

### **What contributes towards a successful FP&A professional?**

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At a time when the US economy has seen its share of financial crisis and business viability is a paramount concern of corporate executives it is important to examine the role of FP&A organization as well as its success factors. An FP&A organization uses internal accounting, financial and operational information in conjunction with the external economic and competitive climate to arrive at meaningful decision support recommendations corporate executives act upon. Long-term strategic planning, annual planning, root cause analysis to understand the variance between actual results compared to plan, course correction recommendations, and re-forecasting the future expectations are routine tasks performed by members of an FP&A team. These routine tasks form the foundation for the informed action choices a firm undertakes.

FP&A department is normally headed up by a director of finance or VP of finance reporting into the Chief Financial Officer. While the controller group provides historic financial performance information, the FP&A group provides future focused fact based information to drive forward momentum. An organization that does not have an effective FP&A group therefore will be akin to a car and driver headed to a destination solely with the use of a rear view mirror; arriving at the destination in tact posing a great challenge because there is no visibility to what lies ahead through the windshield. In other words, the FP&A team is the internal GPS of a corporation providing agility and alternate routes to arrive at the intended destination, the strategic vision.

The gravity of the FP&A function calls upon a highly skilled professionals with a diverse portfolio of skills ranging from technical acumen, emotional intelligence, moral cognition, and a deep understanding of social impact. Every corporation functions within the context of its external environment where all its stakeholders come from. Investors, customers, suppliers, employees, and regulators are members of society who come together to affect the viability of any business. A business therefore ought to be cognizant of its impact across its stakeholder society to earn

- (a) Investor confidence through good governance and effective enterprise wide risk management
- (b) Consumer loyalty through delivering the brand promise with authenticity and consistency
- (c) Supplier confidence through being a trusted strategic partner
- (d) Employee commitment by being the employer of choice by investing in its people and treating them as precious resource
- (e) Societal trust by being a socially responsible corporate citizen ethically acting within the regulatory guardrails

All of these success factors can be directly influenced by the FP&A professionals requiring them to be unbiased, ethical, accountable, reliable, and competent to function with integrity and authenticity.

People, process and technology are the three internal components driving the business engine and the FP&A organization is no exception. While there are standard technology platforms that

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effectively facilitate the functions of financial planning and analysis it is the people to shape the process and deliver results. Therefore it behooves organizations to take a closer look at its FP&A team. Technical competency in areas of accounting, finance, and economics are vital these professionals must have the ability to employ that knowledge in the context of the business operations and industry. These professionals have to develop the art of discerning what is beyond the numbers, understand the stakeholder dynamics and have the courage to make value-centric recommendations that will not erode the trust, reputation, or the integrity of the corporation. A successful FP&A professional will not focus on the short-term profit at the expense of the firm's long-term viability, but will make the tuff calls on doing the right thing to insure sustained economic progress.

A well rounded experience is necessary for a successful FP&A career. Solid educational foundation that includes accounting, finance, and economics can anchor the technical knowledge, but seasoned experience in diverse operating environment helps develop agility. One cannot have the foresight to advise an organization on timely course correction in the absence of being able to course correct for them self. Equally important is the trust factor that is earned through unbiased authentic professional judgment because no one will act on the recommendations of untrustworthy employee. Trust on the other hand cannot be earned by selfish pursuits. Root cause analysis requires the ability to draw members of various departments to share factual information with the knowledge that the information provided will be used for constructive business purposes. Power of persuasion stemming from earned trust and authentic relationships built overtime can only be attained where emotional intelligence and moral cognition exist.

Having been the Director of FP&A for one of the largest global banks I have firsthand knowledge of the importance of ethics, integrity, and competency for being a trusted financial business partner. In every sense of the word, a good FP&A professional is a strategic internal business partner for the organization. The experience as a CFO for a global insurance broker further affirmed the business reliance on my FP&A team at a time of crisis such as 9-11 in conjunction with regulator driven industry reform while operationalizing Sarbanes-Oxley compliance. The ability to do what is right and ethically balancing the stakeholder commitment, I found, always trumps any short cuts. The CFO sets the tone for the entire accounting and finance organization and the FP&A team sets the tone for the choices the organization makes. A single motive of profits should not govern the functioning of FP&A professionals; instead, sustained economic value creation with stakeholder partnership should govern the team and permeate throughout the organization through the value-centric recommendations proposed.