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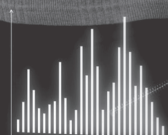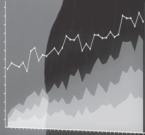
The FP&A Maturity Model

FP&A Guide Series

The FP&A Maturity Model

CONTENTS

The future is already here—it's just not very evenly distributed.

—William Gibson, writer

INTRODUCTION

Gibson's quote describes the current state of FP&A, as AFP releases an update to its FP&A Maturity Model. Some companies are experimenting with, and deploying, the latest technologies and advanced systems. Others are using basic systems and processes and do not feel the need, or have the resources, to overhaul their department. Most companies are somewhere in between.

The FP&A Maturity Model, Version 1.0 was published several years ago—practically a lifetime in the fast-changing world of financial planning and analysis. Even as we thoroughly updated Version 2.0, the goal of the Maturity Model remains the same: **to offer a roadmap for excellence in FP&A in the near term and includes the competencies to address the changes on the horizon.**

It is a challenge to create a single model to fit the broad expanse of the FP&A community, where practitioners and enterprise vary greatly by size, structure, industry, geography and culture. We realize some readers' organizations may fall somewhere in between regarding various components of the Maturity Model. Our hope is that you will find in the Maturity Model inspiration and aspiration to improve your craft and advance the profession.

This document would not be possible with efforts of those who wrote the first version, and those who helped to create version 2.0. AFP wants to thank the following members of the FP&A Advisory Council for their invaluable contributions to this update:

- **Peter Geiler, FP&A,** Stanford Health Care
- **Mariya Guttoh**, VP, FP&A, Bank of the West
- **Mitch Max**, Partner, BetterVu
- **Philip Peck**, VP, Finance Transformation, Peloton Group
- **Michael Powers,** Senior Manager, Treasury & Risk, Abt Associates

HOW TO USE THE MATURITY MODEL:

Key Elements

The purpose of the model is to help organizations develop a baseline for their current FP&A practice, and a roadmap to improve in various areas. In addition, an effective FP&A organization requires several key elements:

- **MISSION:** Why are you there? It is essential to explain your function to the rest of finance and the business to define what you do, how you are different from other parts of finance, and the value you will bring.

- **SERVICE DELIVERY AND ENGAGEMENT:** What are the specific services that you will deliver and how should the company engage with FP&A? Who should they call, and what are your expectations of others?

- **STRUCTURE:** How your teams are deployed— central FP&A, decentralized partners, shared services and centers of excellence. Note this should change as over time according to company size and complexity.

- **SKILLS AND CAPABILITIES:** Related to the above are the skills and capabilities of this maturity model.

AFP will continuously develop actionable resources to help companies improve in each area, including articles, guides, webinars and social media and tools such as downloadable templates.

Skills

FP&A skills are applied over three dimensions, with various elements comprising the FP&A role ascribed to each of these:

- **FINANCE & BUSINESS ACUMEN:** FP&A translates corporate and business strategy into a financial plan and supports the enactment of that plan through resource allocation. Processes generate input and insight through financial analysis, supported by enabling technology.

- **TECHNOLOGY & DATA:** Technology enables new capabilities for individuals and teams to apply to financial analyses and processes; data is a key economic asset leveraged throughout the business analysis and operations.

- **PERSONAL & TEAM EFFECTIVENESS:** FP&A is a trusted advisor to the business, based on credibility, partnership, and communication. FP&A continues to build its skillset in keeping with business and technological best practices.

Functions

Overlaying these dimensions are four standard capabilities that guide FP&A:

- **INTEGRATED PLANNING:** A key function of FP&A is to translate the strategic plan into a strategy that coordinates the company, can be measured, and can be checked. This includes forecasting and budgeting (for those companies that have a budget process).

- **PERFORMANCE MANAGEMENT:** A key to operating a company is delivering the right information to the right person at the right time in the right format. FP&A develops effective reports for various audiences that are trustworthy and timely, and can effectively communicate FP&A's credibility.

- **ANALYTICS:** FP&A delivers insight based on constructed models, data and information.

- **MANAGING GROWTH OF FP&A:** FP&A plans its own growth to remain relevant to the changing operating models of business, technology and careers. Data management and systems architecture to facilitate data manipulation are critical.

MATURITY, BY SKILLS

This page presents a summary of the tools and activities of FP&A, on a continuum from **FOUNDATIONAL** to **EMERGENT**, to **LEADING PRACTICES**. The purpose is to provide a potential roadmap for your function, where the Leading Practices chart highlights that one aspect. Each box below has support detail on the following pages to support your efforts.

	ACTIVITIES/TOOLS	FOUNDATIONAL	EMERGENT	LEADING PRACTICES
FINANCE AND BUSINESS ACUMEN	PLAN/FORECAST DEVELOPMENT	Recorder of the budget	Plan facilitator	Strategic alignment
	MANAGEMENT REPORTING	Finance presents its book of record	Good information	The right stuff: right information, person, time and format
	PERFORMANCE MEASUREMENT	Metrics abound but provide limited insight	Many metrics exist and several are useful	Metrics are SMARRT and documented
	FINANCIAL ANALYSIS	Basic analysis and opaque investment decisions	Limited flexibility to change momentum	Structured decision and financial analysis
TECHNOLOGY AND DATA	MODELING TOOL SET	Model is on an island, out of the flow of company data	Standardized planning platforms, widely distributed but Finance controlled	Networked and connected
	REPORTING	Manual—Done by hand	Safe hands	Automated—The invisible hand
	ANALYTICS	Descriptive analytics	Diagnostic analytics	Predictive and prescriptive analysis
	DATA PLANNING	Siloed data	Bright spots of strength	Good data, today and tomorrow
PERSONAL AND TEAM EFFECTIVENESS	BUSINESS PARTNERING	Back-office function	Engaging and supportive	Highly credible, trusted advisor
	INTERPERSONAL AND COMMUNICATION SKILLS	Shares finance data at set times; not considered persuasive	Shares insight and data at set times	Has frequent, clear communications with business; presents persuasively
	ORGANIZATIONAL DESIGN	Extension another finance department	Independent identity within finance	Structure matches maturity
	TALENT MANAGEMENT	Difficult to distinguish FP&A from other finance functions	FP&A has its own identity and knows the value it delivers	A plan for the planning team
	SKILLS AND CAPABILITIES		Skill development happens in the context of current jobs	Education is continuous process

Skills

SUMMARY OF LEADING PRACTICES

The table below is a summary of leading practices; each box is supported by detail about how to execute on each activity, and related AFP content. While this image shows compartmentalization, there is a significant overlap across the grid. A mission statement must make sense for your own organization. But a sample to consider is as follows:

MISSION: The role of FP&A is to improve business decisions across the organization by supporting the allocation capital to its most productive use.

Capabilities

	INTEGRATED PLANNING	PERFORMANCE MANAGEMENT	ANALYTICS	MAPPING GROWTH OF FP&A
FINANCE AND BUSINESS ACUMEN	**PLAN AND FORECAST DEVELOPMENT** **Strategic alignment.** Connect long-term strategy to current and anticipated operational activities, financial performance, and risk framework.	**MANAGEMENT REPORTING** **The right stuff.** Right information to the right person and the right time in the right format. **PERFORMANCE MANAGEMENT** **Metrics are SMARRT:** specific, measurable, automated, relevant, reviewed, and timely to manage business performance.	**FINANCIAL ANALYSIS** **Structured decision and financial analysis.** FP&A applies financial expertise and business understanding through modeling, pro-formas, and analysis. FP&A and the business actively partner to develop the strategic and financial business case as part of a portfolio strategy.	
TECHNOLOGY AND DATA	**MODELING TOOL SET** **Networked and connected.** A fully integrated, purpose-built, enterprise modeling and planning platform, deployed across the organization.	**REPORTING** **Automated—The invisible hand.** A standardized, customizable and automated enterprise reporting platform, seamlessly integrated with a common data repository.	**ANALYTICS** **Predictive and prescriptive analysis** facilitates the exploration and explanation of data, data science approach, computation and visualization.	**DATA PLANNING** **Good data, today and tomorrow.** Data is actively managed so trusted data is accessible to all at minimal effort. Growth of data and tools is anticipated and planned, so standards are developed in partnership with IT.
PERSONAL AND TEAM EFFECTIVENESS	**BUSINESS PARTNERING** **Highly credible, trusted advisor.** Finance working closely with the business to add value to strategic and operational decisions. Demonstrates business understanding and delivers insight; builds partnerships with individuals and teams. Upholds the perspective of the CFO while supporting and serving the business. **INTERPERSONAL AND COMMUNICATION SKILLS** **Has frequent, clear communications with business; presents persuasively.** Leads with insight, supported by strong analysis, based on consistent data and presentation. Communicates clearly in formal and informal settings.			**ORGANIZATIONAL DESIGN** **Structure matches maturity.** FP&A is a recognized department and discipline within finance with a defined value proposition. **TALENT MANAGEMENT** **A plan for the planning team.** FP&A actively manages talent and has a plan for each stage. **SKILLS AND CAPABILITIES** **Education is continuous process,** with a focus on current and future needs.

Skills

FINANCE AND BUSINESS ACUMEN

PLAN AND FORECAST DEVELOPMENT

Strategic alignment. Connect long-term strategy to current and anticipated operational activities, financial performance, and risk framework; plan relied upon frequently in business discussions. Forecasts are honest assessment of direction, budgets (if used) require modest effort.

LEADING

Execution:

- Business owns the forecast/budget, FP&A facilitates the process and provides effective challenge to the business
- Collaborative, integrated planning across the entire enterprise; optimal alignment across teams, top-down and bottom-up
- Organizational resources (capital, people, services, etc.) are reallocated throughout the year
- Financial and operational planning cycles are in sync; capital and operational expenses are linked in financial outlook
- Forecasts are frequent, honest appraisals of expected performance, independent of budget
- The process is managed through formal project/process methodologies
- Common and coordinated assumptions and metrics across the enterprise fosters
- Reasonable length to develop forecasts (e.g.< 1 week) and budgets, e.g., <3 months.

Content Areas:

- **Driver-based Modeling**
- Economic analysis
- Eliminating the budget and budgeting process
- Enterprise risk management
- Forecast measurement and accuracy
- **How Relevant is your Budget?**
- **Implementing a Rolling Forecast**
- **Integrated Business Planning**
- **Planning in the Age of Volatility**
- Sensitivity, simulation, scenarios and stress tests
- **Zero-based Budgeting**

EMERGENT

Plan facilitator. Plan/budget is a one-year outlook used as a strategic tool to coordinate efforts, characterized by negotiated budget commitments with businesses that is shared across units. Budgets require 3-6 months to create; monthly or quarterly forecasts are honest appraisals of performance, incorporate actual trends and results. Variances to budget are identified and discussed, and risks and opportunities considered. Ad hoc reallocation of resources during the year.

FOUNDATIONAL

Recorder of the budget. Plan/budget is inflexible and used as a performance measurement tool, based on general ledger, and developed from the top-down with minimal business input. Forecast is heavily influenced by desire to get back to budget. Few risk scenarios considered. Money is allocated to leaders, rarely re-allocated during the year. Budget requires >6 months of effort; re-forecasts occur <4x per year.

MANAGEMENT REPORTING

The right stuff. The mix of business understanding and finance skill to design and deliver the right information to the right person and the right time in the right format. Reports provide value, and business units reference them in making decisions. Insight guides action.

LEADING

Execution:

- Collaboratively developed with business
- Reports are inventoried and reviewed periodically for relevance
- Maintains forward-looking orientation
- Ties to KPIs and processes
- Data is fresh; errors are rare
- Reports are broad, including sales, operations, finance, and external data/benchmarks if relevant
- Guided analytics
- Self-service reporting per access permissions.

Content Areas:

- Dashboards, scorecards and strategy maps
- Enterprise/Corporate Performance Management (EPM, CPM)
- Management reporting
- Paperless reporting

EMERGENT

Good information standardized by group/role, delivered reasonably quickly as electronic reports with few errors. Business units consulted on report inputs. Generates discussion with business about what happened and ramifications. Primarily financial data with ties to corporate goals and some links to operational metrics. Time is spent discussing the definition and calculation of the reporting.

FOUNDATIONAL

Finance presents its book of record as standard information to everyone as part of a month-end close package. Discussion is limited to performance in the period for the budgeted cost center. Financial information aligned with general ledger; significant effort to develop or adapt to changing product/organizational alignment. Significant effort to produce reports, and errors are common.

PERFORMANCE MEASUREMENT

Metrics are SMARRT: specific, measurable, automated, relevant, reviewed, and timely to create high trust and utility to manage business performance. Metrics are documented.

LEADING

Execution:

- **Specific:** defined metrics with assigned metric owners
- **Measurable:** clear guidance on how data is collected and calculated; benchmarked against competition and standards; includes guardrails, goals and trends as applicable
- **Automated:** automation collects, calculates and reports most metrics
- **Relevant:** derived from corporate strategy and goals (Strategy ➜ KPIs ➜ Metrics ➜ Measures). Distinctions made between key vs. non-key metrics
- **Reviewed:** a metric library exists, periodically updated
- **Timely:** data is current when collected and disseminated.

Content Areas:

- Activity-based costing
- KPIs, metrics and measures
    - **Defining KPIs**
    - **The right metrics**
- Process management

EMERGENT

Many metrics exist and several are useful for the business. Users have 'trust but verify' view of measures and are wary of inconsistencies across different units; old metrics linger, and a learning curve exists to understand when and how to use metrics appropriately. Requires a moderate amount of effort to collect, calculate and report (semi-automated process).

FOUNDATIONAL

Metrics abound but provide limited insight into performance. Persistent confusion and discussion over definition and calculation leads to skepticism and lost time. High degree of manual effort in collection, calculation and reporting. Little predictive or actionable value. Information is disseminated when convenient for finance, not necessarily fresh.

FINANCIAL ANALYSIS

Structured decision and financial analysis. FP&A applies financial expertise and business understanding through modeling, pro-formas, and analysis. FP&A and the business actively partner. Capital released through gating process and reallocated throughout the year.

LEADING

Execution:

- FP&A is fluent in corporate and business finance, versed in accounting and operations
- Finance and business jointly build business cases
- Decision process is transparent to demonstrate fairness
- Project governance process is established and consistent across company/business units
- Standard models and evaluation criteria are defined
- Investments are considered as part of a company portfolio, diversifying risk and needs across the enterprise.
- Team follows best-practice modeling guides
- Resources are distributed as part of a gating process when milestones are met or re-allocated as needed.

Content Areas:

- Building a business case
- Capital (re-)allocation
- **Cloud financial management**
- Financial metrics (valuation, NPV, IRR, ROI, payback, break-even, TCO, cost of capital, etc.)
- Financial modeling
- **Leverage Business Statistics**
- Project governance and agile methodologies
- Mergers, acquisition, partnership, divestiture

EMERGENT

Limited flexibility to change momentum. Finance collaborates with business units to build business cases, but resource reallocation is difficult during the year. Process and standard models in place to evaluate investment decisions, but project governance is inconsistent. Some responsiveness to fluctuating business needs during the year; limited ability for business users to appreciate, understand and influence the costs.

FOUNDATIONAL

Basic analysis and opaque investment decisions. FP&A lacks time and resources to provide anything more than basic financial ratios and analysis. Investments decisions characterized by judgment of sponsoring executives or back-room negotiations rather than a portfolio strategy. Budget allocations rarely reevaluated during the year; project governance process is not established. Non-standard models and calculations are difficult to compare across segments and investments; business cases are rare.

MODELING TOOL SET

Networked and connected. A fully integrated, purpose-built, enterprise modeling and planning platform, deployed across the organization. Automation facilitates the process and generation of the plan/forecast; easy to re-run and update, consolidate and report.

LEADING

Execution:

- Centralizes model administration, with distributed users assigned access
- Deploys and integrates for operational and business planning processes (e.g., strategic, capital, workforce, project)
- Models reviewed for accuracy and relevancy on a regular basis
- Consolidates subsidiary forecasts
- Facilitates deployment of driver-based modeling, consistent assumptions
- Logs changes to model and data
- Supports sensitivity, simulation, scenario planning, and stress testing.

Content Areas:

- <u>Integrated Business Planning</u>
- <u>Planning in the cloud</u>
- Predictive modeling
- Technical roadmap
- Workflow processing

EMERGENT

Standardized planning platforms, widely distributed but Finance controlled. Centralized model administration, with defined roles for finance and business to enter data, deployed for some related operational and business planning processes, with ad hoc review of models. The tool consolidates most subsidiary forecasts; data integration requires some manual effort, standardizes most calculations, assumptions, and has moderate support for sensitivity, simulation, scenario planning, and stress testing.

FOUNDATIONAL

Model is on an island, outside the flow of data and integrated systems. Manual administration of many separate models managed by a few specialists with "tribal knowledge" of how to operate the models. High potential for errors, omissions and outdated assumptions. Limited capability to re-run for sensitivity, simulation, scenario planning, and stress testing.

REPORTING

Automated-The invisible hand. A standardized, enterprise reporting platform, seamlessly integrated with a common data repository. Automated data gathering, report generation, and dissemination. Customized per individual with self-service and exploration.

LEADING

Execution:

- **Accessible:** Self-service and available on-demand, tailored to end user; interactive data (drill, slice and dimensional changes are effortless)
- **Accurate:** Data is from trusted, single source; does not require manipulation
- **Automated:** Automatic generation and distribution of reports, dashboards and alerts
- **Consistent:** Data is stable period-over-period
- **Maintenance:** Low effort to develop, adjust and update reports
- **Timely:** Data reported while fresh
- **Visualization:** Easy to apply in unique and insightful ways
- FP&A can support create and maintain reports with minimal support from IT.

Content Areas:

- Data visualization
- Natural language generation
- Process automation
- Self-service reporting
- Standardization v customization

EMERGENT

Safe hands. Standardized and ad hoc reporting, supported through enterprise tools and Excel. Data is stable, pulled from trusted sources with minimal manipulation and low error rate. Report packages electronically distributed and mix static downloads and self-service and available on-demand; some interactive data (drill, slice and dimensional changes are effortless). Dashboards exist, overall reporting is periodic. Visualization tools available but limited. Easy to populate existing report templates; new/non-standard requests require a moderate time and effort or IT support.

FOUNDATIONAL

Manual—Done by hand. Manual effort involved in data collection, normalization, transformation, reconciliation, formatting, and reporting. One report for the entire company. Data and reporting elements may be old/outdated because revisions and new development is time-consuming. Low automation and multiple spreadsheets are linked, leading to limited drill-through, additional time to review/correct errors. High use of data tables, low graphical visualization, no interactive capabilities.

ANALYTICS

Predictive and prescriptive analysis facilitates the exploration and explanation of data, data science approach, robust computation and visualization to consider what may happen and provides options. Teams can iterate quickly through the process.

Execution:

- Cross-departmental teams apply data science approach—structured business questions, data analysis (gather, prepare, analysis, discuss), and decision/action
- Data is from trusted, single source
- Teams have good process design for revising analysis
- Tools have advanced capabilities understood by team
- Visualization available and easy to apply in insightful ways
- Guided analytics and flexible, user-driven drill paths available through the data
- System generates data to FP&A for consideration, blending with other sources.

Content Areas:

- Data science projects
- Data visualization
- Predictive analytics (artificial intelligence, augmented intelligence, machine learning, etc.)
  - **Applying predictive analytics**

Diagnostic analytics explains why results happened. FP&A produces insight with effort; self-service tools and good data allow user-generated insight. Advanced Excel and a few specialty tools available; beginning use of data visualization tools. Data projects are not structured with defined business questions, data sets and partners. Data quality is good, but errors and gaps occur once multiple sources are introduced.

Descriptive analytics explains what happened. Finance-only historical analysis uses basic tools, shared with a limited number of executives without sophisticated tools. Data manually sourced and manipulate from multiple locations (versions of the truth) that may not tie back to other official reports, leading to frequent errors and inconsistencies.

DATA PLANNING

Good data, today and tomorrow. Data is actively managed so that trusted data is accessible to all at minimal effort. Growth of data and tools is anticipated and planned in partnership with business and IT. Vision and standards describe how data interacts with systems.

LEADING

Execution:

Data characteristics

- **Access:** Complete and timely access to the trusted single source of truth
- **Quality:** Managed lineage and flow of data from source systems to end use; partners with IT as needed.
- **Usage:** Data sources incorporate a full array of financial, operational, customer, competitive benchmarks.

Data architecture

- **Architecture:** data flows and interfaces across systems planned and maintained
- **Governance:** a comprehensive formalized governance program, processes and procedures around collection, identification, storage, and usage of data.
- **MDM:** Master data is managed centrally and promulgated consistently throughout.

Content Areas:

- Data governance
- Digital roadmap
- MDM

EMERGENT

Bright spots of strength. Data management emerges in a few coordinated groups where fixes have made them work together; tools are current practices, but without an eye towards future changes. Mix of centralized management supported with tools and technology with manual effort from shadow systems and off-line models. Some elements of a formalized governance program. Legacy systems might exist, but links are established between the systems.

FOUNDATIONAL

Siloed data. Data grows organically and management happens retro-actively. Systems are bolted on to each other. Data and systems connected via extracts to other systems. Potentially significant known issues persist. Manual effort to access and collect data that resides in multiple, disparate source systems, offline models. Data generation and repository systems designed independently; multiple legacy systems that don't talk to each other.

BUSINESS PARTNERING

Highly credible, trusted advisor. Sought for input and collaboration, Finance has a seat at the decision-making table based on ability to add value to strategic and operational decisions. Demonstrates business understanding and delivers insight; builds partnerships with individuals and teams. Upholds the perspective of the CFO while supporting and serving the business. Strong integrity, accuracy, and reliability.

LEADING

Execution:

- Has a **customer-centric view** of the business; creates alignment across the enterprise to support this
- **Knows the business:** demonstrates business and industry expertise ; focuses on what matters to them, speaking the language (jargon and data) of the business
- **Knows the people**: communicates well in formal and informal settings, develops relationships; role model for collaboration
- **Knows how to add value:** demonstrates finance expertise, analysis and problem solving to deliver insight
- Partnership is evidenced by **business owning the financial plan** and accountable for results.

Content Areas:

- Building relationships
  - **Be a line, not a point**
  - **Coffee, Talk and Finance**
- **Becoming a Better Business Partner**
- Bilingual: speaking the language of FP&A and business
- **Integrative Intelligence: dynamic, agile teaming**

EMERGENT

Engaging and supportive. Engages with the business, bringing ideas and analysis. Valued for effective and efficient support. Provides requested information to decision makers. Moderate amount of time available for analysis, problem solving and insight development. Financial plan reflects diffused ownership and accountability for various elements of the financial plan and forecast. FP&A can perform meaningful analysis based on understanding drivers, value chain, and unique business complexities.

FOUNDATIONAL

Back-office function. Basic understanding of the business, but unable to engage the business in a meaningful way. Focuses on developing the budget/forecast, then reviewing variances. Significant time spent consolidating information, leaving no time to understand the numbers, develop analysis, and provide insights. Business discussions are based on general ledger line items rather than underlying operational drivers impacting financial outcomes.

INTERPERSONAL AND COMMUNICATION SKILLS

Has frequent, clear communications with business; presents persuasively. Leads with insight, supported by strong analysis, based on consistent data and presentation. Communicates clearly in formal and informal settings.

LEADING

Execution:

- Contextualizes insight and data with a business story
- Has "presence" and credibility
- Speaks the language and data of business and finance
- Reports are consistent in look and feel, a "brand" template; content does not change capriciously
- Audience understands and engages with presentations
- Delivers bad news objectively at appropriate times
- Challenges business owners and question their decisions/ inputs without being confrontational
- Demonstrates curiosity and comfort with ambiguity.

Content Areas:

- Bilingual: speaking the language of FP&A and business
- Building relationships
- Data visualization
- **Executive presence** Performance management reviews
- **Presentation skills**
- **Presenting quantitative information**

EMERGENT

Shares insight and data at set times. Leads with insight, supported by strong analysis, based on consistent data. Communicates well with business, primarily at set operational review meetings. Delivers bad news objectively at appropriate times. Challenges business owners and question their decisions/inputs.

FOUNDATIONAL

Shares finance data at set times; not considered persuasive. Assumes audience understands data will tell the story. Speaks finance to the business, delivers one finance presentation to all audiences. Reluctant to raise challenges or issues.

ORGANIZATIONAL DESIGN

Structure matches maturity. FP&A is a recognized department and discipline within finance with a defined value proposition. The organization is forward looking and embraces both strategic and operational change.

LEADING

Execution:

- FP&A reports directly to the CFO with a dotted line to the business leads
- FP&A has a mission statement and service delivery document explaining role and activities; enterprise understands how to interact with FP&A
- FP&A measures its effectiveness
- Organizational structure aligns with company size and maturity
- FP&A inventories reports, measures, and KPIs and are reviewed for relevancy and effectiveness
- Takes calculated risks and tolerates smart failures
- Culture embraces challenging questions and contrary data
- Technology plan is integrated with company IT roadmap.

Content Areas:

- [Benchmarking FP&A, 2019](#)
- Centers of excellence and shared services
- Change management
- Digital transformation
- Interaction model
- Measuring the success of FP&A
- Vision statement for finance.

EMERGENT

Independent identity within finance. FP&A is an independent team that fulfills its roles within finance and is a liaison to the business to complete finance functions (i.e., budget, investment analysis).

FOUNDATIONAL

Extension another finance department. FP&A, as a function or team, is part of accounting, treasury, or other finance function. Executing finance processes (i.e., budget, investment analysis) is more important than delivering value through those processes.

TALENT MANAGEMENT

A plan for the planning team. FP&A actively manages talent and has a plan for each stage.

Execution:

- **Attract:** FP&A is a desired career position, drawing talent from and sending out to the business.
- **Hire:** market competitive offer, defined roles and responsibilities.
- **Manage:** Formal goal setting and consistent feedback
- **Develop:** career path and development path identified for each team member; self-assessment framework in place.
- **Retain:** develop career paths, including lateral moves, transfers, and targeted promotions.

Content Areas:

- Career pathing
- **Corporate finance job descriptions**
- **Integrative Intelligence: dynamic, agile teaming**

FP&A has its own identity and knows the value it delivers. Job descriptions are specific, and interviews are structured. Employees have goals and receive scheduled feedback 3-4 times/year. Individual development plans exists, but managers may not implement them for each team member. Employee self-assessment framework exists; managers not assessed on their team development.

Difficult to distinguish FP&A from other finance functions. FP&A is the sum of processes (e.g., budget, forecast). Talent pool is limited to finance jobs. Generic finance job description, and goals emphasize maintaining status quo rather than improvements or change. Employees find their own path for professional development.

SKILLS AND CAPABILITIES

Education is continuous process, with a focus on current and future needs.

LEADING

Execution:

- Departments assess gaps between current and future skills
- Individuals are encouraged to develop personal growth plans
- Time and resources invested in skills training
- Education includes elements of formal (class), certification, and mentoring cross functional projects
- Training includes hard tactical and soft relationship skills
- Technology and data are understood to be a key company asset, advanced training is available
- Team members have multiple experiences (corp v line FP&A, other roles in finance or business).

Content Areas:

- **Digital readiness**
- **Project management**
- Skill-gap analysis

EMERGENT

Skill development happens in the context of current jobs. Departments consider future skills and look for individuals to meet need. Ambitious individuals design their own development, find resources, and usually train on their own time independent of company. Resources available for training time is up to the individual. Training includes hard tactical and soft managerial/relationship skills. Company training is financially or analytically focused.

FOUNDATIONAL

Individuals chart their own path regarding skill acquisition and development. Education is minimal or considered on an ad hoc basis. Individuals (or their managers) must negotiate for time and resources. Training is focused solely on financial acumen.

ABOUT THE AUTHOR

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Bryan Lapidus has more than 20 years of experience in the corporate FP&A and treasury space working at organizations like American Express, Fannie Mae and private equity-owned companies. At AFP he is the staff subject matter expert on FP&A, which includes designing content to meet the needs of the profession and helping keep members current on developing topics. Bryan also manages the FP&A Advisory Council that acts as a voice to align AFP with the needs of the profession.

ABOUT AFP®

The Association for Financial Professionals (AFP) is the professional society committed to advancing the success of its members and their organizations. AFP established and administers the Certified Treasury Professional and Certified Corporate FP&A Professional credentials, which set standards of excellence in finance. Each year, AFP hosts the largest networking conference worldwide for over 6,500 corporate finance professionals.

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The topics in this guide are intended for education and reflect the state of practice for corporate finance. While not intended as study materials for the Certified Corporate FP&A Professional exam, it does relate exam knowledge domains.

To see the full PDF of knowledge domains, view them **HERE**.