

POSSIBLE (RE)DEFINED

# Mid-Year Check-In: Strategies to Crush Your 2024 FP&A Goals

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# Learning Objectives

## KNOWLEDGE



**Cashflow First:** Learn why managing your cash is foundational and how it impacts your overall financial health.



**Planning and Forecasting:** Understand the importance of strategic and tactical planning and how forecasting plays a crucial role in shaping your financial future.



**Financial and Operational KPIs:** Discover how financial statements, forecasts and operational KPIs can guide your decision-making process and drive success.

WELCOME

# Today's Presenters



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Polling Question

# By a Show of Hands...



AUDIENCE POLL

# What is your companies biggest FP&A goal?

- A) Improve planning/strategy, budgeting and forecasting
- B) Improve veracity of and use of data
- C) Improving metrics tracking and analysis
- D) Evaluate pricing/inflation, supply chain costs and OpEx to manage profitability
- E) Something Else

## The Challenge

# Why are FP&A goals difficult to achieve?

FP&A draws on many disciplines -- a holistic approach is needed



You must be able to define “what you need” and compare it to “what you have”



What your need is highly dependent on your context (size, industry, complexity)



All areas must reach a minimum “maturity level” to add value



How does your company stack up to your needs? Vis-a-vis competitors?

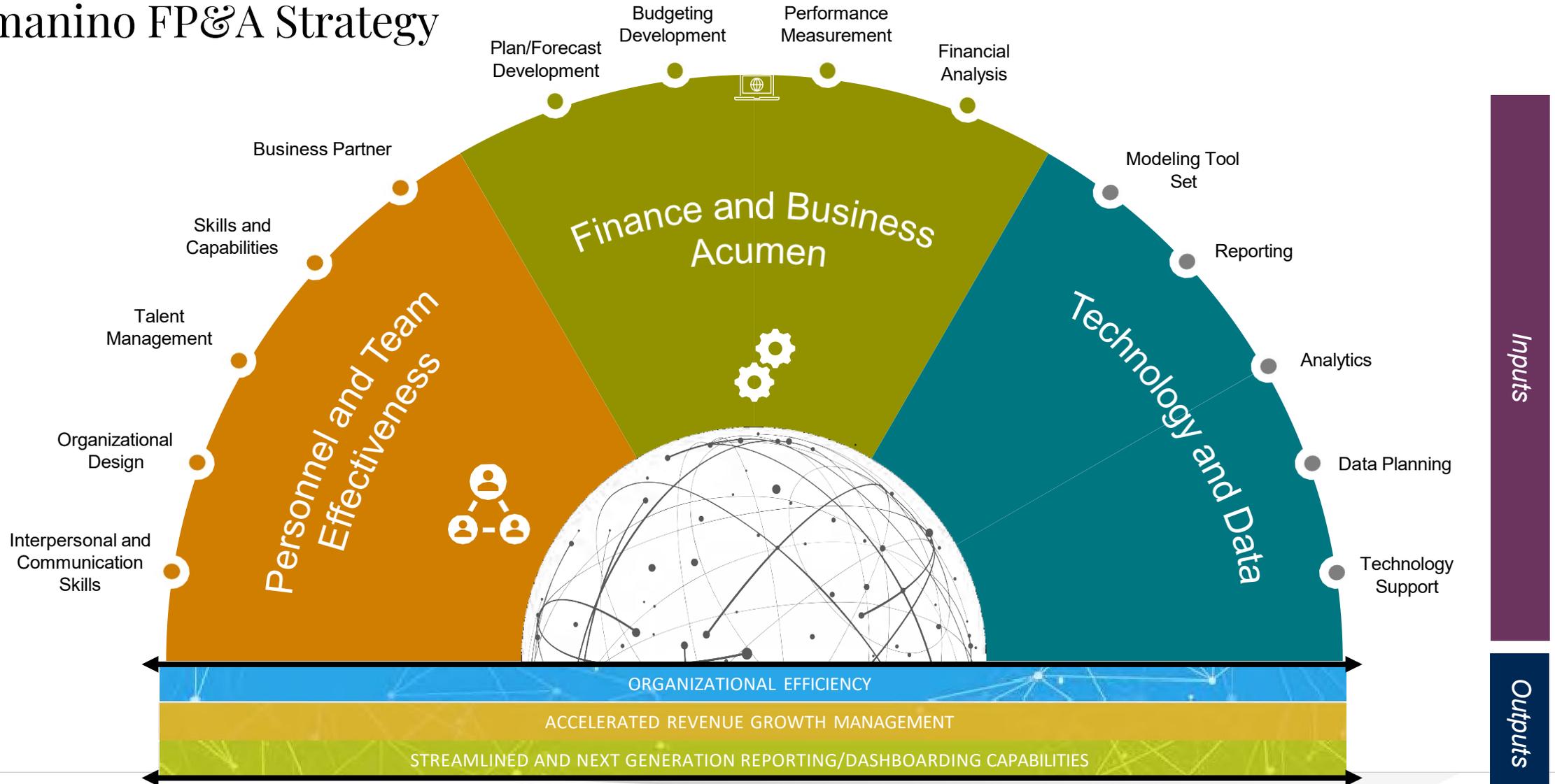
# Areas of FP&A Maturity

- 1) Data integrity, one source of truth, data integration
  - Lack of access and sharing of accurate data = financial planning “guessing game”
- 2) Tools and process that create regular visibility to key data
  - Promoting awareness & curiosity, analysis and improvement is vital
- 3) A strong functioning team and individuals with skills, expertise and agility
  - Key to responding intelligently and quickly as data/conditions in the business change

Take a Short Term/Longer Term approach to your goals

- Prioritize and start addressing the gaps between needs and capabilities
  - Mature your FP&A function to enable reaching your ultimate goals
    - Set realistic short-term goals for your company

# Armanino FP&A Strategy





## AUDIENCE POLL

What challenges are keeping you from achieving your FP&A goals?

- A) Data & Tech
- B) Tools and Process
- C) People skills and expertise
- D) A combination of 2
- E) All 3

Data enables digital transformation and can make or break strategic initiatives

# Data as the Critical Communication Point

## Sales / Commercial

- CRM & pipeline
- Net Pricing & Contracts
- A/R & Collections
- Promo Execution & Other Drivers



## Finance & Accounting

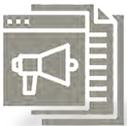
- Profitability
- Balance Sheet / Cash Flow
- M&A / Divestitures
- Capital Plan
- Banking Communications / Loan Covenants
- Investor Relations & Board of Directors



Insights & Analytics

## Marketing

- Campaigns
- Rebranding
- Gross Pricing
- Promotion Plan



## Operations

- Sourcing/Procurement
- Labor & Personnel
- Production
- Warehousing/Inventory
- Shipping & Logistics

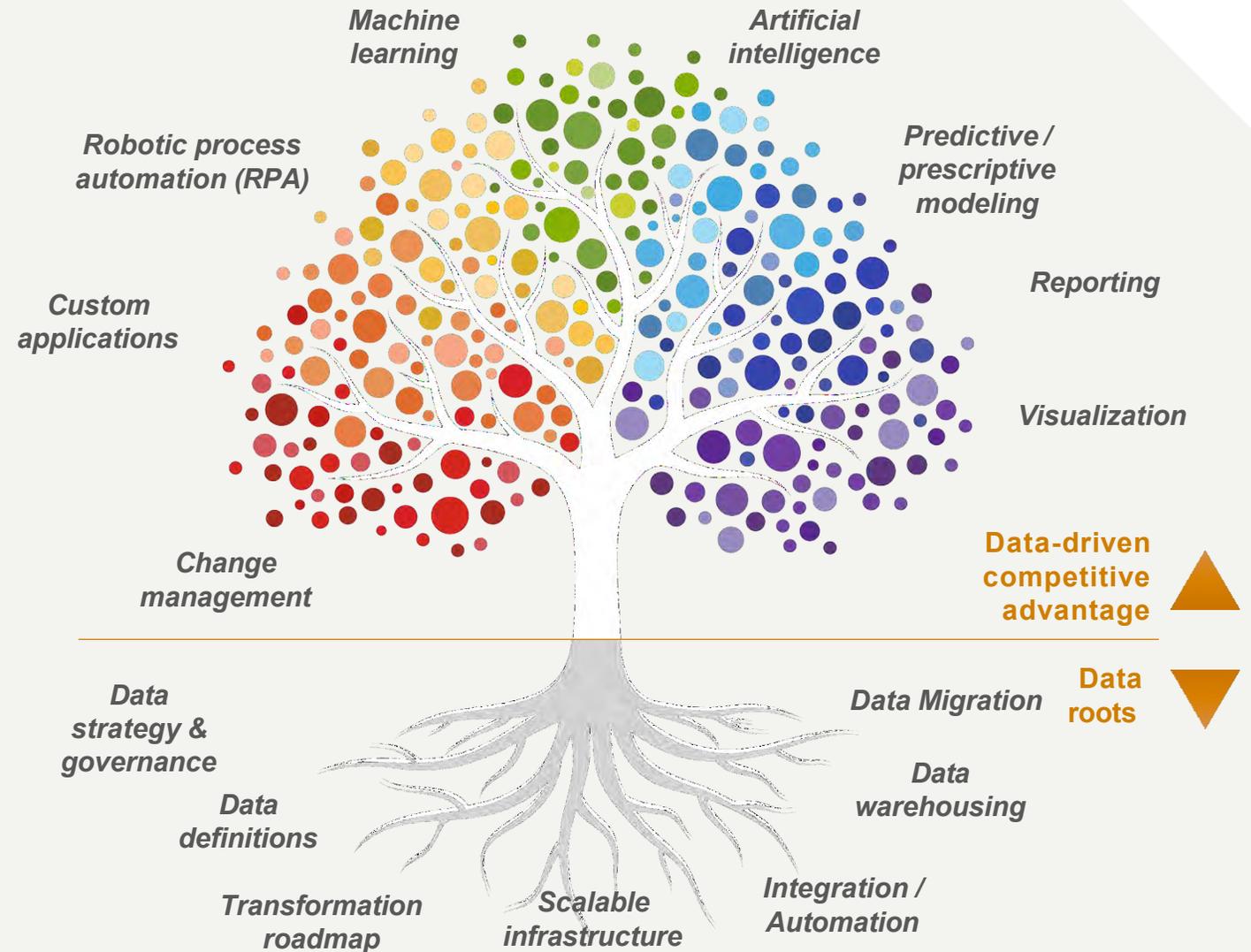


## Structure of Technology & Data Transformation for Finance

What are the different ways you need to look at your business to manage it?

Building the roots to your digital transformation enables all transformative outcomes.

**The journey to sustained competitive advantage begins with strong roots.**



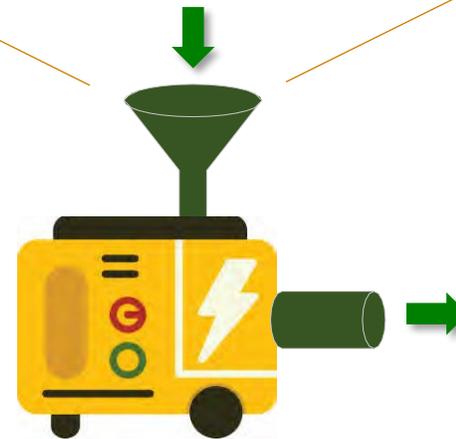
Automate your data stream to drive real-time insight.

# Data Frequency & Digestibility

## 1 Identify Weekly Data Feeds



## 2 Automate Data Transformation



## 3 Output clean, digestible data to model

	A	B	C
1	Product Name	Month	Sales Amount
2	Product A	Jan-14	192.375
3	Product A	Feb-14	285.75
4	Product A	Mar-14	38.25
5	Product A	Apr-14	200.25
6	Product A	May-14	221.625
7	Product A	Jun-14	349.875
8	Product A	Jul-14	165.375
9	Product A	Aug-14	499.5
10	Product A	Sep-14	40.5
11	Product A	Oct-14	259.875
12	Product A	Nov-14	343.125

*Real-time data is oftentimes messy.*

*Automating data transformation is critical.*

### Consolidate Disparate Data Sources

- Power Query (Excel)
- Third Party Software (Altryx)

### Apply Custom Categorization

- Manual, line-by-line
- Utilize **Artificial Intelligence** to drive significant time savings

Source Cash Actuals from any ERP or Online Bank Portal

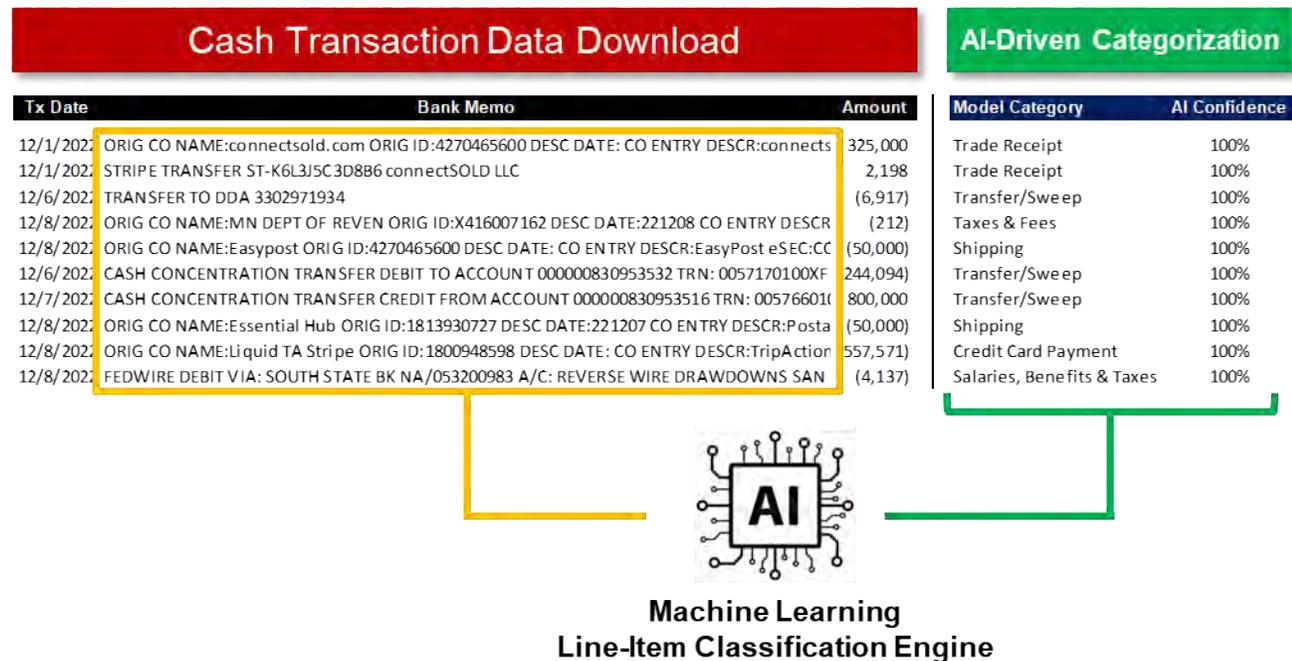
# AI-Based Banking Transaction Classification Engine

## Features

- ✓ Feed **accounting** entries booked against cash
- ✓ Feed banking transaction CSV's **downloaded directly from online bank account**
- ✓ Machine-learning model categorizes 30k+ transactions in a matter of minutes
- ✓ Produces **data confidence score** – how sure was the AI in classifying each line item?

## Benefits

- ✓ Historical cash flow analysis – incorporating weekly cash transactions over **past 12 months**
- ✓ Initial set up allows for **real-time** reporting on **today's cash balance** every Monday
- ✓ The more cryptic the data is, the more valuable AI becomes (**cannot automate bank memo “lookup” in Excel**)
- ✓ Allows for actionable insight to make key decisions each week





# Rapid 13-Week Cash Flow Forecast

Armanino.com

## Know and Grow your Cash Flow

Total Company											
Weekly Cash Flow Forecast											
Week #	-3	-2	-1	0	1	2	1	2	3	4	5
	Actual	Actual	Actual	Actual	Forecast						
Beginning:	11/21/2022	11/28/2022	12/5/2022	12/12/2022	12/19/2022	12/26/2022	1/2/2023	1/9/2023	1/16/2023	1/23/2023	1/30/2023
Ending:	11/27/2022	12/4/2022	12/11/2022	12/18/2022	12/25/2022	1/1/2023	1/8/2023	1/15/2023	1/22/2023	1/29/2023	2/5/2023
Beginning Balance	5,899,083	5,777,051	6,390,574	6,957,641	5,763,457	6,378,969	6,035,678	6,243,247	5,457,442	5,987,033	5,588,483
<b>Deposits (Operating)</b>											
Customer A	966,247	2,421,708	1,470,368	1,268,670	1,368,670	1,318,670	1,548,399	1,548,399	1,548,399	1,548,399	1,548,399
Customer B	72,465	188,412	116,769	128,446	184,569	60,000	94,377	77,826	84,818	71,559	105,928
Other	265,387	53,319	12,755	28,674	166,000	10,000	52,127	52,127	52,127	52,127	52,127
<b>Total Deposits (Operating)</b>	<b>1,304,100</b>	<b>2,663,440</b>	<b>1,599,892</b>	<b>1,425,791</b>	<b>1,719,240</b>	<b>1,388,670</b>	<b>1,694,903</b>	<b>1,678,352</b>	<b>1,685,344</b>	<b>1,672,085</b>	<b>1,706,454</b>
<b>Payments (Operating)</b>											
<b>Contra Revenue</b>											
Shipping	(750,945)	(909,933)	(821,555)	(957,998)	(747,239)	(612,736)	(731,862)	(731,862)	(731,862)	(731,862)	(780,119)
Rebate	-	-	-	-	-	-	-	-	-	-	-
Hosting	-	-	-	-	-	-	-	-	-	-	-
<b>Total Contra Revenue</b>	<b>(750,945)</b>	<b>(909,933)</b>	<b>(821,555)</b>	<b>(957,998)</b>	<b>(747,239)</b>	<b>(612,736)</b>	<b>(731,862)</b>	<b>(731,862)</b>	<b>(731,862)</b>	<b>(731,862)</b>	<b>(780,119)</b>
<b>Marketing</b>											
Marketing	-	(15,000)	(2,500)	-	-	-	(46,049)	(46,049)	(46,049)	(46,049)	(46,049)
Marketing - Paid Ads	(13,021)	(4,500)	(750)	(13,021)	(9,043)	(9,043)	(9,043)	(9,043)	(9,043)	(9,043)	(9,043)
<b>Total Marketing</b>	<b>(13,021)</b>	<b>(19,500)</b>	<b>(3,250)</b>	<b>(13,021)</b>	<b>(9,043)</b>	<b>(9,043)</b>	<b>(55,092)</b>	<b>(55,092)</b>	<b>(55,092)</b>	<b>(55,092)</b>	<b>(55,092)</b>
<b>FTE Expenses</b>											
Salaries, Benefits & Taxes	(200,213)	(1,008,132)	(20,242)	(1,032,331)	(242,446)	(1,075,000)	(6,700)	(950,000)	(200,119)	(950,000)	-
Professional Fees	(175,576)	(79,877)	(67,588)	(1,462)	(100,000)	(25,000)	(481,635)	(121,635)	(121,635)	(121,635)	(121,635)
Travel & Entertainment	-	-	-	-	-	-	-	-	-	-	-
<b>Total FTE Expenses</b>	<b>(375,790)</b>	<b>(1,088,009)</b>	<b>(87,830)</b>	<b>(1,033,792)</b>	<b>(342,446)</b>	<b>(1,100,000)</b>	<b>(488,335)</b>	<b>(1,071,635)</b>	<b>(321,754)</b>	<b>(1,071,635)</b>	<b>(121,635)</b>
<b>Rent &amp; Office</b>											
Rent & Utilities	(5,183)	-	(522)	-	-	(5,183)	-	(522)	-	-	(5,183)
Office Expenses	(56,224)	-	(47,549)	(47,739)	-	-	(22,656)	(22,656)	(22,656)	(22,656)	(22,656)
<b>Total Rent &amp; Office</b>	<b>(61,407)</b>	<b>-</b>	<b>(48,071)</b>	<b>(47,739)</b>	<b>-</b>	<b>(5,183)</b>	<b>(22,656)</b>	<b>(23,178)</b>	<b>(22,656)</b>	<b>(22,656)</b>	<b>(27,839)</b>
<b>Fees &amp; Other</b>											
Bank Fees	-	(389)	-	-	-	-	-	-	-	-	-
Taxes & Fees	(34,660)	(18,027)	(212)	(245)	-	-	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)
Business Insurance	-	(3,912)	-	-	-	-	-	-	-	-	-
Other	9,333	(10,148)	(71,907)	(9,608)	(5,000)	(5,000)	(13,390)	(13,390)	(13,390)	(13,390)	(13,390)
<b>Total Fees &amp; Other</b>	<b>(25,327)</b>	<b>(32,476)</b>	<b>(72,119)</b>	<b>(9,853)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(24,390)</b>	<b>(24,390)</b>	<b>(24,390)</b>	<b>(24,390)</b>	<b>(24,390)</b>
<b>Credit Card Payments</b>	<b>(199,642)</b>	<b>-</b>	<b>-</b>	<b>(557,571)</b>	<b>-</b>	<b>-</b>	<b>(165,000)</b>	<b>(558,000)</b>	<b>-</b>	<b>(165,000)</b>	<b>-</b>
<b>Total Payments (Operating)</b>	<b>(1,426,132)</b>	<b>(2,049,917)</b>	<b>(1,032,826)</b>	<b>(2,619,975)</b>	<b>(1,103,728)</b>	<b>(1,731,961)</b>	<b>(1,487,334)</b>	<b>(2,464,157)</b>	<b>(1,155,754)</b>	<b>(2,070,634)</b>	<b>(1,009,074)</b>
<b>Operating Cash</b>	<b>(122,032)</b>	<b>613,523</b>	<b>567,067</b>	<b>(1,194,183)</b>	<b>615,512</b>	<b>(343,291)</b>	<b>207,568</b>	<b>(785,805)</b>	<b>529,590</b>	<b>(398,550)</b>	<b>697,380</b>
<b>Ending Cash Balance</b>	<b>5,777,051</b>	<b>6,390,574</b>	<b>6,957,641</b>	<b>5,763,457</b>	<b>6,378,969</b>	<b>6,035,678</b>	<b>6,243,247</b>	<b>5,457,442</b>	<b>5,987,033</b>	<b>5,588,483</b>	<b>6,285,863</b>

Total Company			
Weekly Cash Flow Forecast			
Week #	-3	-2	-1
	Actual	Actual	Actual
Beginning:	11/21/2022	11/28/2022	12/5/2022
Ending:	11/27/2022	12/4/2022	12/11/2022
Beginning Balance	5,899,083	5,777,051	6,390,574
<b>Deposits (Operating)</b>			
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Other	265,387	53,319	12,755
<b>Total Deposits (Operating)</b>	<b>1,304,100</b>	<b>2,663,440</b>	<b>1,599,892</b>
<b>Payments (Operating)</b>			
<b>Contra Revenue</b>			
Shipping	(750,945)	(909,933)	(821,555)
Rebate	-	-	-
Hosting	-	-	-
<b>Total Contra Revenue</b>	<b>(750,945)</b>	<b>(909,933)</b>	<b>(821,555)</b>
<b>Marketing</b>			
Marketing	-	(15,000)	(2,500)
Marketing - Paid Ads	(13,021)	(4,500)	(750)
<b>Total Marketing</b>	<b>(13,021)</b>	<b>(19,500)</b>	<b>(3,250)</b>
<b>FTE Expenses</b>			
Salaries, Benefits & Taxes	(200,213)	(1,008,132)	(20,242)
Professional Fees	(175,576)	(79,877)	(67,588)
Travel & Entertainment	-	-	-
<b>Total FTE Expenses</b>	<b>(375,790)</b>	<b>(1,088,009)</b>	<b>(87,830)</b>
<b>Total Payments (Operating)</b>	<b>(1,426,132)</b>	<b>(2,049,917)</b>	<b>(1,032,826)</b>
<b>Operating Cash</b>	<b>(122,032)</b>	<b>613,523</b>	<b>567,067</b>
<b>Ending Cash Balance</b>	<b>5,777,051</b>	<b>6,390,574</b>	<b>6,957,641</b>

- **Direct** method based on bank account-level cash transactions
- Not **indirect** method based on change in balance sheet accounts
- Discrete & digestible custom categories that reflect the **economics of the business**, not tied to GL codes or accounting
- AI-enabled means quick and accurate tagging of expenses – easy maintenance
- What **cash** will we receive and spend over the next **13 weeks**?

People and Team

# The people landscape is challenging

1

Demographics mean less available talent

2

Specialty skills are difficult to find

3

Partnering skills – important and time consuming

4

Unclear roles in stretched organizations

5

Technology presents opportunities and challenges

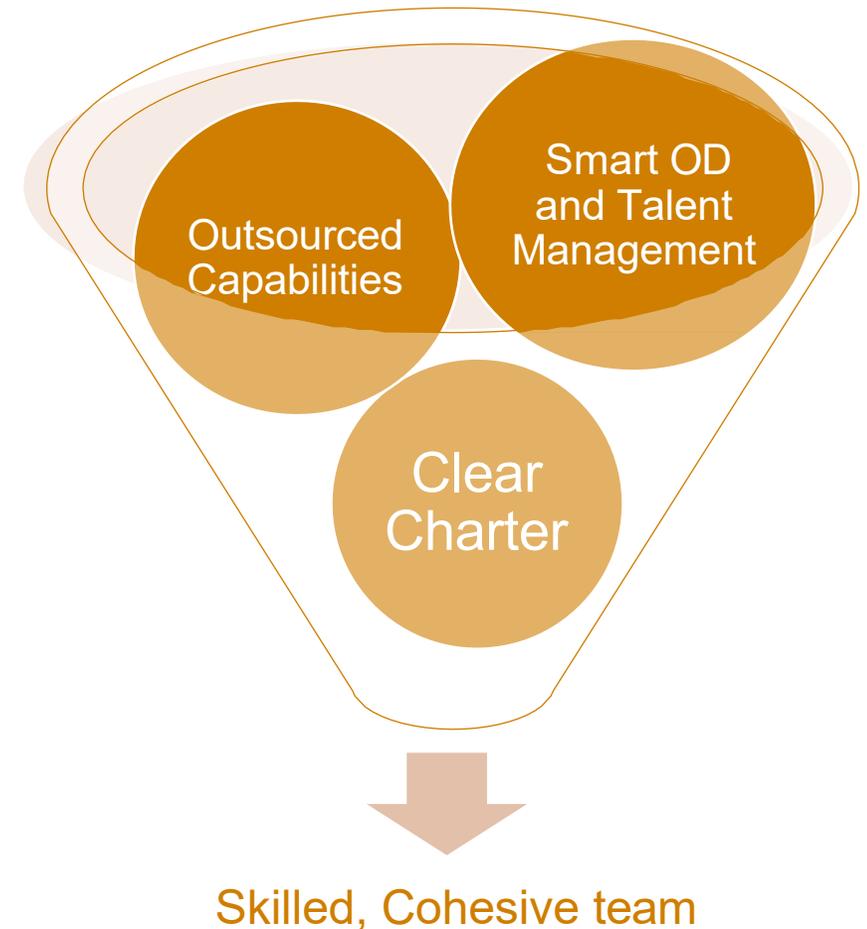
6

Amount of required skills is increasing

## Balanced People Strategy

# Define your charter, find and manage talent

- What are you trying to achieve as an FP&A team?
- What people capabilities do you need? Technical and Communication skills?
- Invest in the recruiting, training and people management process, but supplement with outside talent to complete skill sets or increase horsepower



CONNECT WITH ME

Thank you for  
attending

Additional Questions?

Reach out to us at

[Experts@armanino.com](mailto:Experts@armanino.com)



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