impact of discounts and identify top-selling products. Product managers could compare actuals to forecasts to determine which products are doing well—even down to which colors are proving most popular.

Executives would gain access to more information sooner, meaning they could make course corrections to circumvent potential product distribution issues or determine if margins are going to meet expected targets.

Comprehensive planning models are explicitly built to model the horizontal cascade of effects produced by actions and decisions in modern business environments. It means teams anywhere in the business can simulate plans before they execute them to see how different parts of the business are affected. Better still, as simulated plans go ahead, other business units can see the results in real time, and adjust their own planning accordingly.

This is a convincing remedy for shadow planning—equipping functional teams with operational agency, but building in automatic lateral accountability to their individual activities.

The technology requirements of active planning

To truly scale across large, complex, distributed organizations, active planning also needs to be supported by the right technologies.

And right now, the technology tools most companies use to plan and execute corporate strategy aren't fit for purpose.

"...information technology is on the verge of delivering capabilities that will enable finance and accounting organizations to transform how they work. Technology will have a more profound impact on accounting and finance over the coming decade than it has over the past 50 years."

Robert D. Kugel, CFA
SVP & Research Director of CFO and Business Research, Ventana Research, 2018

# Enterprise Resource Planning systems aren't planning tools

From a distance, Enterprise Resource Planning (ERP) systems might seem like the de facto software tool to improve your business planning. They're a comprehensive, factual system of record for every transaction that takes place within the business.

And on paper, that's hugely powerful—having all of your organizational transactional data in one place is a crucial first step. But most core ERP functionality stops here—the system merely acts as a repository with no real planning component.

Planning effectively in today's fast-moving competitive environment requires a dedicated planning tool that's built-for-purpose. That means it needs to:

– Consolidate information from functional systems throughout the organization (including the ERP) to act as a single source of truth for business performance data.

– Support the modeling of different hypothetical scenarios based on any combination of data from any part of the business.

– Feel intuitive to a broad audience of non-technical users without relying on IT keep it productive.

– Interpret and leverage business performance and key metrics beyond financial reports and transactional records.

– Make all performance and planning data and reporting easily accessible across the business.

The most innovative business planning is about anticipating what has yet to happen, through things like predictive analytics, trend analysis, and large scale what-if scenario modeling. Modern planning systems won't replace ERPs, but rather unlock the potential future insights sitting inside them.
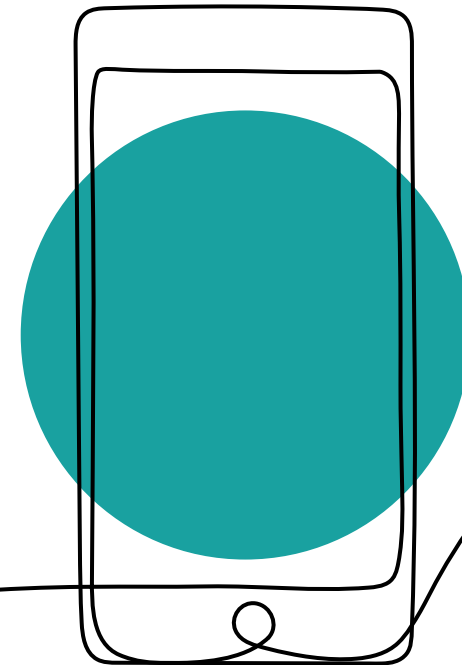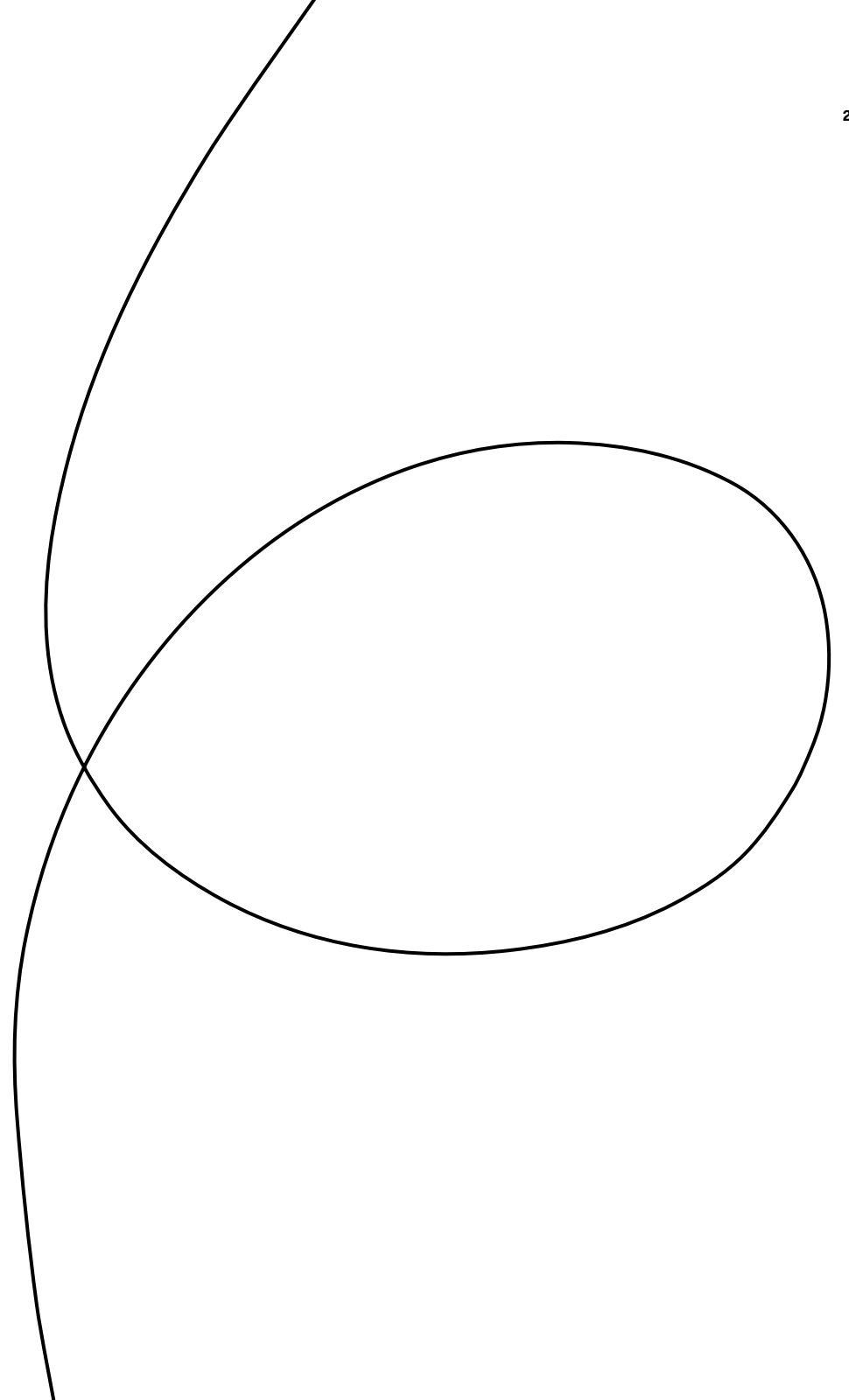
Legacy on-premises planning tools

However, not all dedicated planning tools are enablers of active planning. The legacy on-premises planning tools of the past don't fit the bill either.
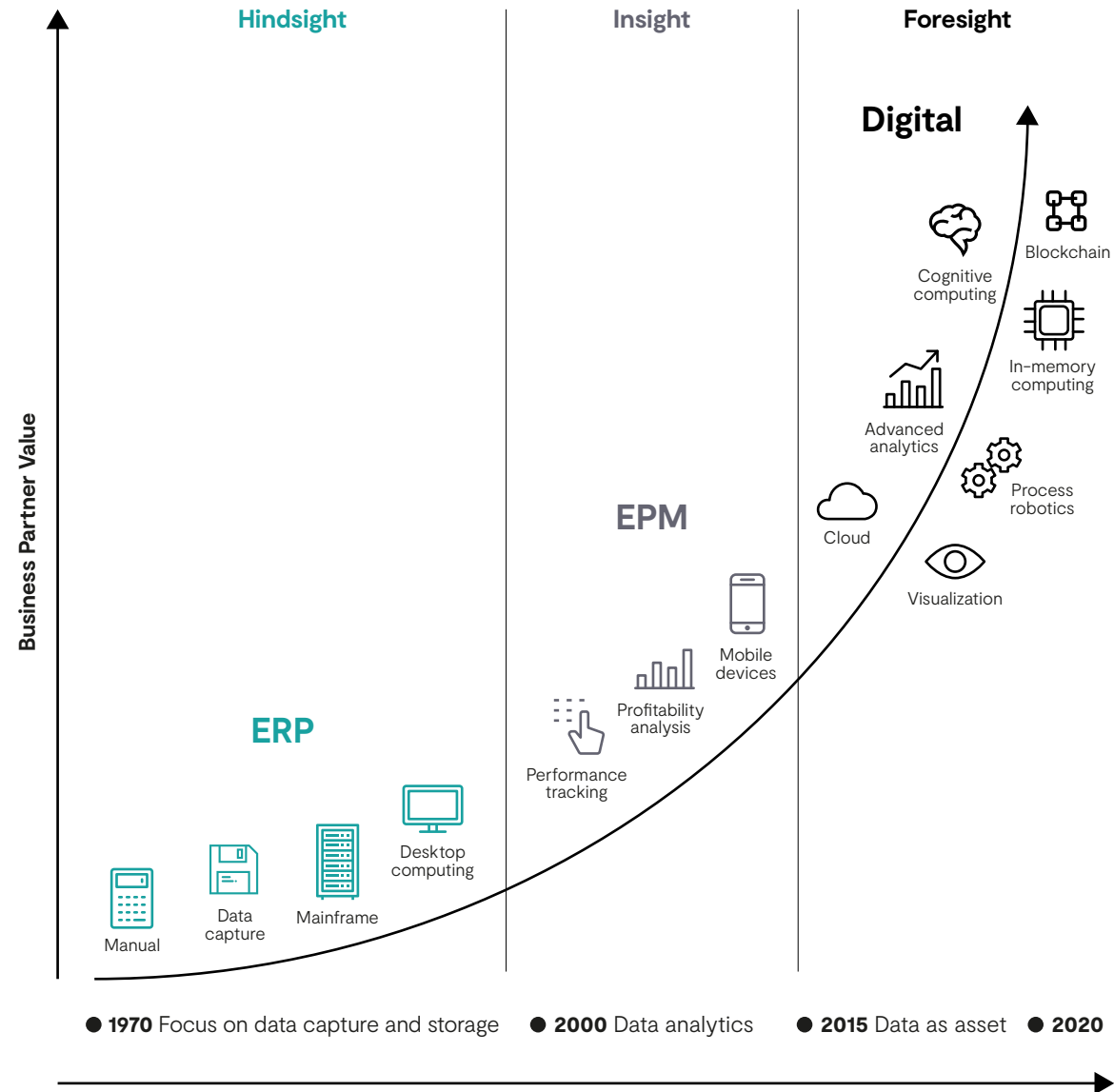
They were optimized for paternalistic planning models—designed to support a small senior finance audience to model the business at a macro level. While they deliver a high-level, top-down view of the business as a whole, they only support one-way data flow. Functional business units have no lateral visibility or direct input into their own plans let alone other areas of the organization, effectively shutting down participation in a wider, cohesive planning process.

These tools typically required a lot of technical oversight from IT to set-up and maintain, making them unsuitable for responding to agile model revisions as the business changes.

Worse still, shadow planning inevitably wins out under these tools, as the people on the ground actually getting on with running business operations take matters into their own hands.

Progression of finance technologies

Hindsight | **Insight** | **Foresight**

Business Partner Value

Digital

Cognitive computing

Blockchain

In-memory computing

Advanced analytics

Process robotics

Cloud

Visualization

EPM

Mobile devices

Profitability analysis

Performance tracking

ERP

Manual

Data capture

Mainframe

Desktop computing

● **1970** Focus on data capture and storage ● **2000** Data analytics ● **2015** Data as asset ● **2020**

Source:
(1) "The Future of Operational Finance"
(2) "Crunch Time Finance in a Digital World"
(3) Deloitte Analysis

Spreadsheets are a tool, not a platform

Spreadsheets, on the other hand, remain a surprisingly robust halfway house for financial and operational planners.

There's a reason so much planning still gets done in spreadsheets—they're simple, powerful, and in the right hands, you can make stuff happen very quickly. If you want to analyze numbers in isolation or do quick what–if scenario planning using a static data set, they're hard to beat.

But they also have some fundamental shortcomings. They have no lateral scalability. They're not built for complex, multi–department collaboration, or highly dynamic data with a fast rate of change.

Plus, when everyone's planning in isolation, it takes a huge amount of elbow–grease and accountability to manually verify all the data and consolidate hundreds of errant spreadsheets into a single version of the truth. And even after that herculean effort, poor version control between *annual_budget_v7-final* and *annual_budget_v7-finalfinalfinal* means inaccuracies often slip through the net.

Nevertheless, for small, ad hoc planning, Spreadsheets aren't going anywhere—they're a highly effective modeling tool. But crucially, that's all they are: fundamentally static, and incapable of consolidating and distributing complex information around the business.

In fairness, they were never built to be anything more. For true active planning, you need a more specifically engineered planning platform.

– One built to handle large and varied volumes of frequently changing data at scale.

– One that's accessible and easy to use by a wide range of business users.

– One that scales quickly and painlessly across different environments, systems and locations.

So what does that look like?
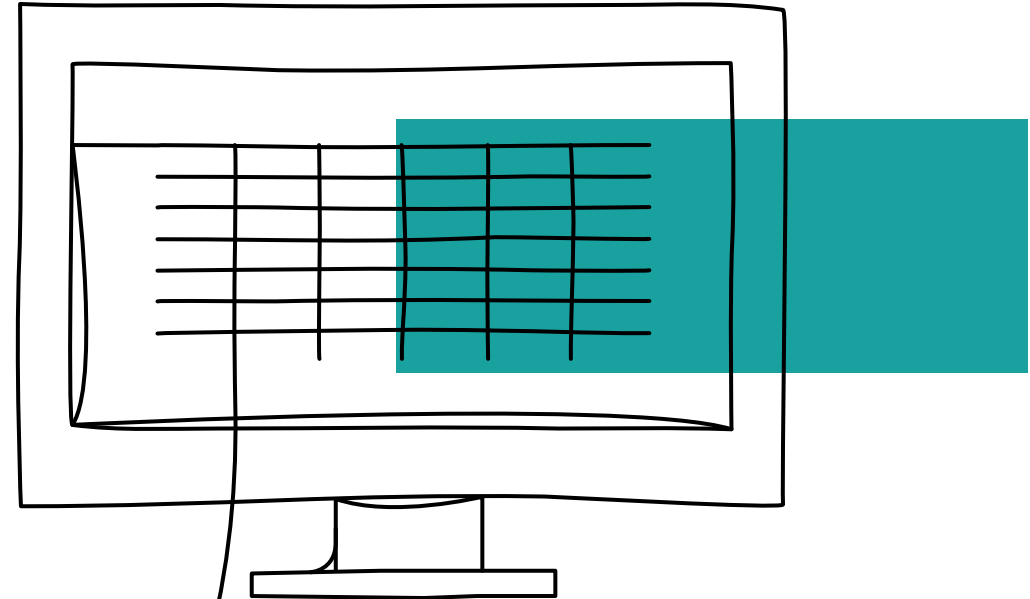
The answer is a centralized planning platform built for complexity and usability

Active planning needs to be supported by a technology platform designed from the ground up to support the volume, variety, and velocity of planning data flying around the organization today.

Practically speaking, that points towards a central, cloud-based planning platform.

"It's the advent of cloud-based CPM suites that is truly changing the game. The benefits of cloud-based performance management systems are many:

– **Rapid deployment and customization through configuration settings rather than hard coding**

– **Pre-built operational applications for sales, marketing, HCM, and supply chain and lower per-user costs encourage broader deployment, supporting business units and departmental business planning as well as centralized, office-of-finance planning**

– **Continual software updates and avoidance of disruptive software-upgrade projects**

– **Lower initial deployment cost, freedom from investments in IT infrastructure, reduced administrative overhead"**

Doug Henschen
VP & Principal Analyst
Why the Digital Era Demands Agile Planning, **Constellation Research, 2018**

For enterprises still running traditional on-premises corporate performance management (CPM) systems (or just relying on spreadsheets), this requires a transition.

But it's a transition worth making. Older CPM deployments are typically expensive to maintain, hard to change without involving IT (and sometimes hard to even operate without expensive consultants), and often too finance-centric to support broad participation in the planning process.

Moving to a cloud-based, Software-as-a-Service planning platform resolves those difficulties and provides a lot of additional advantages. For a start, using a managed cloud service shifts the technical headaches and infrastructure investments to the provider, leaving you with a scalable, flexible planning environment that's quick to deploy and easy to manage.

Additionally, active planning thrives when broad participation is easy. That's why it makes sense to find a cloud-based planning platform that doesn't just *support* multi-user collaboration from a technical standpoint, but actively *drives* it through an intuitive and configurable user experience.

The 3 qualities of a great cloud-based active planning platform

In short, active planning requires cloud-based software that's easy, fast, and powerful.

Easy

Planning software needs to be easy for people throughout the entire company to use—at all levels (required for distributed planning), and in all organizations (required for functional planning).

"The thing I like about our cloud budgeting solution is that you don't have to be technical to use the tool. It's really easy to learn... they've really caught on quickly just because it's simple to use, you don't have to be a technical IT wizard."
Kevin Murphy
Senior Vice President of Finance
Hospitality Staffing Solutions (HSS)

It's also crucial that planning software is easy to *manage* as well as operate—software that relies on technical consultants to update, change, or customize slows down operations and impedes the experimentation that active planning relies on.

Fast

The software needs to enable rapid cycles of planning and analysis that are aligned with execution—such as real-time monitoring and analysis, frequent re-forecasting, and rapid scenario development and analysis: all to support better, faster decision-making.

This is about software that's both accessible, but also feels great to use—it's the product of usability, performance, collaboration, and near real-time analytics all combined into one experience.

"The restaurant business can be unforgiving if customer expectations aren't met, so it's critical that planning keep pace with the constantly changing demands of our business—down to each location around the globe. This is the new mode of planning. Empowering those closest to the business with real-time data and the information they need to make dynamic adjustments to their operations, including personnel costs."
Jim Bell
Interim CEO & CFO, P.F. Chang's

Powerful

The software needs to be able to model and analyze all aspects of the business, no matter how large or complicated, and to be able to link them together into a holistic view.

It needs to be both scalable, in order to accommodate the huge volumes of data generated by transaction systems, and flexible, in order to accommodate—and link together—a wide variety of model types and levels of complexity.

What's more, the software needs to be tightly integrated with operational systems to ensure that plans are accurate, to support the company's analytic initiatives, and to make certain that planning and execution are aligned.

"Companies using purpose-built planning application report higher revenue growth rates—on average +3 to +12 percentage points—when compared to similarly sized peers who rely on just Excel. Further, those same companies are also better able to manage the complexities of adding scale in the form of faster hiring—supporting headcount growth plans +2x their peers."
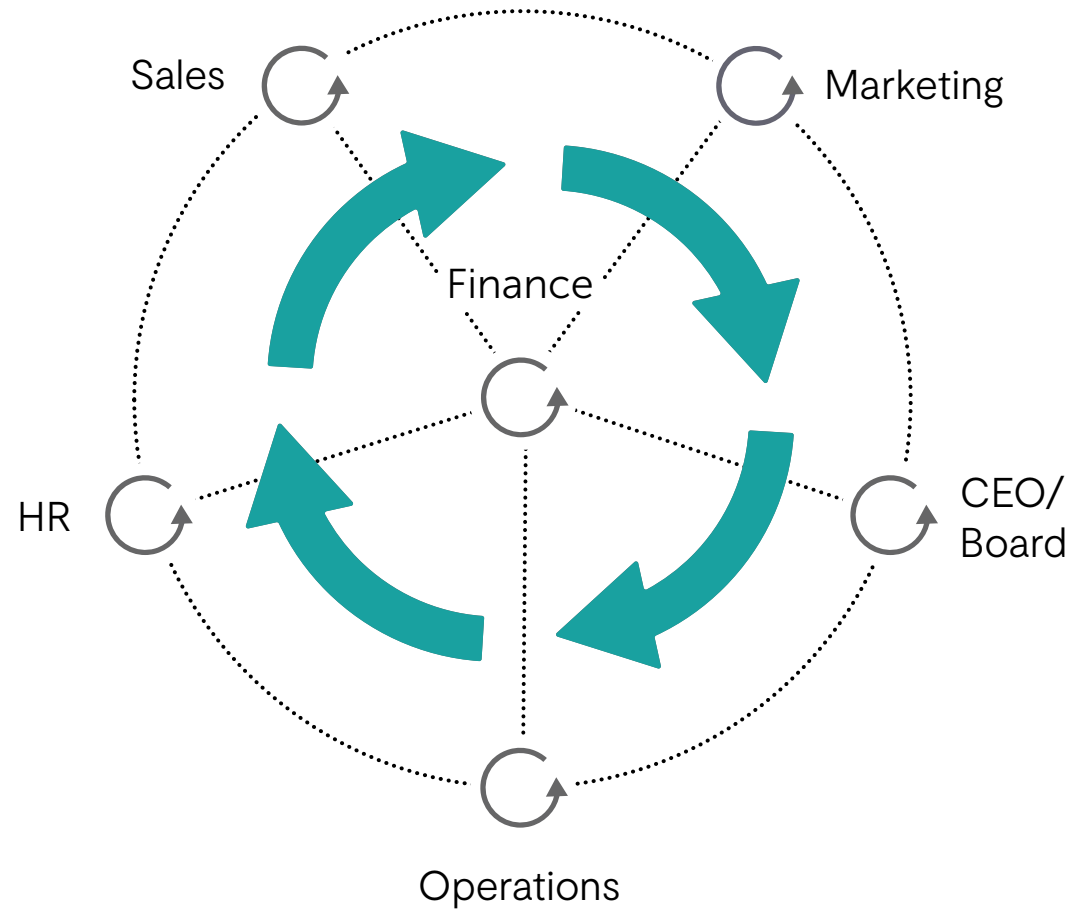
Lauren Kelly
OPEXEngine, Software and SaaS benchmarking

The central role of finance in business agility
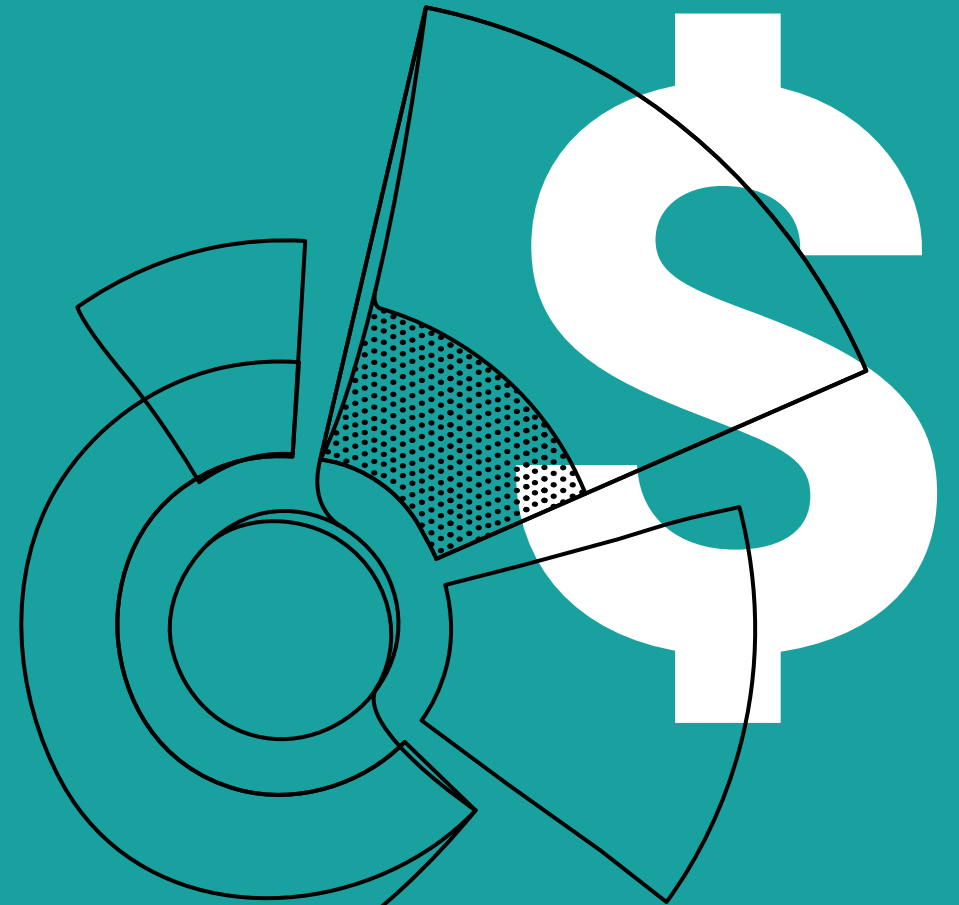
Drive holistic, companywide planning

Money is the lifeblood of any commercial enterprise. That's why the finance department is, and always has been, intrinsically linked to the planning process.

In older planning models, finance was a natural crucible for business strategy—a central nerve center through which key business inputs were sanctioned, and all eventual outputs measured and recorded.

Whether it was business-as-usual operational activities, investments in new skills or capabilities, research and development for new innovations, or simply making payroll and keeping the lights on, they all touched finance at some point.

And that's why, despite the current shift to decentralized operating models and more distributed decision-making, it still makes sense for finance to play a lead role in the active planning process.

Finance occupies a unique vantage point in businesses today. Not only are they usually data and analytics savvy, they're also the one operational function that touches every other part of the organization. They're a rich-source of cross-functional insight, and the group best-equipped to extract value from it. Operational oversight plus analytical talent equals gold dust for the planning process.

The difference is that while static, paternalistic planning uses finance's vantage point as a platform from which to mandate and broadcast plans outwards, active planning distributes that level of insight visibility throughout the entire business, empowering great ownership, accountability, and participation within the whole process.

"Finance organizations have lots of experience managing change. But digital represents opportunities we haven't seen before. Opportunities to explore massive amounts of information, to do it quickly, and to distribute knowledge wherever it needs to go. These shifts are not only driving operational improvements, but they're also changing expectations for adding insight."

Matthew Schwenderman
Principal and Global Workday
Finance Leader
Crunch time: Finance in a digital world,
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Unlearning old habits

While financial planning and analysis (FP&A) was labeled as the strategic function of the finance team under static planning, in reality, the inherent limitations of the planning process (that it's too paternalistic, episodic, and one-dimensional) relegated them to custodians of the process, rather than contributors.

That's because they were effectively gatekeepers (and therefore, allocators) of the capital needed to operationalize the broader strategic vision, rather than value creators.

"Over the past couple of years, finance has had to learn how to work with data to a greater extent as the size of their data increases, the responsibilities of the CFO has grown, and the strategic expectations for the CFO have expanded."

Hyoun Park
CEO and Principal Analyst, Amalgam Insights

This position is little more than forward-looking administration—facilitators instead of strategic architects—and robs FP&A of its rich potential to be an objective strategic advisor.

One of the main inhibitors to FP&A's participation in static planning is structural: their primary value creation opportunity was the annual budgeting process—a time-intensive, often political, almost universally dreaded event.

Unlearning this annual habit is an essential component of active planning, and essential groundwork to freeing up FP&A to act in a more strategic capacity. But as we'll go on to see, it's often a deeply-embedded process, and a hard one to move on from.

The politics of annual budgeting

Every CFO, Finance Director and senior VP of finance knows the creeping dread as budgeting season approaches. Every year, fall rolls in and the rest of the business turns to finance in order to make sense of the last 12 months and prepare for the next 12.

And like clockwork, you work late night after late night to make it happen.

First, you look backwards, to assess the progress towards last year's stated objectives.

You work with manually aggregated data and consolidated spreadsheets (both often error-prone) to discover results and generate reports. You analyze targets, performance, and spending to provide the business with an accurate reflection of its financial position.

And then you look forwards, using that information to plan next year's objectives.

You think about future goals and enshrine them in a firm financial strategy. You make choices, assess trade-offs, and accept sacrifices. You settle on a new top-line target, and divide it into contributions between different functional teams.

All you need now is agreement from the rest of the business.

You broadcast those contributions outwards, along with the dates by which those teams need to submit their expense and headcount requests in response.

And that's when the negotiations begin.

Long, protracted rounds of revisions to satisfy a conveyor belt of senior stakeholders, each with their own priorities, interests, and visions for the future. A cacophony of aggressive growth and revenue expectations from above. A melee of resource allocation and expense projections from below.

Until eventually: consensus. The budget is agreed, the plan is set, and the whole organization buries its head in the sand for 9 months until it's time to do the whole thing all over again.
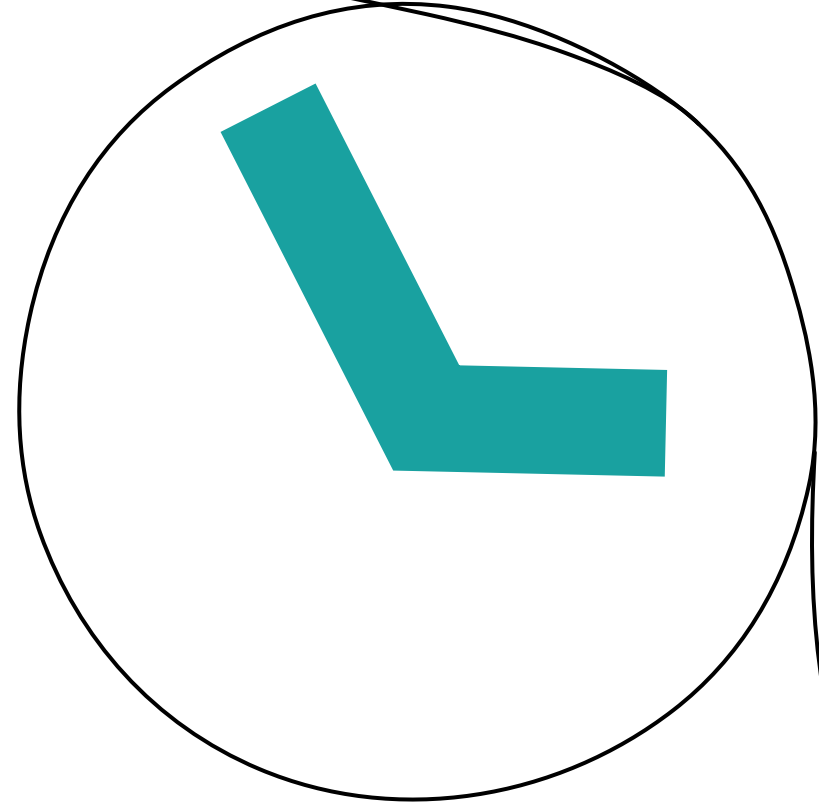
Annual budgeting: the yearly quantification of fantasy

The whole annual budgeting process is set up for defeat.

The source data is hard to locate, widely-dispersed, and impossible to verify. The participants have been trained to act in self-interest and minimize participation. The resulting plan is more of a political balancing act than something that truly supports the company strategy.

And yet these pain points remained uninterrogated for so long, businesses have unconsciously adapted to their deficiencies. No one can see how drastically the current system is failing them because the pace and quality of traditional planning imposes a distorted view of how the business really runs.

Traditional, static planning is a blunt instrument. It assigns the business an overarching number and subdivides that number between operational units.

But too often these numbers are arbitrary, inflexible benchmarks founded on hunches and riddled with assumptions. They're also highly sensitive to the negotiating power of business unit leaders who've learned to inflate their costs and diminish their targets wherever possible.

They bear little relation to wider market conditions or real-world performance and they often don't account for the actual cost of delivery.

Worse, this accuracy problem compounds year-to-year. Finance reporting that isn't informed by non-financial performance data is at risk of miscalculating the actual strategic value of stated targets and investments. This is a fundamentally reductive view of performance—a matter of balancing line items rather than understanding their true contribution.

And yet they inevitably go on to form the primary basis for next year's objectives.

The result is that the way most organizations allocate resources has become entirely divorced from where they'll provide the most strategic value.

Active planning explicitly equips finance with the time, tools, and telemetry to start bringing strategy back into target-setting, resource allocation, and performance measurement.
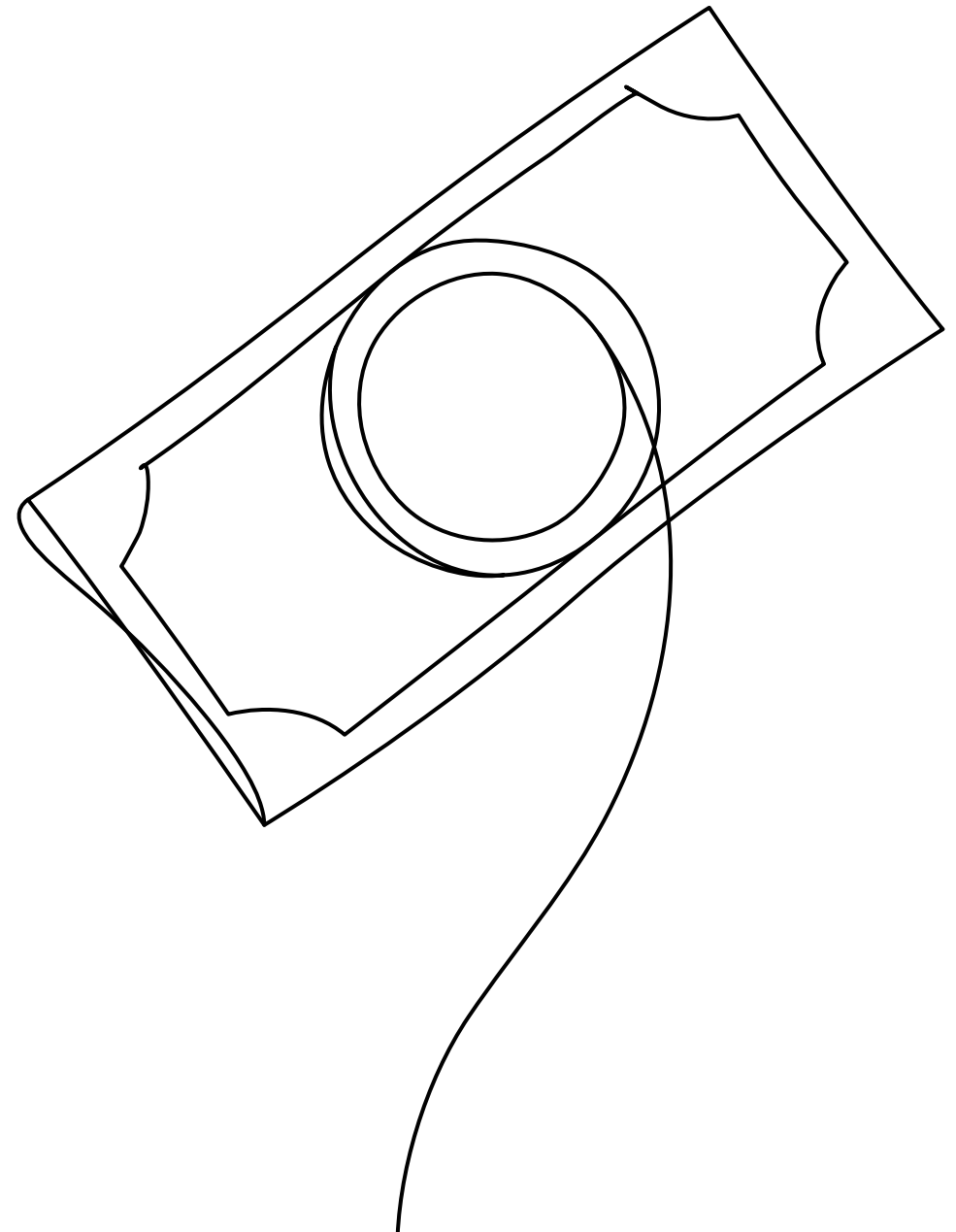
"Organizations, sectors and markets move increasingly quickly, and no sooner has the budget been agreed, then it is no longer relevant because the assumptions on which it is based have changed. Making decisions based on stale information can put businesses at risk of competitive pressure and the failure to respond timeously to market changes."

Gary Simon
CEO FSN & Leader of the Modern Finance Forum

Active planning unlocks FP&A's strategic potential

The ultimate goal of FP&A is to help the business make better decisions by contextualizing goals, priorities, and strategies against their unique holistic vision for the business.

Where static planning hamstrings FP&A's ability to do this, active planning is optimized for it. That's because the qualities of active planning—that it's more frequent, more detailed, and encourages greater participation—improve the accuracy and availability of this holistic vision.

Ideally, FP&A should have a unique view of the whole organization—a breadth and depth of operational insight that no other team does. They should both own the overall corporate plan and understand the minutiae of its working parts—who is responsible for what, how they'll achieve it, and where the critical dependencies are within it.

Only then can FP&A stop acting as mere facilitators of an ineffective annual process, and instead become orchestrators for the future of the organization.

So what does that look like up close?

Faster planning cycles
One of the first things that happens for the finance team under active planning is the disappearance of the dreaded annual budgeting process.

Leveraging the best of spreadsheets, ditching the worst of them
Working within a single, centralized, cloud-based planning platform doesn't mean ditching spreadsheets, it means supporting users to leverage what they're great at—developing ideas, testing hypotheses, and making things happen quickly—while adopting a new built-for-purpose integrated planning system for bigger tasks.

More accessible tools
When finance planning happens in the same unified planning platform as the rest of the business, it gets much easier to drive broader participation in the whole process, and encourage a richer range of input data into the centralized finance plan.

Quick, flexible scenario modelling
What-if scenarios are one of the primary means by which finance becomes an engine of strategy, rather than a source of backward-looking reports. They can model a greater range of scenarios more quickly and easily than manually bringing together static data sets, and develop more creative, aligned responses.

Stronger cross-functional engagement
Active planning helps the finance team to support other business functions to plan more effectively by driving collaboration and integration between historically disconnected planning activities. Connecting shadow planning into the central corporate plan means finance supports business functions to take more ownership of their planning activities. This increases participation and engagement, and reduces box ticking.

Greater foresight into opportunities and challenges
Distributed ownership and accountability is powerful, but active planning also means finance need to retain their unique cross-functional insight into multiple data-sets. Unconventional insights often emerge from pairing multiple operational datasets together—opportunities for efficiencies, or else early warning signs of things like revenue gaps and inventory shortfall.

Integrated reporting using both financial and non-financial data
Planning based solely on financial data paints a one-dimensional picture of the business. Using a centralized planning platform that captures both financial and non-financial data means you can render your business operations in full, measure a richer range of success metrics and KPIs, and make decisions that tangibly move the needle for your organization.

"Our executive leadership team has spent more time collaborating, brainstorming, and adding value to our budget and planning process. Prior to that, finance was spending more time entering data, and not reviewing and analyzing the data. The executive team and the board now really rely upon the finance team for important data and direction to make important decisions."

Kevin Murphy
Senior Vice President of Finance
Hospitality Staffing Solutions (HSS)

Active financial planning in practice

ARC settled $88.5 billion in ticket transactions in 2017 between airlines and travel agencies, representing more than 287 million passenger trips. The company also provides flexible distribution solutions, innovative technology, and access to the world's most comprehensive air ticket transaction data, helping the global air travel community connect, grow, and thrive.

ARC wanted to elevate the role of FP&A. Rather than just producing the annual budget and updating forecasts, the business wanted FP&A to act in a more strategic capacity, as providers of analytics and insights needed to drive better business decisions.

"Without a doubt, broader adoption of digital technologies has helped finance organizations achieve all three objectives. Digital leaders' finance cost is 43% lower. They employ 45% fewer FTEs. Their error rates are 37% lower and they spend 15% less time collecting and compiling data."
Nilly Essaides, Jim O'Connor, Tom Willman
Three Hallmarks of a World-Class Finance Organization, The Hackett Group, 2018

However, in order to get there, ARC first had to improve its reporting processes in order to free up the finance team from the drudgery of data entry.

Reporting complexity is practically baked into ARC's business model—different departments and cost centers, working with different data, in different formats, from different systems.

In practice, that meant collecting, consolidating, and verifying data to create the budget was a highly manual process that usually fell to FP&A. It took too long, was hugely error prone, and worst of all, hamstrung their strategic potential.

So ARC adopted a centralized planning system that provided its functional leaders self-service reporting for their own budget and forecasting data, streamlining the process and freeing up finance to focus on value-adding activities.

A centralized system with accurate, up-to-date information means FP&A can develop and test scenarios against live financial data very quickly—turnaround time for ad hoc reporting fell from three days to around four hours.

That means the team can easily create and test models for any eventuality—external industry events or internal shifts—to see how they can prepare for the unknown, either to mitigate against damage or capitalize on opportunities.

Importantly, this new integrated planning environment isn't just about predicting change and responding earlier. It's also about improving the quality of those responses. So when the FP&A team identify a gap in revenue, they can develop other strategies to make it up rather than simply resorting to cutting expenses.

Active planning is for everyone

Active planning isn't just for the finance department. As we've covered, shadow planning happens all over the organization —but it's not sufficiently visible (or even acknowledged) to be effective.

The real power of active planning isn't that finance becomes a more effective center of planning. It's not that budgeting and forecasting suddenly become more frequent or accurate.

It's that the whole enterprise gets behind a joined-up version of the future informed by granular, data-driven insights from every level of every functional department.

The best static planners could orchestrate a top-down plan at scale—but it takes too long to create, is too hard to test, and couldn't be meaningfully revised after execution.

The best active planners, on the other hand, can facilitate ongoing, multilateral participation in planning across the enterprise.

Let's see what that looks like in three other core functions: sales operations, workforce management, and project planning.
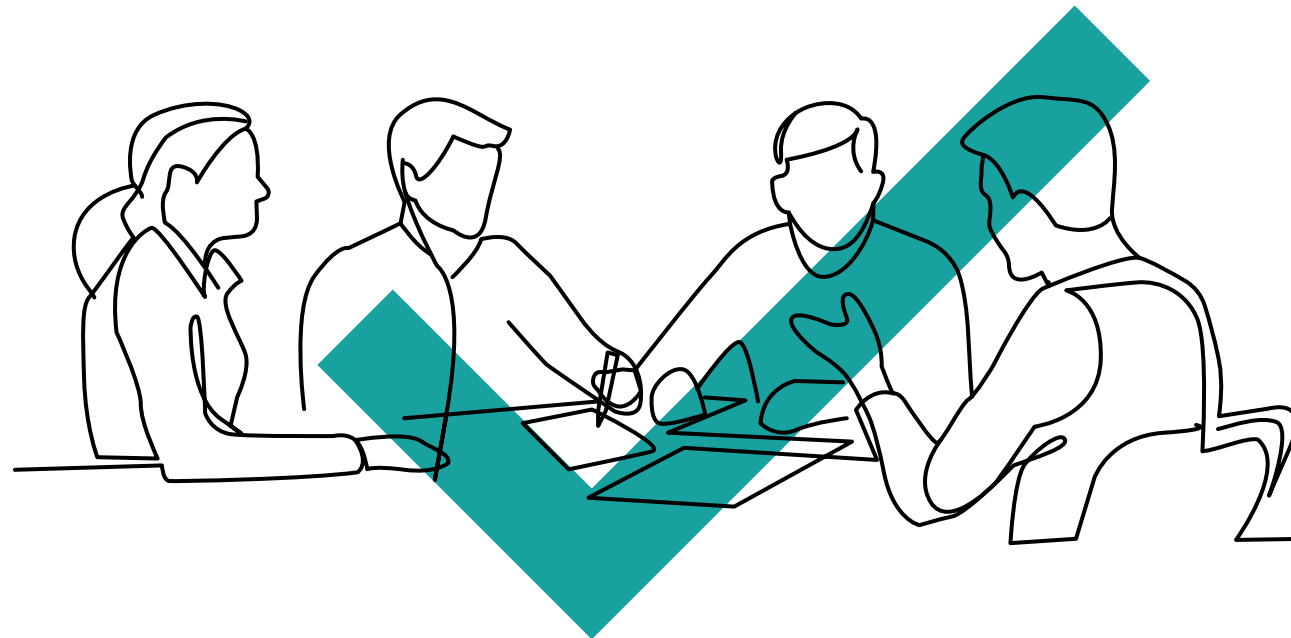
Driving better planning throughout the organization

Active planning is anchored within the finance function, but it's an enterprise-wide activity: the model relies on broad participation.

It's not just that the whole organization benefits when operational units plan more continuously, collaboratively, and comprehensively, it's that active planning can't exist without their participation.

While finance might be the orchestrators of the overall corporate plan, it's the data flowing in from around the business (planning data, transactional data, executional data, and other KPIs and metrics) that forms much of its underlying content.

And that takes unilateral collaboration to get right. Because—as we'll go on to see—small errors in key assumptions from one area of the business can throw the whole model off.

In short, you either move forward as a whole business, or you don't move at all. And for the avoidance of doubt, a business that doesn't move forwards isn't going to be around for long.

CEOs are also looking to CFOs to help drive innovation and transformation within their organizations. According to KPMG's *"The View from the Top"* report, 30% of CEOs say experience with transformation is one of the most important attributes for a CFO

Winning hearts and minds

It's crucial to win the support of functional business units when making the move to active planning—it needs to be carefully pitched, rather than mandated. That's because the transition usually requires some kind of behavioral change—and humans resist any disruption to their established habits unless they can see a clear benefit.

This is a cultural, behavioral, and technical challenge.

Culturally, senior executive and finance stakeholders might need to loosen their grip as the sole owners of corporate strategy. While they're certainly accountable for overall business performance, there's room for everyone in the business to step up and contribute their functional expertise to the wider vision.

Behaviorally, functional teams are going to have to break old habits of producing plans in isolation and throwing them over to finance without any accountability. Active planning needs to be an ongoing dialogue between all parties, not a series of hastily-filled-out templates to satisfy a mandated requirement.

Technically, it's going to require the adoption of new, purpose-built planning tools—as the organization gets more joined-up, it needs to spend less time bogged down in spreadsheet data entry, and more time analyzing the results to determine the best course of action. Planning platforms need to support a single source of shared data, accessible to the whole organization.

Some of the most common changes involve:

– Changing the cadence and granularity of planning, analyzing, and reporting.

– Using new planning, reporting, and analysis software.

– Encouraging more transparency and engagement—a distributed process, supported by a centralized platform.

Fortunately, there are also a lot of upsides that make it more than worth their while. Active planning isn't just about connecting functional business units with a central planning process—it's also about empowering those areas of the business to solve problems, work more effectively, and improve performance.
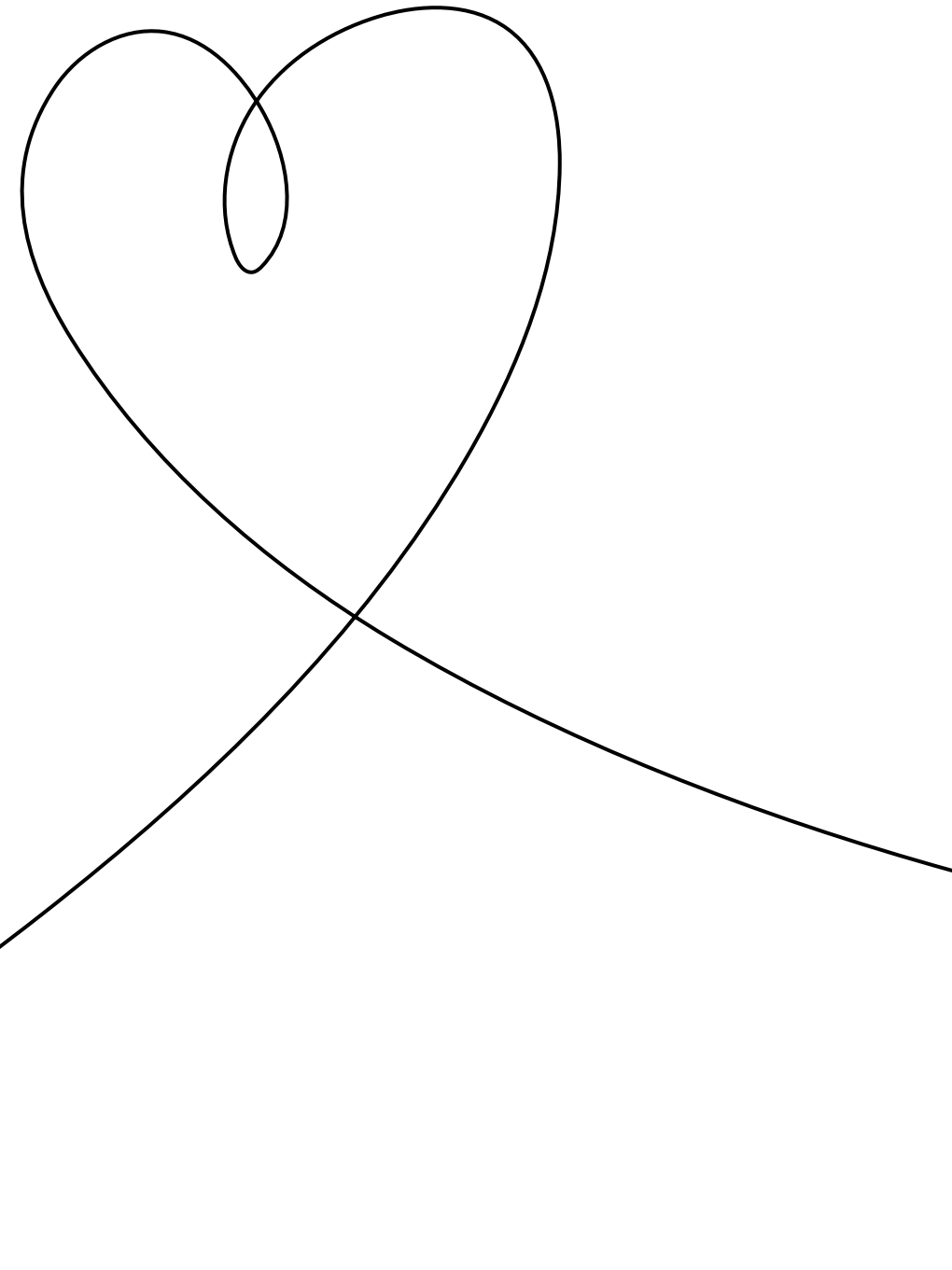
Improving KPIs and Performance Metrics

Well-vetted, bottom-up inputs help to establish more meaningful KPIs and metrics that actually reflect the value they deliver to the business.

This means teams have greater agency over the things they're measured on. People need goals with demonstrable impact. Working towards arbitrary targets feels futile and enormously demotivating.

It also becomes easier to identify and incentivize demonstrably excellent performance.
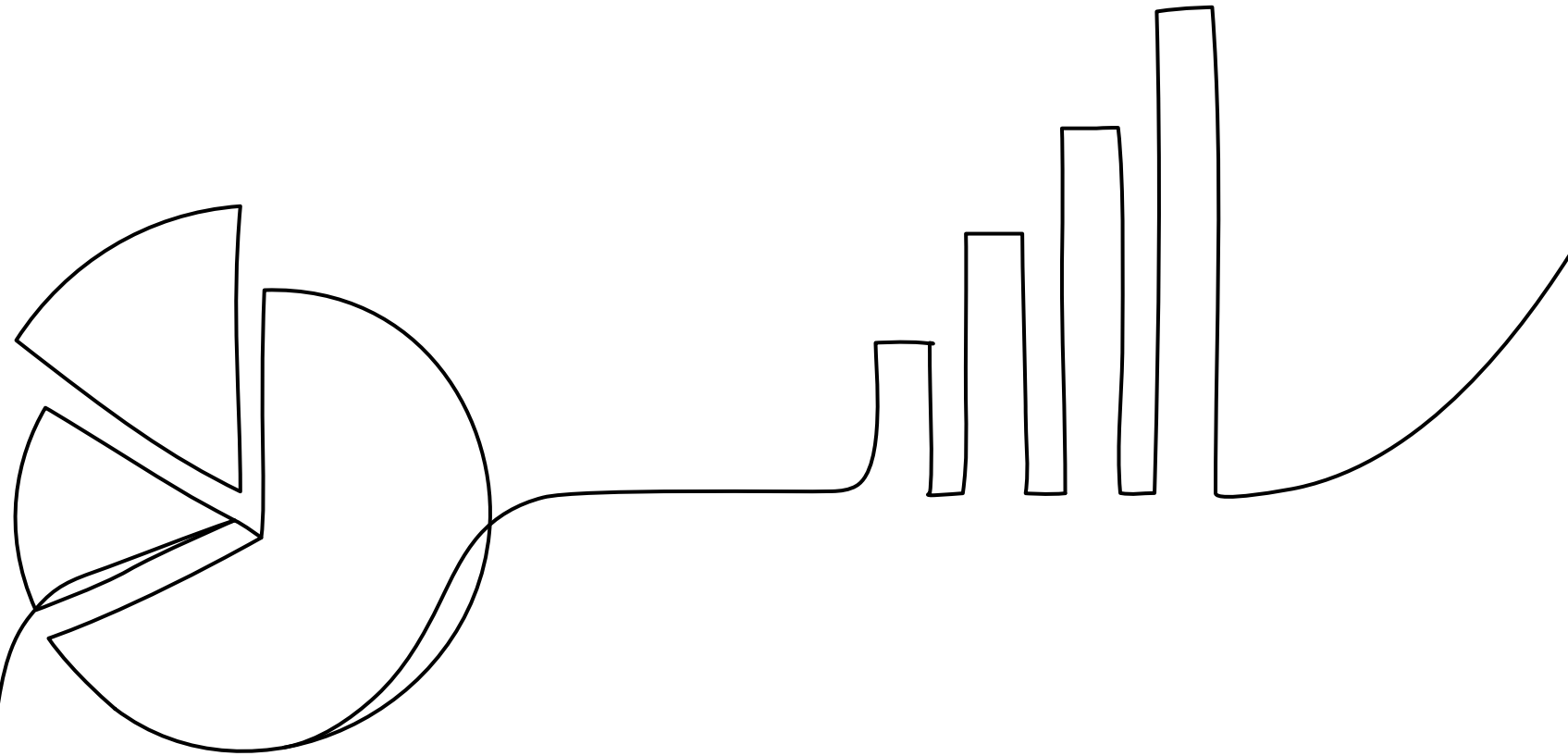
Preserving functional preferences

While active planning works best when everyone is collaborating within one single planning platform, importantly it doesn't necessarily have to displace preferred planning practices at the edges.

Active planning needs to support operational departments to make plans and test scenarios in whichever way works for them, so long as the final decisions—the key drivers that impact the business—are recorded in a system that connects back to the central planning platform. Often that means operational departments are best served by modeling in a central system, but sometimes that's not necessary. In all cases, however, even if their own operations are best modeled outside a central system, active planning does need the input and buy-in of everyone with a stake in the business' key metrics.
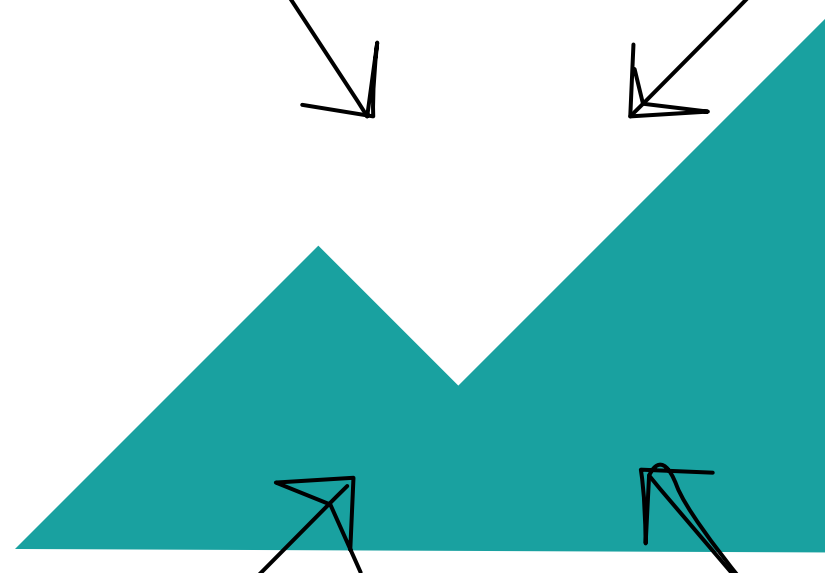
The best planning involves the people closest to the business

There's no meaningful boundary to active planning. Anywhere there is transactional data, customer insight, or operational information that is of material impact to the overall business plan, it can be a useful node in the wider planning landscape.

In the last chapter, we made the case that the finance department are a natural touchstone for the active planning process. In the next three chapters, we're going to hone in on three other core business functions that often see the highest, most immediate returns from active planning: sales operations planning, workforce management planning, and project planning.

This isn't an exhaustive list. Participation in active planning can be rolled out everywhere —whether that's sucking up more distributed inputs into a central financial model, or improving visibility between disparate business units.

The ultimate goal should be to make active planning an organizational culture rather than a compartmentalized activity.

"As Andy Grove observed 'People in the trenches are usually in touch with impending changes early. Salespeople understand shifting customer demands before management does; financial analysts are the earliest to know when the fundamentals of a business change."

John Doerr
Measure What Matters: How Google, Bono, and the Gates Foundation Rock the World with OKRs

Integrating sales operations for business agility
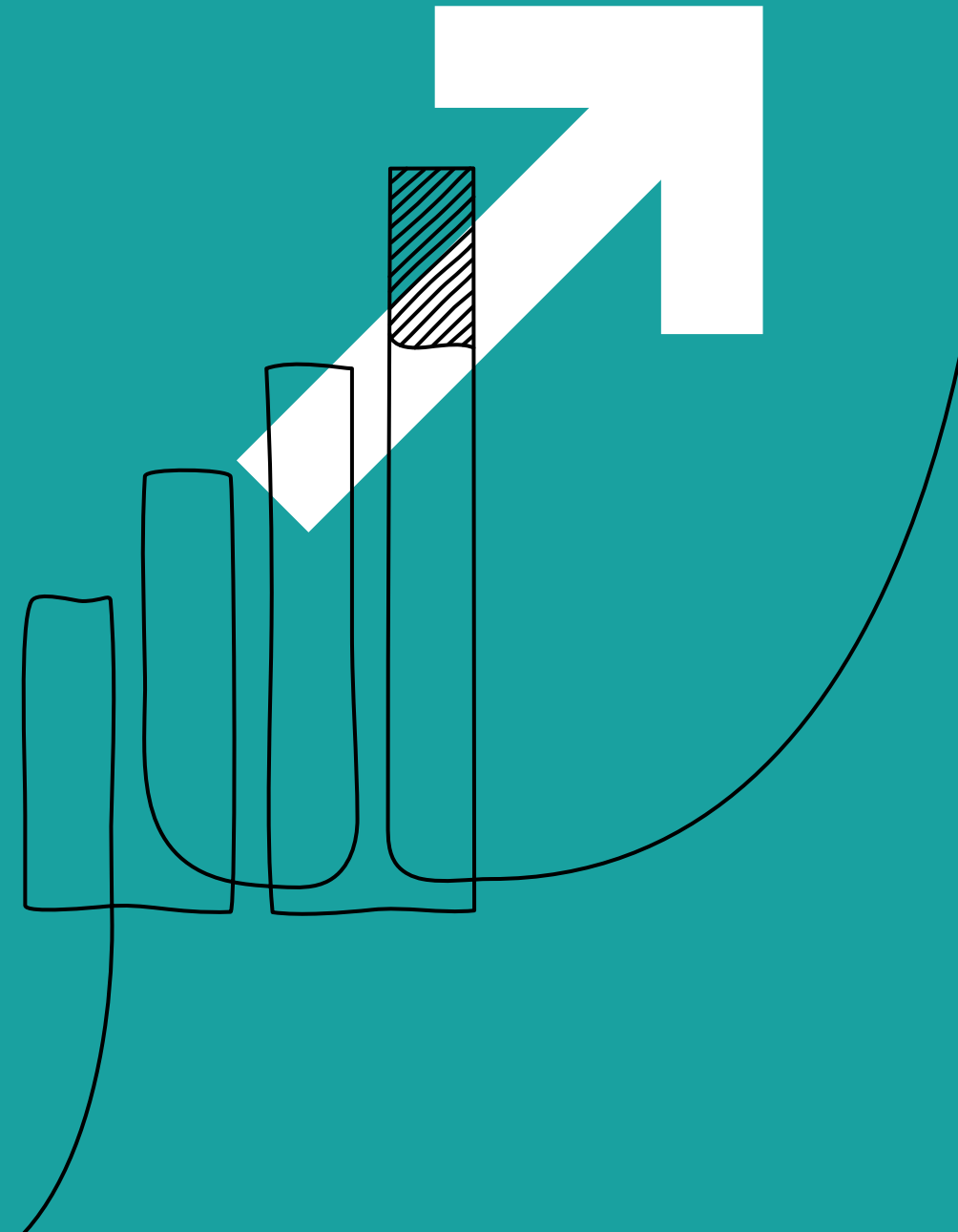
Finance might be at the center of planning, but your sales operations are at the center of growth. Revenue is your lifeblood—it keeps your business alive, growing and moving forwards.

But it's also unpredictable. Top-line growth is vulnerable to external factors over which you have no control. You can do everything right—hire sales reps, train them, pass them quality leads—and still run into obstacles.

Prospects walk back on commitments. You get disrupted by a competitor. The market shifts to a new solution.

So while sales operations is a critical engine for the business, it's also a significant risk center. That's why it's such a compelling candidate for more active planning. This is true for sales operations in services businesses, sales and operational planning (S&OP) in manufacturing, or any other industry—they all benefit.

Active planning for sales operations broadly falls into two categories: more intelligent revenue planning, and de-risking the function as a whole.

More intelligent revenue creation means becoming more data-driven in the way you handle quota allocation and territory planning in order to incentivize performance, prevent attrition, and achieve intelligent, sustainable growth.

De-risking sales operations comes down to understanding how sales activities impact (or depend on) both the macro finance plan and other operational departments.

In both cases, sales plans are central to the financial plan. It simply doesn't make sense to conduct sales operations planning in a system that's not inherently and directly linked to the financial plan. Sales and finance models share a special relationship—the two need to speak each other's language.

The costs of disconnected sales operations planning

When your sales operations planning gets out of sync with your broader operational goals and activities, the impact can be severe. As the primary growth center, it's imperative for sales to stay accountable to the rest of the business and ensure that factors like bookings targets stay consistent with marketing objectives, headcount plans, and expense data.

Managing the S&OP Process
Few companies say they do it well

- Well or very well
- Adequately
- Poorly
- Don't know

22%

5%

22%

51%
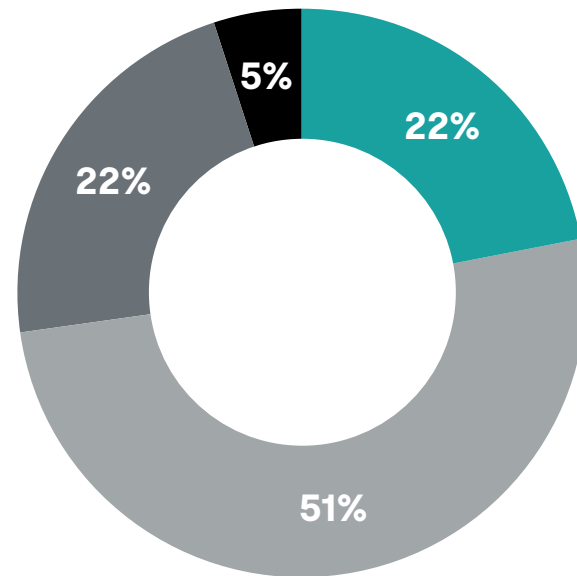
Source: Ventana Research, Dynamic Insight: S&OP 9/2018

Even small oversights in quota and territory planning can lead to major misses in growth, creating huge knock-on effects for the overall financial plan. It's not just about revenue failing to materialize or immediate cash flow problems—it can send misinformation, false flags, and unreliable indicators to the rest of the business about performance, customer appetite, market health, and more.

Instead, with finance operating as the planning hub for the whole organization, sales operations planners have a pathway not only into the other sales plans distributed across the different geographies, but also into every other functional plan in the organization.

The power of integrated sales and financial planning

In highly dynamic businesses, isolated planning isn't really planning—it's idle rumination; detached hypothesizing that has little bearing on what's really going on or what's going to happen.

Even in moderately complex organizations, plans usually benefit from coordinated participation from across the business. Integrating sales operations with the rest of the business gives other functional departments a chance to align objectives, synchronize activities, and contribute resources to maximize the outcome.

And importantly, the cost of acting in isolation isn't a suboptimal result—it's potential disruption.

"S&OP should involve broad participation across key business functions such as sales, marketing, manufacturing, logistics, finance and the senior leadership team... and collaboration is essential for achieving a well-managed process. The research finds a correlation between the two: Most organizations (80%) that collaborate effectively or very effectively in S&OP manage their S&OP process well or very well, compared to just 4 percent of those that collaborate somewhat effectively and none that have poor collaboration."
Robert Kugel, CFA
SVP & Research Director of CFO and Business Research, Ventana Research

Say for instance you're running sales operations for a SaaS provider, and you need to increase your bookings to offset the recent loss of a key customer. You run the numbers on a few scenarios in your sandbox planning environment to work out how much quota to apportion between different teams and territories. Then you settle on a plan and make the changes in your transactional system.

But what does that do to other areas of the business? Who else does it impact? And perhaps more importantly, what can other departments do to help?

More bookings probably means marketing needs to generate more leads. A sudden customer influx might mean HR needs to bring in more implementation staff. And that hiring cost probably contributes to the lost revenue you're trying to make up from the key customer you lost. Which inevitably impacts the number of bookings you need to make to manage cash flow.

Isolated static planning accounts for none of these external dependencies or impacts. The result is either that sales is less likely to deliver on their revised figures (because of the cross-functional assistance they forfeit), or that their success causes disruption or delays elsewhere in the business.

And in both situations, no-one will be any the wiser (as to success or failure, and its causes) until the company-wide planning event, in which some poor soul forensically consolidates and reconciles disparate spreadsheets from all over the business.

With integrated planning, finance can see the increased booking within sales' transactional system. They can pull up those figures against the target for marketing qualified leads this quarter, identify a mismatch, and recalibrate that target accordingly. They can see the implementation bottleneck those bookings will create in three months, and alert HR to hire more technical resources.

The whole business gets brought into the planning process. Events, causes, and impacts are surfaced automatically, and course correction is frictionless.

Active sales operations planning in practice

For IT software provider Ivanti, growth and acquisition have been the modus operandi. In just the last five years, through a handful of mergers, acquisitions, and organic growth the company has more than tripled its headcount. Today, they employ over 2000 people—500 of whom are sales staff —across 36 offices in 23 countries, serving more than 25,000 customers.

As is the case in most businesses, Ivanti's corporate plan was anchored around the sales operations strategy. The wider planning process started with demand (and what the company thinks it can drive), after which the rest of the business scaled up to determine R&D investment, G&A support, and so on.

However, despite its importance, most of the sales planning itself happened almost entirely through spreadsheets and emails. So after a period of massive expansion in a relatively short space of time, their disconnected, static planning process buckled under the new complexity—at a time when they needed a healthy pipeline to sustain the aggressive profitability targets their investors required.

Rolling up a consolidated view of global sales performance was too manual, slow, and error-prone to happen with any frequency. And even when it did happen, the results revealed an inflexible, compartmentalized strategic environment.

Regional sales teams acted largely autonomously—planning in their own systems, and focusing on different products and solutions according to local demand—so even small changes to quota allocation and resource planning required a huge amount of coordination.

But sales planning—particularly in a fast-growing business—is a delicate balancing act. Quotas, targets, and expenses are highly sensitive and interdependent—both to each other, and to wider events across the business. Setting them too high can demotivate the sales team and cause attrition. Too low, and they might not get the growth they needed.

That's why it was important for Ivanti's senior sales planners to find a solution that enabled them to experiment and fine tune different models of quota allocation very quickly and on-the-fly, while maintaining a view of the peripheral effects those changes had elsewhere in the organization.

The answer was a centralized, cloud-based planning platform that the whole business could plug into—sales, finance, workforce management, and operations.

With every department working in the same easy-to-use interface, plans between different regions, and even different functions, are easy to consolidate, reconcile, and cross-reference with each other.

That means highly regionalized sales teams can maintain their local autonomy while also contributing more strategically to the overall corporate plan. Senior planners can easily and iteratively experiment and speculate with different quotas, and target allocation to maximize efficiency, minimize churn, and flexibly respond to changing events.

Everything is connected in Ivanti's sales planning—what they invest impacts how much they sell, and the amount they sell determines what they can reinvest. That's why doing everything in a single platform is so powerful. It means if they don't hit sales targets one quarter, they can reduce spend in the next to maintain the bottom line. Or they can modify quotas in different territories and see the subsequent headcount requirements in the same click.

It's made the entire planning process faster and more accurate. The CFO can now get a report on quota coverage per area in minutes instead of days. No one has to waste time on low-value work like locating files and disentangling revisions between 16 versions of the annual budget. An integrated approach is also particularly valuable during the final stages of a plan, when the business makes small tweaks to single variables to try and eke out additional EBITDA or revenue growth.

The result is everyone can engage in more active planning from one version of the truth integrated across all functions, to build a comprehensive, interconnected model of the business.

Integrating workforce planning for business agility
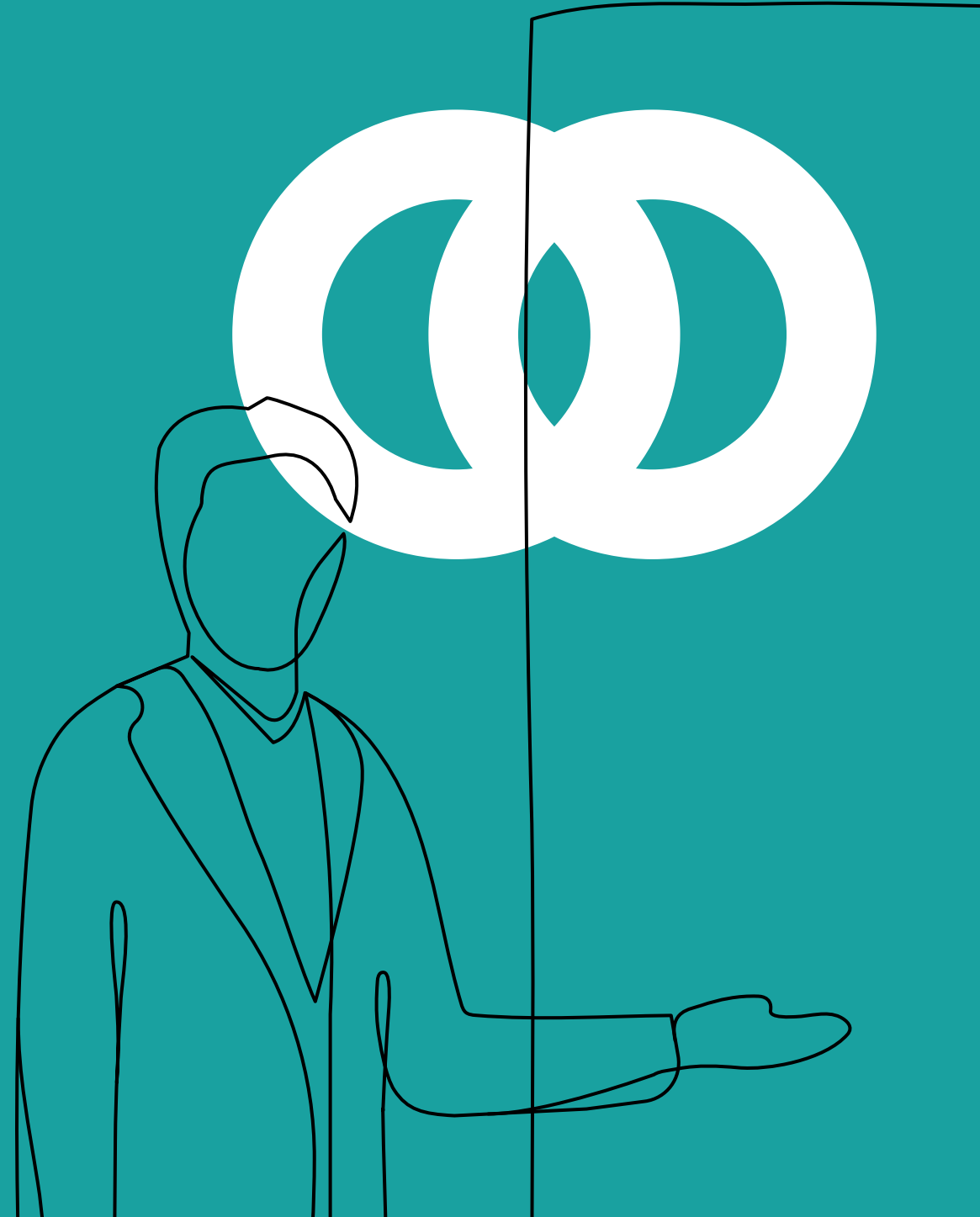
Just as sales is the most crucial aspect of your top-line, the workforce is usually the most significant line item on the annual budget.

But your workforce is more than just a cost-center. People are your number one strategic asset. They're the execution engine for every business operation in the company.

And as the engine, they dictate, in a very real sense, your organization's ability to navigate the massive, pervasive, all-encompassing digital disruption it's going through.

To survive in the new environment—to anticipate seismic industry shifts, capitalize on new opportunities, and avoid sudden icebergs—businesses need to roll out active planning on the ground, as well as in the boardroom.

They need HR to have a deep understanding of headcount, skill-distribution, locations, remunerations, bonuses, attrition rates, FTE vs. contractors, and more.

They need to cross-reference that granular workforce data with the broader view of what's happening elsewhere in the business: of upstream and downstream challenges and events, and upcoming projects and initiatives.

And that means HR needs to forge a close strategic partnership—both with finance, and the rest of the business.

The costs of disconnected workforce planning

The good thing about workforce planning's position as the top line item on the annual budget is that it doesn't have to work as hard to compete for attention among senior executive and finance decision-makers.

However, just because it's on the right radars doesn't mean it's easy to have productive conversations. Garnering the attention of a senior audience doesn't guarantee that they'll bring strategic thinking with them.

Perhaps unsurprisingly, organizations that don't connect their workforce planning with their finance planning tend to take a very cost-centric view of human capital management. The "headcount" planning that finance does bears little relation to the "workforce" planning that HR does.

But now more than ever, it's imperative to reconcile these two definitions.

Long-established business models, operating practices, and required skill-sets are rapidly shifting underfoot. As new industries and opportunities spring up, the organizations that fail to integrate "headcount" and "workforce" planning will quickly find themselves out-maneuvered, out-innovated, and outpaced by more agile competitors.

This isn't just a case of upskilling in certain areas and downsizing in others. Digital transformation often changes the identity and culture of a company. Software companies become managed service providers. Manufacturers adopt more robotics and automation. Retailers become supply-chain operators.

Integrated workforce planning is critical to understanding the evolving nature of productivity, and ensuring any macro changes in strategy stay aligned with the workforce needed to deliver it.
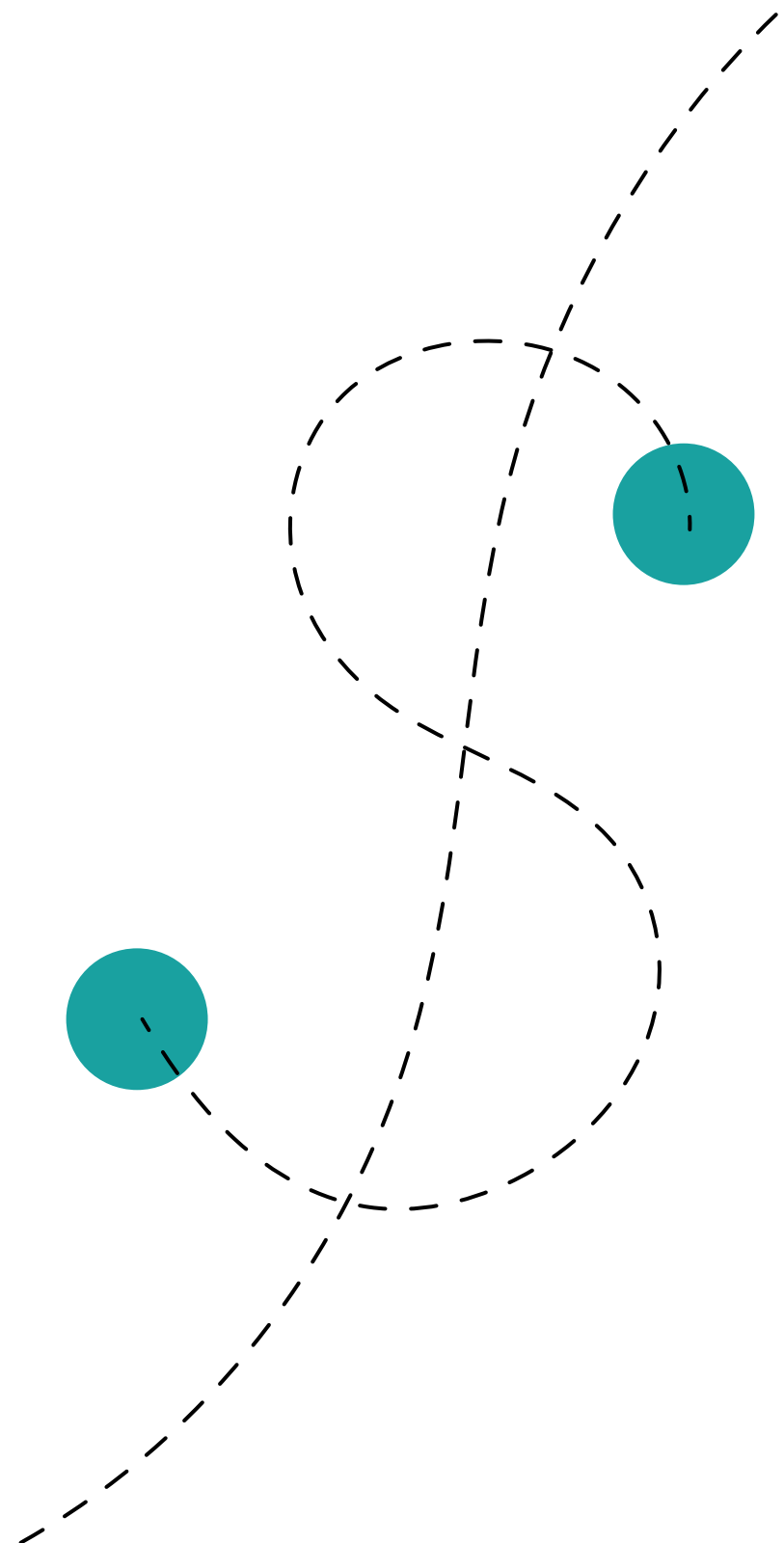
The power of integrated workforce and financial planning

Integrated workforce planning makes it much easier to maintain continual alignment between your strategic objectives and your workforce composition.

And that's a major competitive advantage and huge enabler of agility.

For a start, it improves both sides of the personnel question—headcount cost-effectiveness and forward-looking workforce planning—because it rolls conversations about strategy and cost into the same process and system.

But more significantly, supporting your HR, finance, and operational departments to plan collaboratively (within a single system, using the same real-time data) means everyone can work more effectively and iterate faster to arrive at the right decisions.

It means operational managers can start factoring in hiring strategies to support their business plans earlier on.

It means Finance and HR get instant visibility into current and future hiring and expenses, mapped against revenue projections and operating costs.

Perhaps most importantly, it means everyone, from regional managers to senior strategic leaders, can add a people-based dimension to their what-if scenario planning, within a single, unified platform. Everyone can see how the workforce maps to current needs around the business, future objectives and growth targets, and external factors.

Integrated workforce planning keeps the engine of your organization aligned with the direction and velocity of your organizational journey, so you're ready for anything.

That could mean anything from making small ad hoc tweaks (like right-sizing existing teams), to planning more signficant events (like an office relocation), or even exploring full-scale transformations (like entering a new market).
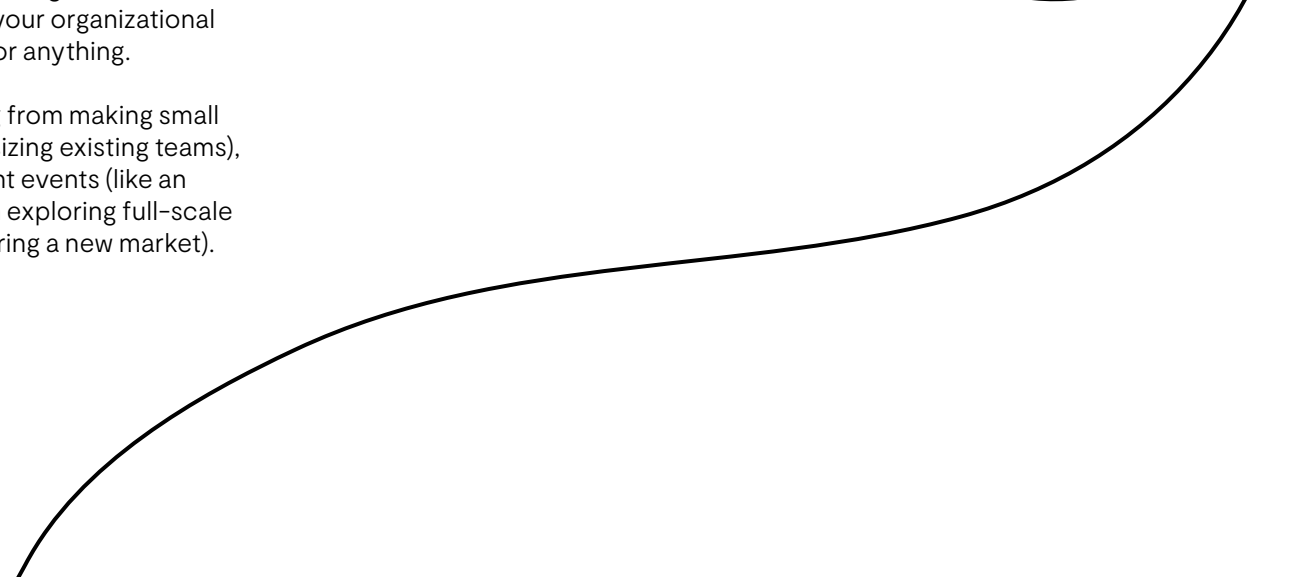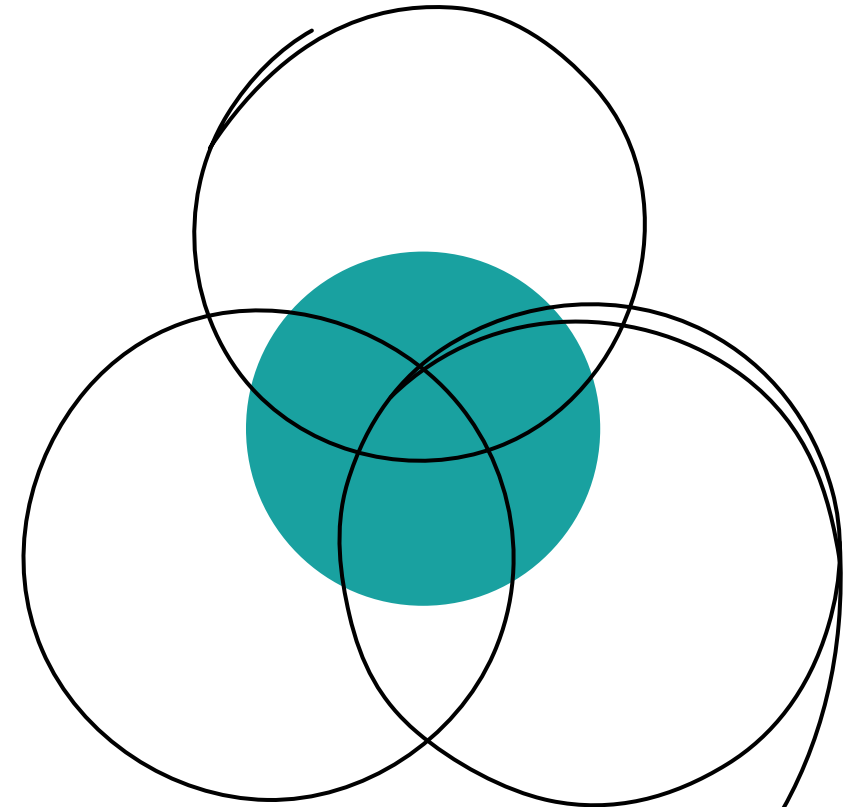
Active workforce management planning in practice

Pinsent Masons LLP is an international law firm that likes to do things differently. Headquartered in London, with over 3,500 employees and partners in offices throughout Europe, the Middle East, Africa, Asia, and Australia, they have achieved more Tier 1 rankings in The Legal 500 UK than any other firm. They have been named the most innovative law firm in Europe by the Financial Times and simultaneously held the "Law Firm of the Year" award from Legal Business and Legal Week.

The firm is growing fast—they have a 1,800-strong legal team (including over 400 partners), and have effectively doubled their global locations in the last five years.

Like all law firms, workforce management is integral to their success—their business model depends on it. Law firms are, quite literally, people businesses: their primary source of revenue is expertise, sold in units of time.

By sheer necessity, corporate strategy is a collaborative act between finance, HR, and operational leaders across different geographies and practice areas.

For Pinsent Masons, that starts with a baseline comparison of assumed expenses (salaries, benefits, and operating costs) versus revenue (the total base hourly rate their fee earners generate), all in a single, cloud-based planning platform.

From this basic picture, they can start to add detail.

That might start with capacity modeling —a negotiation between finance and practice area managers to determine the amount of revenue productivity expected per fee earner, per quarter. Then they can also factor in atypical revenue, like that from their freelance business, which incurs fewer operating costs but also generates billing throughout shorter engagements.

They can also project how expected employee turnover in different locations and practice areas (calculated with historical data) will affect expenses and revenue. Likewise, they can drill down into location data to identify and diagnose other revenue gaps caused by factors like over or understaffing, or higher location costs.

Perhaps most importantly, the firm can grow more intelligently. They've developed a repeatable start-up model that accurately predicts costs and workforce requirements for new territories and practice areas. The firm can now consistently reach full capacity for new expansions within a three-year period.

All this is only possible when every department in the firm plans with the same data, in the same seamless planning environment. It means everyone spends less time entering and verifying data within spreadsheets, and more time gleaning insight from accurate data and building value-generating predictive models.

A more seamless, joined-up, data-driven approach to workforce management improves the strategic value and impact of the workforce—and therefore the performance of the organization overall.

Their workforce plan, integrated with their budget, revenue forecasts, and corporate financial plan, means they can determine where to expand next and when, how to staff new locations, what practice areas to grow, and more.

Integrating project planning for business agility

While active planning provides value across the whole organization, the most pronounced benefits usually emerge around your key business drivers—the capabilities and functions that actually drive the company forwards. For most organizations, that means ongoing sales and marketing activities, and the workforce itself.

However, project-based industries are different. Companies within verticals like services, construction, biopharmaceuticals, drilling operators, and game studios, are structured around multiple overlapping—and interdependent—projects or customers.

As such, project-based organizations typically manage on-the-ground operations with military precision. They have an incredibly granular view into the progress of day-to-day tasks against more long-term key milestones.

But zoom out, and things often become blurry and disconnected. The project management tools used to plan and run day-to-day operations are often limited when it comes to planning—most can't connect and compare actual project hours, resources, and billings back to the financial plan. The result is that the inner workings of projects aren't represented within the wider corporate plan in any meaningful sense.

And that's a problem. Projects are the main driver of project-based organizations, and yet the available tools struggle to capture key project metrics—let alone support the agility needed to quickly adjust assumptions when conditions like pricing, timing, or billing change.

If the stability and success of your business depends on stable and successful projects, it makes sense to fully integrate their planning, execution, and management with the wider corporate strategy.

The costs of disconnected project planning

Project-based companies invariably have their own specialized planning workflows tailored for the task and timeline at hand. But these workflows are almost never represented in the overall corporate plan in any detail—the closest most project-based organizations get is broad financial brushstrokes around profit and loss: things like billable amount and production expenses.

Projects are complex and multi-dimensional: focusing on purely finance-centric metrics disregards a wealth of wider operational metrics that have immense strategic value to future planning.

The good news is that the problem is usually a lack of integration rather than a lack of data.

Project-based organizations measure everything. They're usually sitting on a wealth of rich operational insight that could help them improve the way they estimate workloads and costs, allocate resources, anticipate disruptions, avoid delays, find economies of scale, and optimize processes.

But it's all sitting in disparate spreadsheets, isolated point solutions, and disconnected systems. So while there's a river of rich data flowing throughout the company, it's too fast and too dark for anyone to see the powerful insights lurking under the surface.
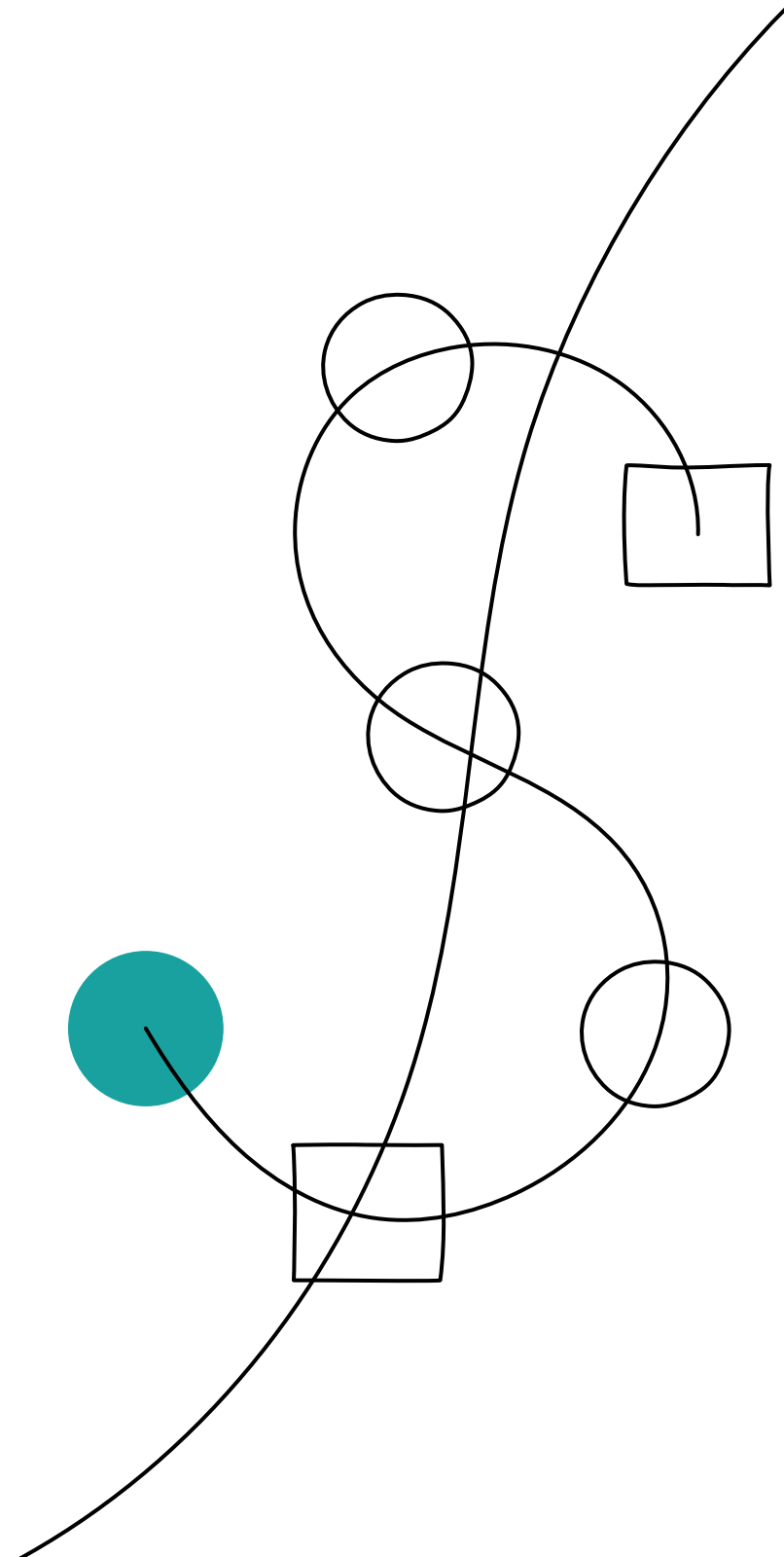
The power of integrated project and financial planning

Active planning for projects isn't just about analyzing the past to improve future performance at the macro level. There's also a powerful opportunity to apply the tenets of active planning to projects at an individual level—as though each were a self-contained business in and of itself.

That means reporting on performance, modeling scenarios, and adjusting strategy iteratively, on the ground, while also rolling up all these individual metrics into the same overall corporate plan. This makes it possible to respond to new challenges and obstacles as they emerge, keeping both individual projects and the company itself on track and profitable.

But integrated project and financial planning isn't just about improving performance—it can also support faster, more effective responses to unforeseen challenges.

Keeping things on track throughout potential disruption is crucial for project-based organizations. That's because committing to a project represents a significant investment —of time, money, and resources that can't be spent on other projects.

That means any project delays (whether due to operational speed bumps, unanticipated complexity, supply chain hiccups, or otherwise) inevitably impact the projects around them—resources are diverted and timelines get pushed. Organizations without any integration between their project planning and broader finance plan usually struggle to see those impacts in enough granular detail before it's too late.

Of course, there are short-term quick-fixes —teams vow to crunch, bring deadlines forward, and reshuffle any available resources to scale-up manpower.

But these are all compromises that have their own, usually unintended, consequences in other projects or operational areas —themselves too difficult to anticipate in enough detail until they've already happened.

That means any actions taken usually arrive too late in the process to fully mitigate harmful consequences. So other projects suffer. Or people work overtime. Or deadlines slip. And profitability suffers.

Fully integrated project planning ditches quick-fix compromises by making it easier to anticipate change sooner, adapt more effectively, and mitigate the cascade of trade-offs that might otherwise emerge.

But these are all compromises that have their own (usually unintended) side-effects and consequences in other projects or operational areas—themselves too difficult to anticipate in enough detail until they've already happened.

That means any actions taken usually arrive too late in the process to fully mitigate harmful consequences. So other projects suffer. Or people work overtime. Or the deadline slips. And profitability suffers.

Fully integrated project planning ditches quick-fix compromises by making it easier to anticipate change sooner and adapt to it more effectively with fewer trade-offs.

Active project planning in practice

For one professional services firm, a lack of integration between their project planning and their corporate plan was causing major blind spots into their understanding of their overall financial health.

The firm inspected highly-regulated facilities to identify and reduce code violations. Many of these projects followed the same structure from a distance: send a highly-trained specialist to evaluate some equipment and assets, and check it against a compliance checklist.

The firm's highly-trained consultants based most of their project estimates on experience and intuition. While this worked in the short term (most estimates were largely accurate), there was no consistent system of record to measure incoming billable hours. This led to major shortcomings in project resourcing and huge blind spots when projects didn't bill the hours they were expected to.

All it took to disrupt this ad hoc system was one summer of scope-creep—a few successive projects ran over their expected delivery date, due to unanticipated expenses or key staff leaving. The result was the firm had to ask clients for more money than originally budgeted, or else write off significant amounts of revenue.

Without any centralized way of measuring when projects deviated from their initial assessment, the organization hemorrhaged time, money, customer satisfaction, and business opportunities.

After a brief attempt to solve this visibility problem using spreadsheets, the firm adopted a collaborative, cloud-based planning interface. It was integrated into finance, workforce management, and other operational functions, so everyone involved in project budgeting and forecasting had a panoramic view of the whole business. This also drove wider participation and accountability into the overall planning process.

Now, the firm can more easily and consistently deliver against the estimates in the initial budget. And if that initial estimate changes, then project leaders no longer accept the risk and consequences in isolation—they can see the impact on other dependencies and activities across the business.

The result is they can see insights around workflow, budgets, and forecasts. By incorporating metrics like project completion percentages and resource mismatches into the overall corporate plan, they can identify breaks in the chain much sooner, and optimize workflows elsewhere to maintain profitability.

Agility, AI, and machine learning

Active planning is the natural evolution of static planning.

– It's more nuanced, responsive, ambitious, and high-fidelity.

– It ingests (and benefits from) a greater range and volume of highly-dynamic data.

– It enables fast, easy, and responsive participation from multiple contributors to maintain accurate data, run scenarios, and plan in real-time.

– It supports richer, broader what-if scenario modeling using a range of financial and non-financial inputs.

– Perhaps most importantly, it provides a comprehensive and continuous view of the entire business to support more confident, agile decision-making.

But it's also not the end point—digital transformation will continue to change the definition of best practice planning.

The next evolutionary step for active planning revolves around two key improvements:

1. Advances in AI and machine learning will be leveraged against massive amounts of multi-dimensional finance and operational data to automate high-volume, high-complexity what-if scenario modeling at scale.

2. Increased automation will reduce planning cycles (planning, execution, and analysis) down to support frequent, agile, real-time decision-making.

Using AI to unlock the potential of "What if...?"

What-if scenarios are already incredibly powerful for strategic decision-makers. Organizations can model different versions of the future based on historical information and predictive analytics before choosing the best path forward.

Active planning makes this easier by consolidating all the executional data inside your organization (financial, transactional, operational, and from the plan itself) into a single system. This is an essential first step in capitalizing on future AI opportunities. But there's a lot more to come. In fact, compared with what AI is going to make possible, scenario planning is still in its infancy.

Shamus Rae, head of Artificial Intelligence at KPMG, concurs. *"There's never been so much data at our fingertips—and arguably there's never been greater internal and external pressure to analyze that data to manage compliance and risk,"* he says. *"In this context, AI is an opportunity managers cannot ignore, offering companies the ability to process vast quantities of data at lower cost."*

Today's scenario planning is a good proof of concept, but as long as humans are driving the creative process—as long as it's down to people to ask the right questions of the right data—what-if planning is going to be constrained by available resources.

The most advanced decision-making today is typically supported by a few best-estimate scenarios—maybe 4 or 5 at most. But in truth, there are many more possible futures to potentially prepare for, and what looks like best practice now is going to seem vastly limited in scope before too long.

As the volume and variety of available data grows, and as access to that data gets easier, AI and machine learning algorithms will make it possible to drill down, consolidate, and leverage incredibly granular information at the highest levels. Here are three possible use cases that describe what that might look like up close.

Anomaly detection

Say you're the VP of marketing and you're developing campaigns for the coming year. You need to plan out the budget and execution period for each one to ensure there's enough budget and people to deliver them.

AI and machine learning could create predictive algorithms based on your historical activity data to automatically trigger contextual anomalies *as you're planning*. You'd be able to see resource conflicts and budget constraints, and even get notified of overly-ambitious targets (like net new leads) based around known indicators, such as seasonal low-points.

Business driver optimization

Say you're a CEO aiming to achieve a 40% growth target over a two-year period, and you're trying to model what that looks like to present it at the annual executive offsite.

AI and machine learning-enabled planning could help to quickly and automatically find the optimal growth path, while accommodating any conditions and assumptions on the fly.

So, the planning system could measure your historical performance and recommend a market segment mix strategy, along with the associated budget increases in the specific marketing and sales activities needed to support it.

If you then decided you needed to cap growth in sales to smaller businesses in order to also expand into enterprises and international markets—while also maintaining expenses at a certain increase—an alternative, optimized model could be quickly created without any manual lifting.

Better business simulations

Say you're trying to forecast the future state of a target market or business area. Leveraging AI against Monte Carlo simulations represents a powerful approach for running more comprehensive scenario planning in service of achieving specific business outcomes.

It would work by enabling users to attach a sensitivity variable to the key drivers and inputs they load into the central planning platform. They could then run limitless, rapid-fire, what-if algorithmic analysis against the inputs and sensitivities to determine the best path forward.

This is the value of bringing together all your financial, transactional, and operational data into a single, dynamic system of record today. In order that in the near future, AI systems can ingest a complete view of your organization and model scenarios, outcomes, and insights that are more complex—and further into the future—than any human ever could.

This isn't just about more ambitious, innovative planning, but also more confident, assured decision-making. AI will be instrumental in risk-analysis, bringing different datasets together in new ways to understand the interdependencies within your business, and identify the riskiest assumptions in your plans.

Of course, what-if scenarios aren't strictly an internal exercise. Bringing in external data—on the market, customers, competitors, and geopolitical events—could yield highly specific (and accurate) models of both near and far future eventualities.

Closing the planning loop

The future of active planning isn't just about thinking bigger—it's about making better decisions and operationalizing them faster.

That's where machine learning comes in. Increased automation, driven by algorithms, is going to blur the boundaries between planning, execution, and analysis until planning cycle times have all but evaporated.

Planners will be able to ask deep, complex strategy questions and see the results modeled in real time. As the data becomes more trusted, they'll be able to make significant, informed, "just–in–time" decisions, confident in the patterns surfaced in the data.

And as the line between planning and transactions systems begins to blur and disappear, plans will automatically cascade down to operational departments—even down to individual workflows—in real time.

"Strategy" will become the province of human–driven innovation while planning becomes an organic, ongoing exercise of continuous improvement inextricably linked to the transactional systems that execute plans.
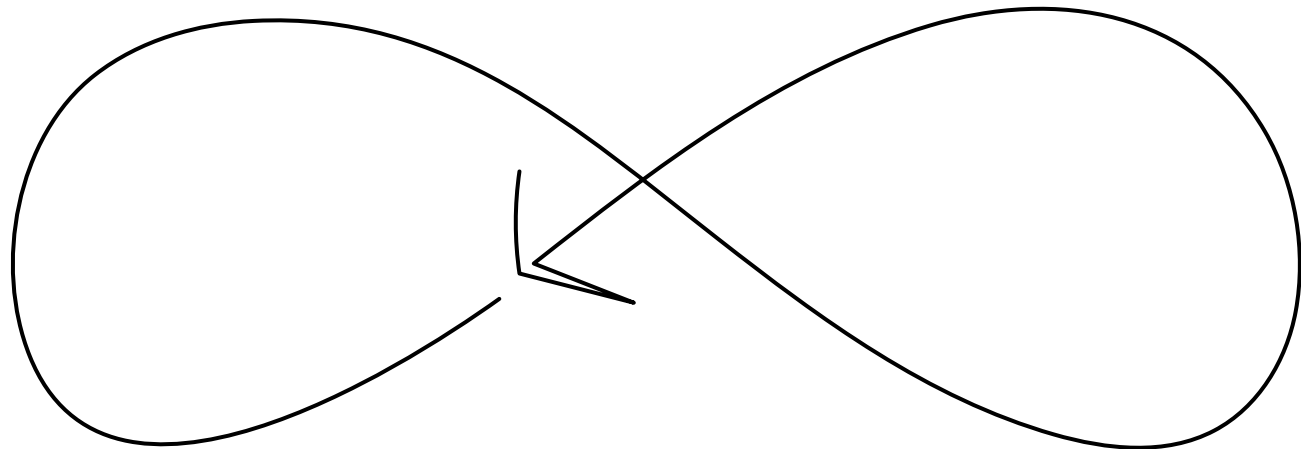
Preparing for the future

Deloitte's report "Finance 2025, Predictions" made eight predictions about the future of the finance function, based on trends on the horizon, technology advances and developing skill sets forming around them.

1. **The finance factory**
   Transactions will be touchless as automation and blockchain reach deeper into finance operations.

2. **The role of finance**
   With operations largely automated, finance will double down on business insights and service. Success is not assured. The skills required by finance professionals will change, likely dramatically, as new combinations of technology and human workforces permeate the workplace.

3. **Finance cycles**
   Finance goes real time. Periodic reporting will no longer drive operations and decisions—if it ever did.

4. **Self-service**
   Self-service will become the norm. Finance will be uneasy about this.

5. **Operating models**
   New service-delivery models will emerge as robots and algorithms join a more diverse finance workforce—think about the integration of freelancers, gig workers, and crowds. Companies will assess the benefits of automation against onshore and offshore operations.

6. **Enterprise resource planning**
   Finance applications and microservices challenge traditional ERP. Big vendors will be prepared.

7. **Data**
   The proliferation of APIs will drive data standardization, but it won't be enough. Companies will still be struggling to clean up their data messes.

8. **Workforce and workplace**
   Employees will be doing new things in new ways, some of which will make CFOs uncomfortable.

Finance 2025, Predictions, **Deloitte Consulting, LLP, 2018 Copyright ©2019 Deloitte Development All rights reserved.**

We're still some years away from intelligent, full-scale automated planning. But there are some preparatory steps you can take today that'll stand you in good stead for when the technology becomes proven, reliable, and affordable.

The end goal is to adopt an active planning process across the whole organization—one that's collaborative, continuous, and comprehensive. But creating a robust model of your organization within a central, cloud-based system doesn't happen overnight.

Finance needs to lead the cultural charge, acting as orchestrators of the new planning process, bringing in functional leaders for better insights and more buy-in. Reach out to teams with plans that are deeply entwined with financial plans—encourage them to model their portion of the business in the central system.

Slowly, you'll build the relationships and infrastructure needed to deliver a holistic view of how the organization operates. This is the bedrock of a continuous planning process that will eventually support the analytics and scenario planning needed for agile decision-making.

But crucially, you need more than willing participants and technology plumbing—AI is only as effective as the data it's exposed to.

Algorithms are most effective when they're working with large volumes of high-quality data.

That means you need to:

– Get all your financial, transactional, and operational data together, in the same platform, maintained by the people closest to it.

– Break down silos and illuminate shadow planning systems everywhere.

– Ensure it's clean, standardized, and deduplicated.

The scale of change required here shouldn't be underestimated—but neither should the costs of inaction. Becoming truly data-driven will probably require new enterprise architecture in most organizations. But the rules have changed for everyone, and the longer you wait, the further behind you'll be.

Active planning is the solution to the limitations of static planning—but AI and machine learning are going to usher in yet another new era of planning soon enough.

Static planners will soon lag two generations behind those disruptors and innovators that first made the move to platforms capable of AI-driven planning and execution.

Finance needs to lead the transformation

"The best way to predict the future is to create it"
Peter Drucker

We've said throughout the book that finance needs to lead the charge towards active planning.

That's partly because finance acts as the central junction within active planning, and so are a natural steward for change, helping normalize new habits and behaviors for the rest of the organization.

But it's also necessary because finance's role will change significantly in order to leverage technology developments in the data-driven, AI future.

Soon enough, leading finance teams will become a real-time function by automating the majority of manual tasks. Calendar-based reporting and forecasting will be conducted by ongoing algorithms that periodically require single-click human intervention for just-in-time decision-making.

The question of what to do in that vacuum remains to be answered.

But there's a strong case to be made for finance teams to double down on their new position as stewards of change by acting as transformation leaders—both for existing processes, and for future, unknown developments.

As finance's panoramic insight over internal processes grows more granular, there's significant potential to drive automation outwards. Eventually, finance can play a major role in helping the business model and automate complex, multi-stage operational practices and governance processes end-to-end (like order-to-cash, or procure-to-pay).

The other side is more forward-looking. Active planning elevates finance to act as the nervous system of the organization. They can sense change, produce insights from stimuli, and operationalize coherent responses between different departments.

As external trends, factors, and events gather speed, materialize, and enter the mainstream, finance must act as lead integrator—the membrane through which all changes are anticipated, understood, and modeled in order to develop a more agile, coherent response.
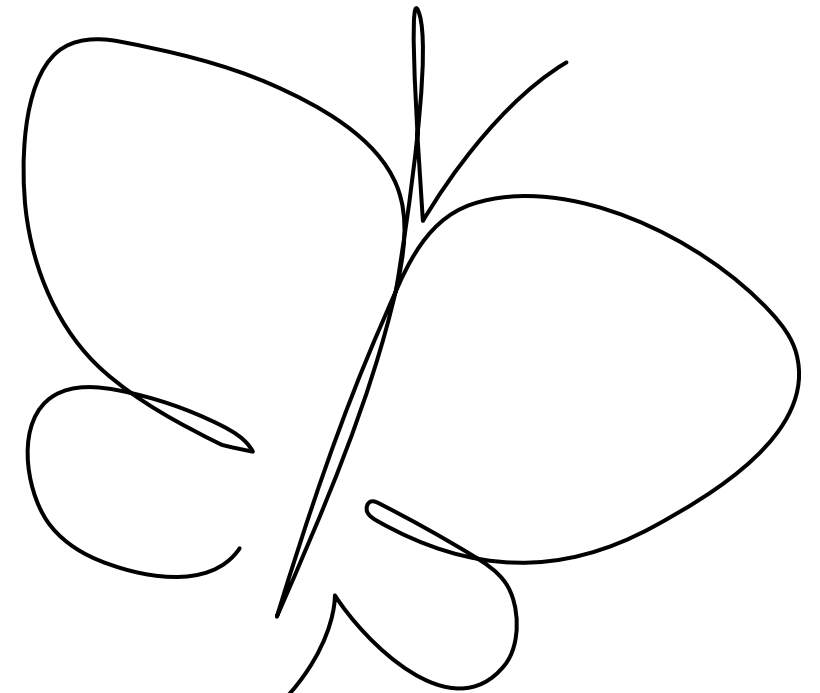
The disruptive power of business agility
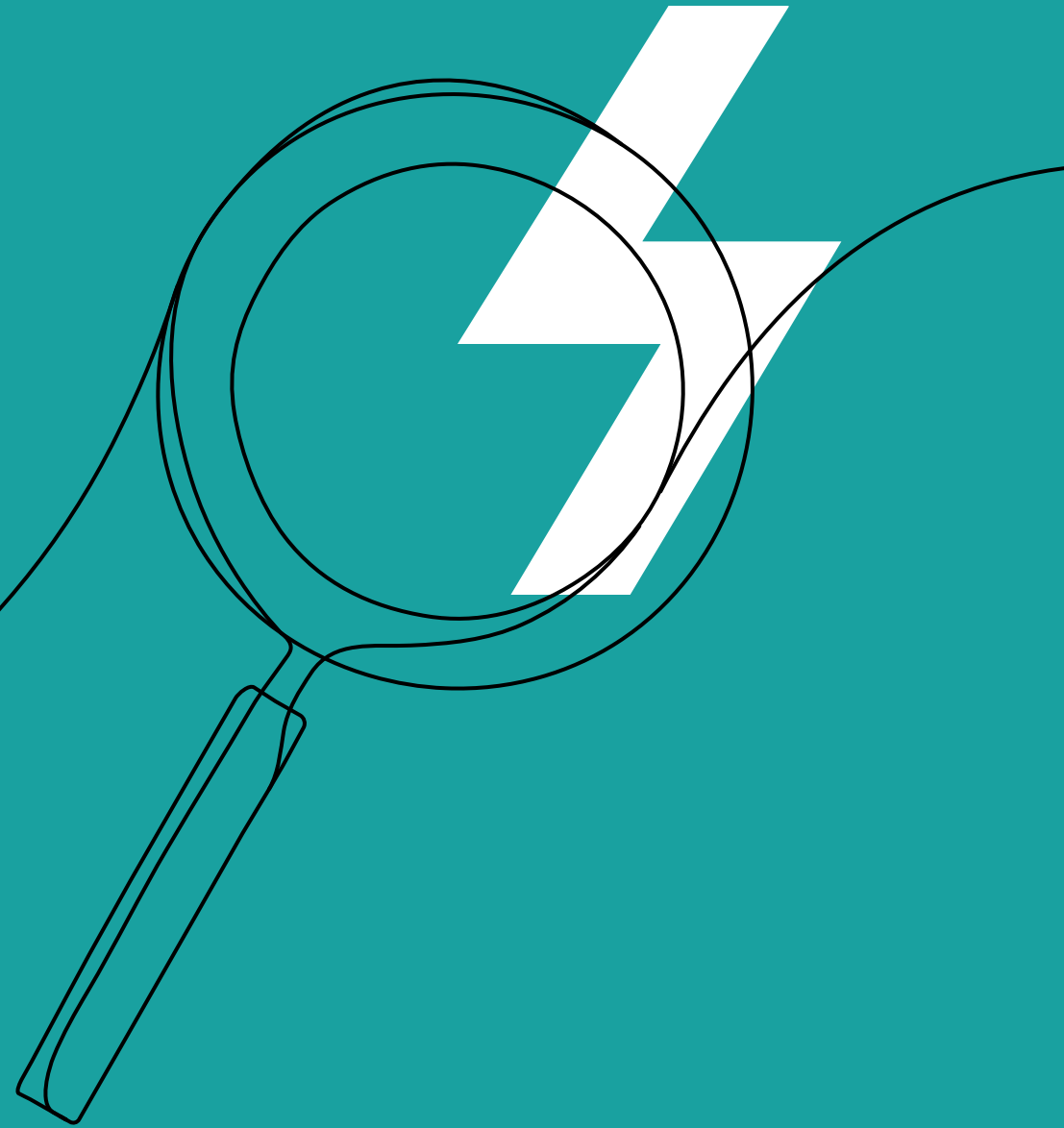
Planning is a basic human instinct. It's how we make sense of the world around us—the things that have happened, our present circumstances, and our desires for the future.

But traditional, static planning is quickly proving to be incompatible with the rapidly accelerating, fast-changing business environment.

The volume, variety, and velocity of new information pouring in every second, from every corner of the business, far exceeds our capacity to meaningfully process it. And as we fall behind, we lose both our understanding of the world around us, and our agency within it.

We can't identify opportunities soon enough to act on them. We can't anticipate challenges before they become problems. We can't clearly see the consequences of our actions or the quality of our working practices. We become increasingly removed from the things we make, the customers we serve, the market we're in.

Active planning can restore our sense of agency in a faster, more complex world by driving business insights that give us the confidence to make the rapid decisions needed for true business agility.

And when the rest of the world is grappling with fast-moving complexity, agility is a powerful differentiator.
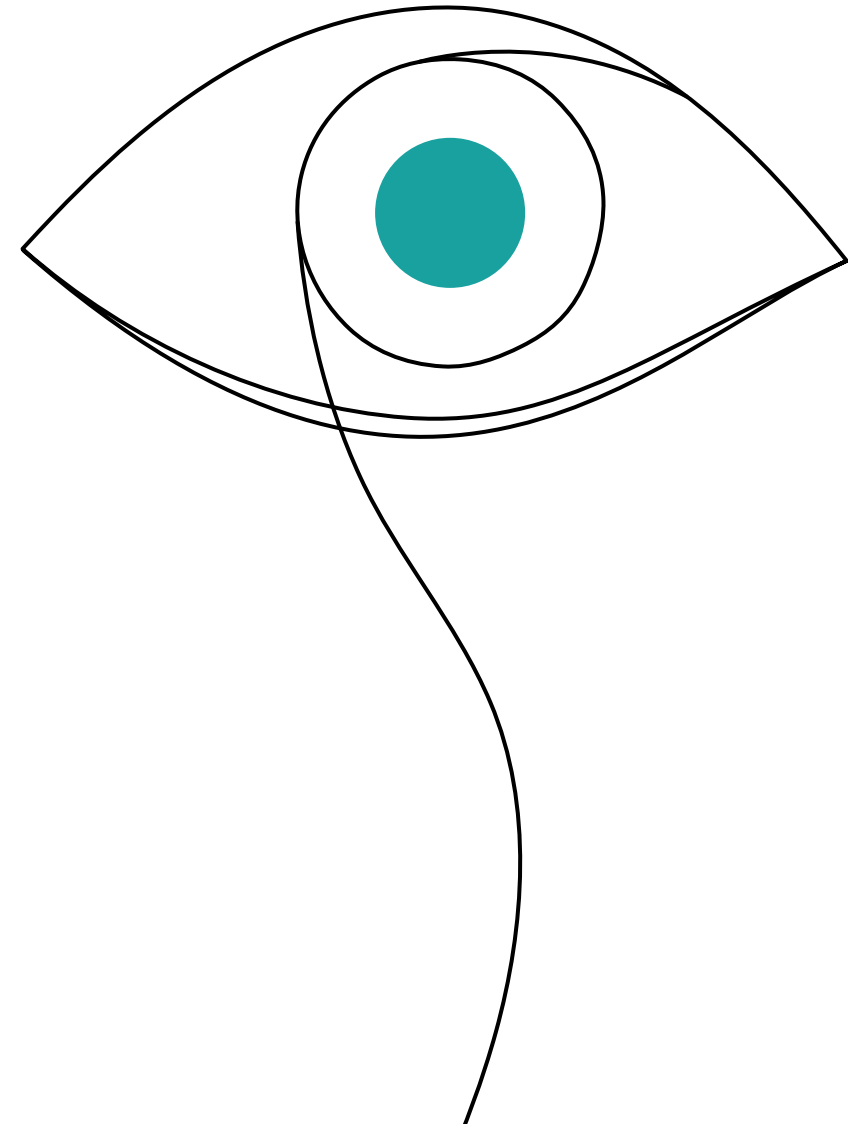
Tomorrow's winners will be the most agile

Business agility means organizations like yours can think fast, move first, and change rapidly, while maintaining control and stability.

It means you can understand not only what's going on but also how you could respond and what effect your actions would have.

It enables you to meaningfully digest the new volume, variety, and velocity of data by capturing it all in a single, intuitive, integrated environment, and surfacing the critical information you need to make decisions.

It brings your whole business together by broadening participation in planning and strategy to improve both day-to-day operations and your understanding of the overall dynamics of your business.

It's collaborative, continuous, and comprehensive, supported by a platform that's easy-to-use, fast, and powerful.

That makes it easier to model complex scenarios, link together operational and financial plans, monitor executional results, analyze past and current performance, and drill down into (or roll-up) fine-grain reporting from any area of the business.

The world isn't going to slow down, and markets aren't going to get less competitive. In the long-term (and probably before then) business agility isn't going to be just a nice-to-have, or even a significant differentiator.

It's going to be the deciding factor between the businesses that survive, and the businesses that wish they had.