

The business case for Extended Planning

Exploring the tools finance leaders need to
make better decisions in a non-linear world



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1 | Old frameworks for making sense of the world are failing



How can finance leaders attempt to make sense of the world in 2023?
What kind of tools might help us make **rapid, well-informed decisions?**

To describe the current landscape, adjectives such as volatile, unpredictable and chaotic are used liberally, and with good reason. But if planners and decision-makers are to adopt an appropriate approach to planning, perhaps a much more useful descriptor is 'non-linear:' the idea that cause and effect are seemingly disconnected or disproportionate.

A recent evolution in business planning dubbed extended planning and analysis (xP&A) speaks directly to this reality.

From political instability through to pressure to decarbonise, the problems companies face are becoming less localised. They do not respect business function boundaries and have consequences that are not always obvious.



So when yet another big external event looms into view, the natural assumption is that it will affect the business in some way. But when it comes to the detail — assessing precisely how, when, where and to what extent that event will have an impact — the picture can be unclear.

This stymies good decision-making and resource allocation.

In a non-linear world, even seemingly small operational decisions can have huge consequences, good or bad, with the link between cause and effect not immediately visible.



How should planners respond?

The answer isn't clear cut.

The obvious answer may be to bring more detailed information into the decision-making mix.

But one recent survey suggested that: ***“The number of professionals who suffer from ‘information overload’ increased from 60% to 80% between 2020 and 2022”***. Merely adding more data to legacy planning processes in a non-linear environment can all too often be counterproductive; adding little to our understanding, and sometimes even increasing confusion.

Leaders want **more** from planning.

It is not just ‘more data’ (or even big data). They need:

- **Faster, more accurate planning processes**, where financial, strategic and operational plans are all in lock-step.
- **Visibility over all moving parts of the business**, along with better linkages to early warning signals.
- **The ability to collaborate cross-functionally, test assumptions, ask ‘what if?’** and get answers they can rely on.

A new approach to planning, **xP&A**, may offer business leaders the ability to see the whole picture and make the right decisions, faster.

Extended planning and analysis is a fresh approach to planning that enables finance leaders to realise this combination of capabilities.

It can foster agility — the ability to pivot where needed in light of previously unpredicted events. But it does so in a way that can successfully link cause and effect, creating a truly holistic view across an entire enterprise.

This is planning fit for a non-linear world.

70%

of financial planning and analysis projects will become xP&A projects by 2024.

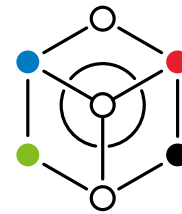
Gartner, 2022

2 | Eliminating silos: The what and why of xP&A

No department within an enterprise has a monopoly on planning.

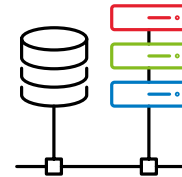
Finance obviously needs to maintain a strategic overview. Meanwhile however, sales, client relations, line-of-business development, HR and others will all have their own forecasts, targets, budgets and priorities to manage. xP&A does not seek to diminish this or to freeze stakeholders out of the planning process. Rather, it seeks to bring all those activities together to create a single, business-wide process.

An xP&A solution enables businesses to do three things:



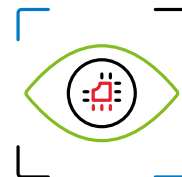
1.

It provides for all planning activities on a **single platform**



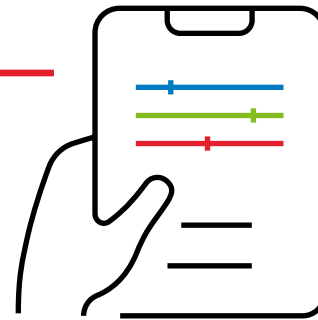
2.

It **holds the data** for those processes on that platform



3.

It also has **predictive learning** and **machine learning** capabilities to help deliver more accurate insights



Gartner defines xP&A as, **“The evolution of planning, combining financial and operational planning on a single composable platform.”**



James McEntee, managing director of CCH Tagetik UK, explains how xP&A has evolved:

“Historically, businesses have worked out the likely demand for their products, how they are going to build them, where they are going to keep them and how they are going to ship them, and once those plans are approved by the CEO, they are passed on to the finance function.

“Finance would then determine how much it costs and allocate the money for it. But by bringing operations and finance together, companies can now see these plans and the final implications in full at every step, based on running multiple scenarios. By adopting this approach, businesses can transform their output and return on investment.”

CCH Tagetik has been recognised as part of an elite group of CPM (corporate performance management) solutions capable of delivering the xP&A approach to planning.

3 | The difference between FP&A and xP&A

Under the traditional financial planning and analysis (FP&A) model, finance has ownership of the financial and strategic elements of performance management.

Meanwhile, separate operational planning processes are happening elsewhere, utilising independent data silos.

If finance wants to include planning information originating from other departments into its plans, data from an array of spreadsheets often has to be aggregated before being consolidated within the FP&A system.

With xP&A, businesses can establish a single reliable source for all data. There are no disparities or queries over where figures have come from, or what department-specific methodology has been used to arrive at them.

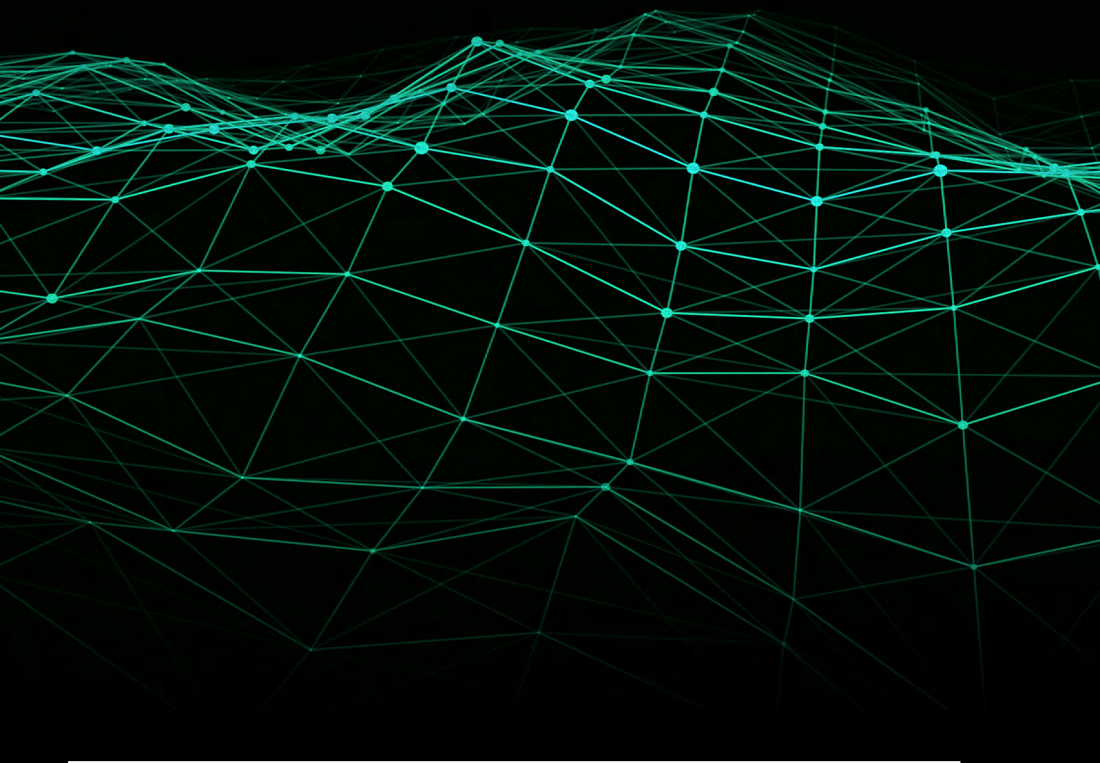
With data silos removed, it can deliver a holistic view of business performance and enables you to assess the company-wide consequences of strategic, financial and operational decisions.

“There are inherent problems in using disparate spreadsheets from different systems. It means you have to reconcile all this varied data, and that takes time. You’re not going to get a good decision that way.

“The ability to have one tool that allows a business to integrate disparate systems and have a single source of truth is invaluable. It allows you to pivot your strategies and make on-the-hoof decisions on information rather than using half finance and half guesswork.”

Mark Jenkins

Chief Finance Officer at HR, payroll and finance software company MHR International



The characteristics of xP&A make it an especially useful approach for supporting the business in delivering true agility.

Creating agility and responding to uncertainty with **extended planning**

It is not surprising that finance leaders are adopting – or considering adopting – the xP&A approach at this particular time. We have all seen how the last couple of years have seen many businesses facing situations where they have had to think and act in completely new ways, making organisational agility an absolute imperative.

True agility describes an organisation's ability to respond in a timely manner to what may be completely unplanned or unpredicted events, where the outcomes seem uncertain. The characteristics of xP&A make it an especially useful approach for supporting the business in delivering this response.

4 | Creating an agile approach to planning and strategy: Decision-making in a non-linear world



Facilitating timely responses

xP&A eliminates the need to reconcile and consolidate data from complex operational plans. Instead, it allows planners to gather all data types from the high to the detailed level all in one place, together with a strategic overlay. Without having to query the numbers or how they have been arrived at, xP&A puts decision-makers in a position to analyse, decide and act a lot quicker compared to legacy planning processes.



Providing tools to navigate uncertainty

Finance leaders need the ability to make the right decisions in the face of previously unforeseen events. This is where the artificial intelligence-driven functionality of elite xP&A solutions – CCH Tagetik among them – is especially relevant. It allows business users to test assumptions on-demand through ‘what if’ analysis, alter the drivers in an instant, and use precise, AI-based forecasts to instantly view the impact of changes. When multiple options are on the table, it becomes possible to measure the likely business-wide consequences of each.

Why xP&A? And why now?

With any new approach to existing processes, these are the key questions. As for xP&A, the increasingly non-linear nature of the problems we face means that achieving a holistic view of the business has arguably never been more important.

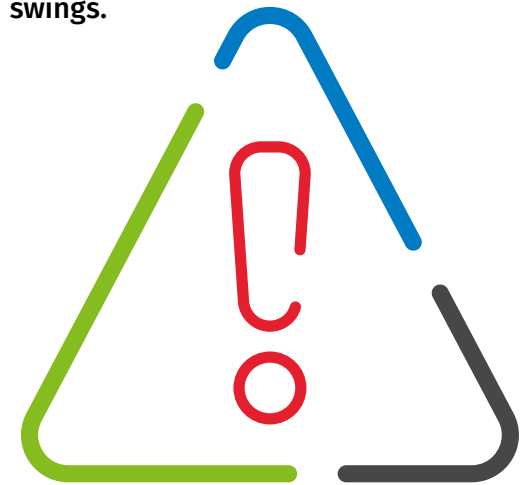
A tweak to remuneration policy, a switch to subscription pricing, the onboarding of a new supply chain partner or business arm — these and countless other decisions can have ripples across the business that are not always self-evident.

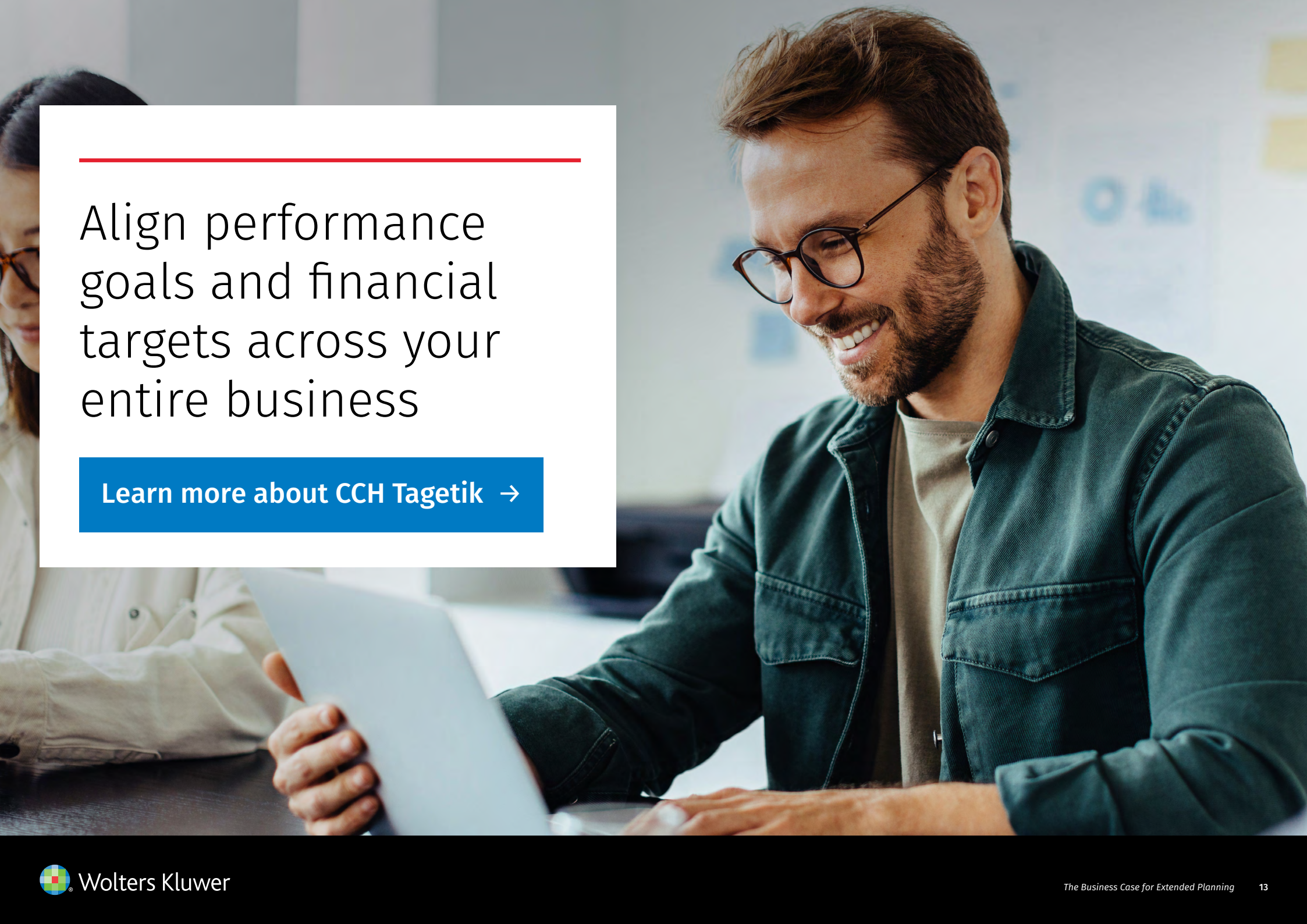
xP&A is an approach that may deliver the true visibility organisations demand in order to link cause and effect, along with the ability to navigate uncertainty and respond with agility.

It's high time for finance leaders to get on board.

xP&A helps finance leaders combat:

- Disconnects between operational aspirations and financial objectives
- Unexpected and unforeseen consequences of decisions
- Periods of sudden industry disruption
- Communication divides caused by geographical distance, source systems, and departmental siloes
- Supply chain, economic, and demand swings.





Align performance goals and financial targets across your entire business

[Learn more about CCH Tagetik →](#)