



Driver-based planning

How driver-based frameworks can elevate the role of the FP&A team

The challenge

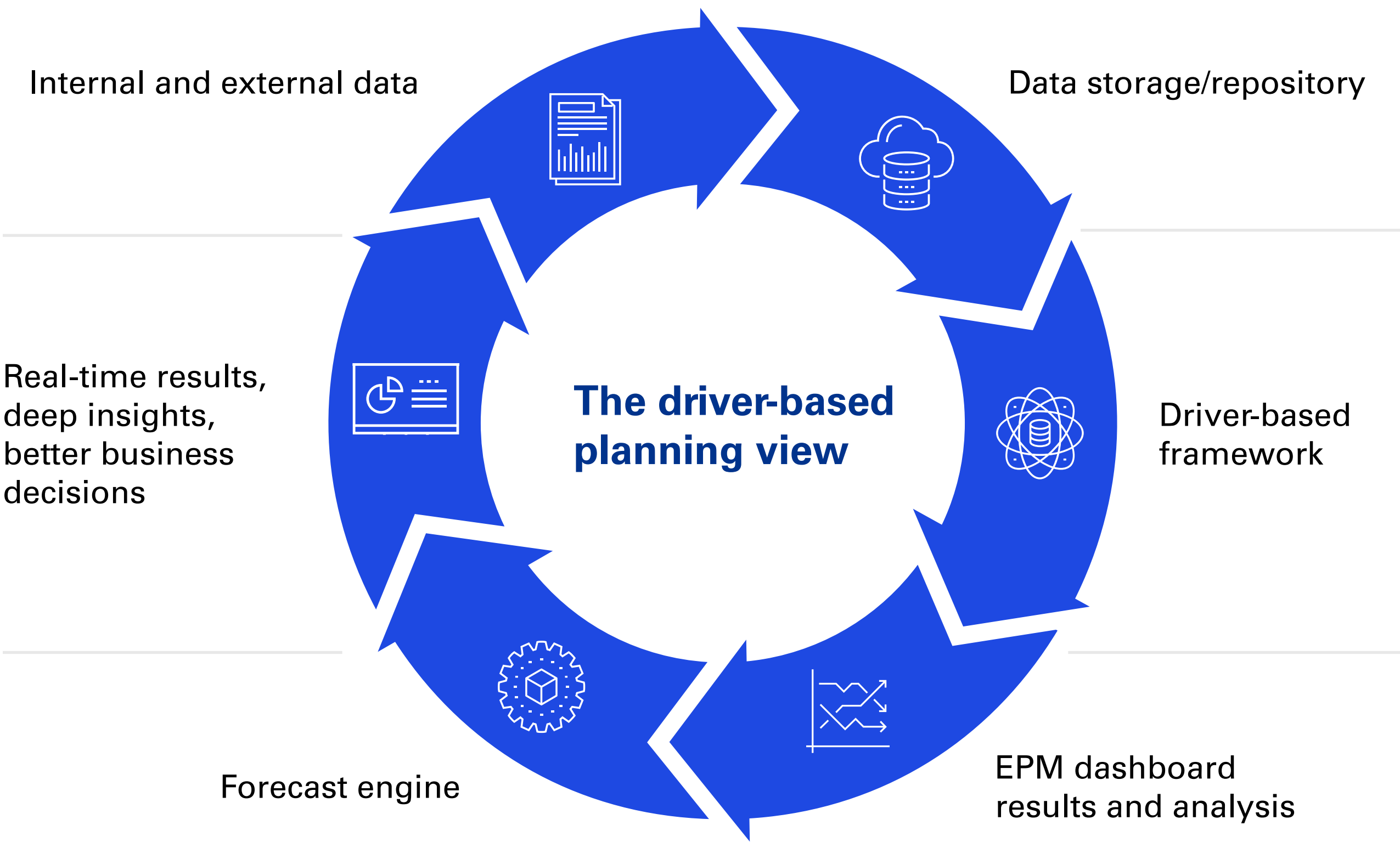
FP&A functions struggle with the incredible amount of time and resources required to create annual operating plans and manage still highly manual forecasting activities for the business.



Market volatility, an increasingly unpredictable business environment, and rising demand (and scrutiny) from senior leadership adds additional pressure for finance to deliver. Big Data further complicates the issue by offering significant new opportunities that are offset by the significantly expanded time needed to assess and report all of those new data inputs in the current FP&A structure.

Introducing the driver framework

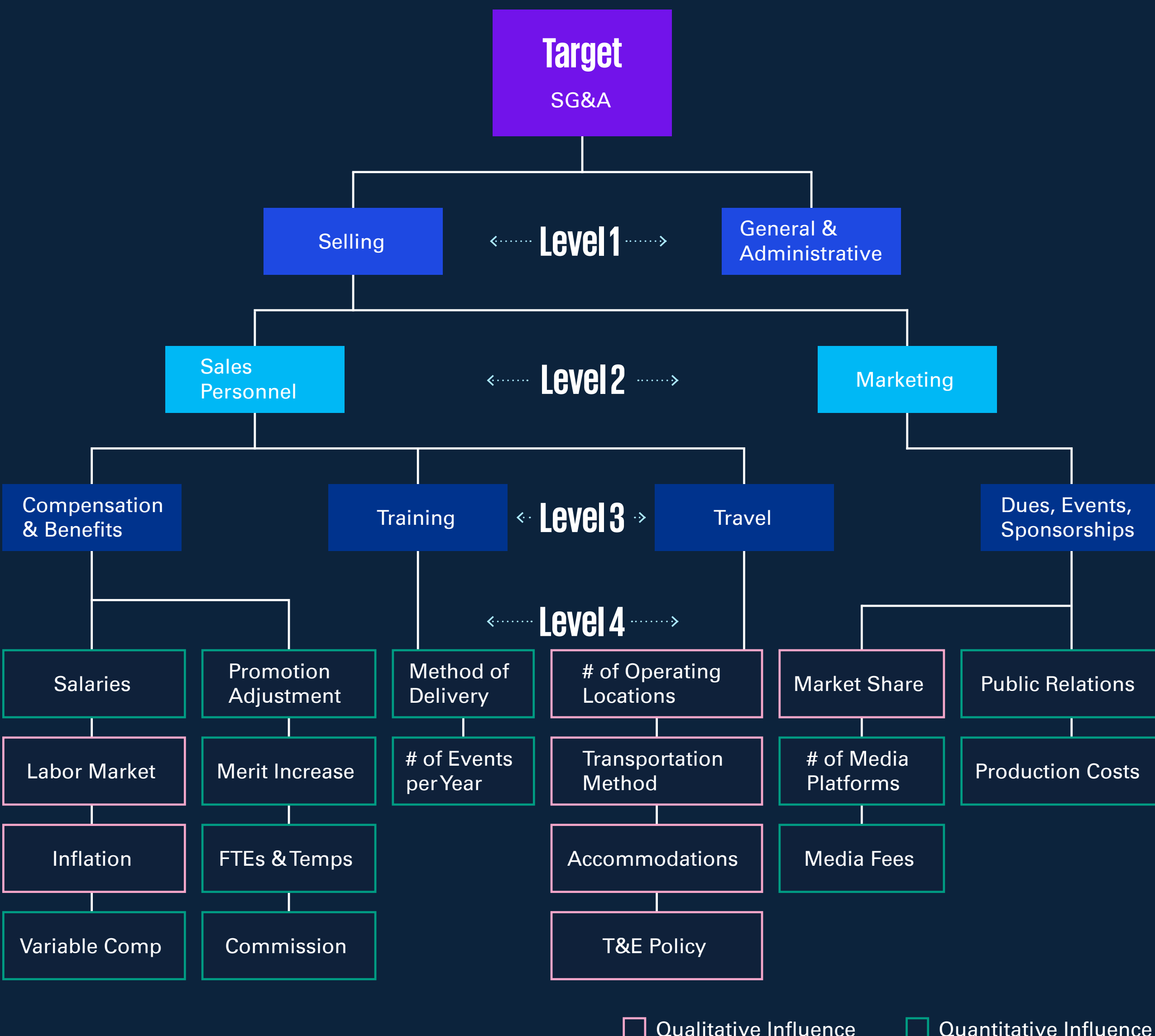
Driver-based business planning is based on a multilevel framework of the key levers that can deliver measurable impact for an organization. Fundamentally, the driver framework connects finance and operations, embedding key inputs into an automated planning and forecasting discipline that significantly reduces staff time, increases accuracy, and facilitates value-generating insights.



Introducing the value driver tree

Advanced driver frameworks connect both operational levers and financial metrics, at cascading levels that start to look like inverted trees as you move down the hierarchy. Understanding, deploying, and using these extended “value driver trees” is essential to delivering their ultimate promise of enhanced planning and forecasting. Here is an example of one part of a value driver tree related to SG&A.

SG&A – Industry-Agnostic

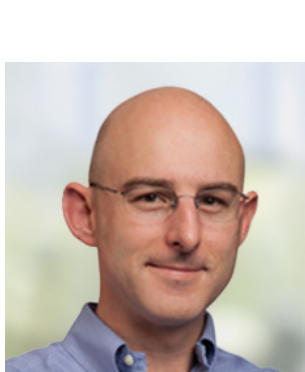


Insights ahead

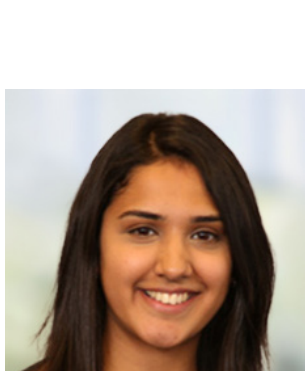
By eliminating the traditional bottom-up, line-by-line planning efforts with a fully embedded driver-based planning framework, organizations can significantly improve forecast accuracy while reducing the time they need to react to changes and risks. Most important, the automated driver-based approach liberates finance staff from now-commoditized, time-consuming FP&A processes to focus on value-generating insights.



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