Performance *focus*

Actionable principles to position the FP&A function at the center of business performance optimization – summarized one page at a time.

Enable better decision-making through more effective forecasting

Insight Creation Part I: Forecast with CAIR

Introduction

Forecast effectiveness is measured in how stakeholders are able to use future expectations to make better present decisions. The recipe for developing credible and accurate future expectations is a function of two key ingredients: First, a financial forecasting process that effectively captures the changing decisions and assumptions that are taking place across the enterprise. Second, a financial modeling infrastructure that can effectively convert new decisions and assumptions into accurate financial projections.
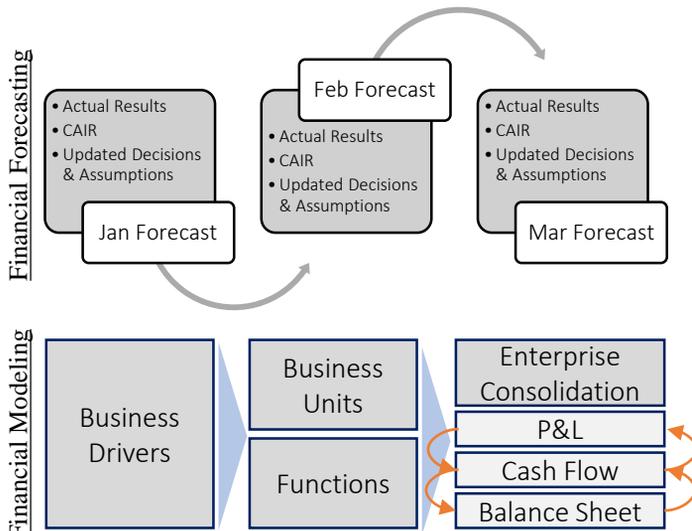
Forecast with CAIR

- **Collaboration:** Regular engagement with enterprise stakeholders is a critical step in gathering the information that enables everything from understanding actual performance to projecting the impact of revised assumptions and decisions.
- **Analysis:** With context from stakeholders and access to vast data sources, variance analyses become a tool to improve future forecast accuracy and highlight where course-corrections are needed.
- **Insights & Recommendations:** Rather than leave busy stakeholders with the task of interpretation, analyses distilled into key insights and recommendations enables quick and actionable responses, positioning the FP&A function as a strategic partner.

Model as Managed

- **Driver-Based:** Build a financial modeling platform that enables projections to be a function of the core performance drivers, segmented the way in which the business is actually managed – by responsibility center.
- **Process Integration:** Developing planning and forecast templates that seamlessly integrate choices and assumptions into projections not only optimizes efficiency, but enables rapid scenario modeling and decision-support analyses.

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