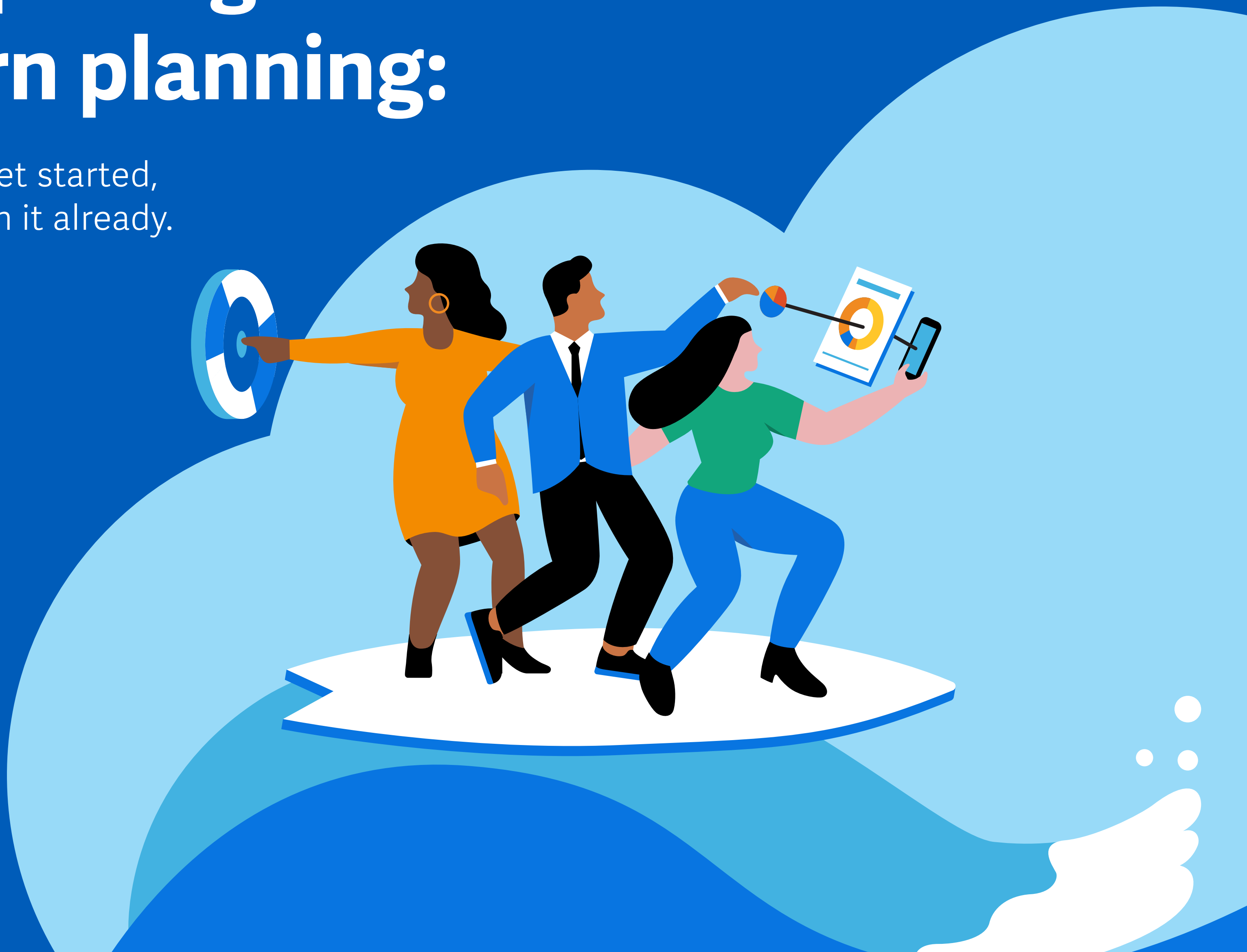
eBook

workday.
Adaptive Planning

The complete guide to modern planning:

why it works, how to get started, and who's winning with it already.



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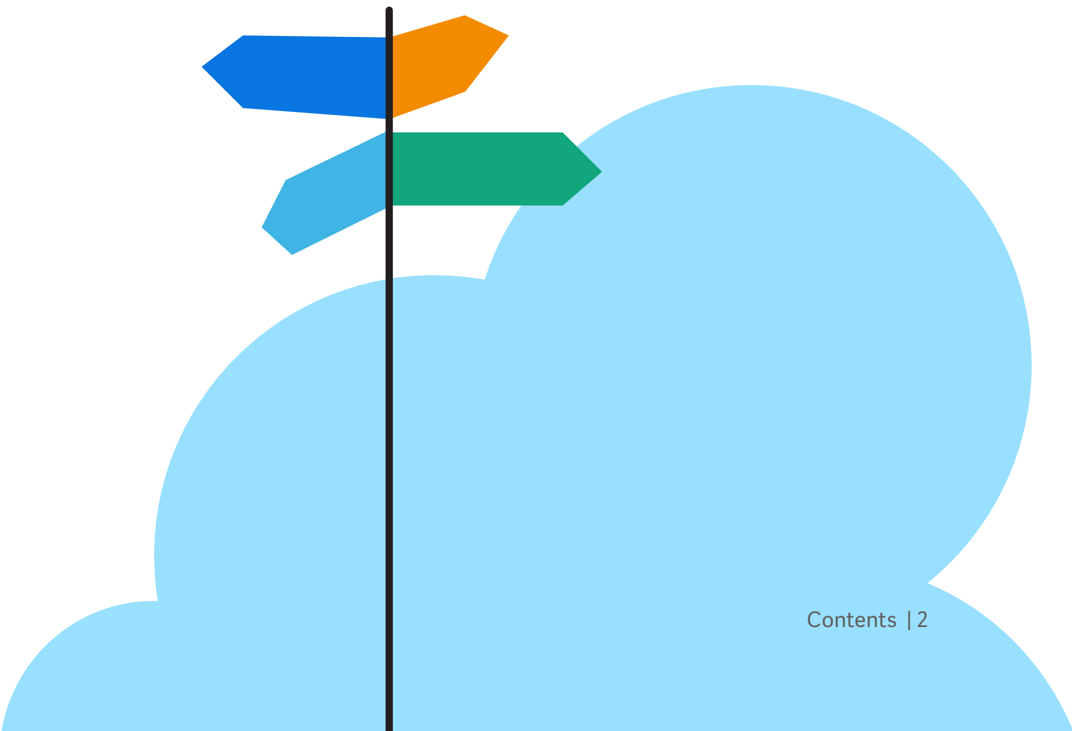


How to use this book.

What it is.

In today's competitive environment, agility is a strategic imperative. The better that organizations can anticipate and plan for change, the faster they can accelerate.

This book showcases the practical actions and tactics you need to achieve true business agility through modern planning—starting with financial planning but ultimately leading to company-wide planning that connects every functional area across the organization.

Who it's for.

Financial planning and analysis (FP&A) professionals will find this book most valuable—and indeed, finance should be the main steward of transformation—but chapters 5 to 8 start diving into the nuances of planning within different functional areas. These chapters could provide a useful starting point for conversation with distributed planners and leaders (and as you'll see, bringing cross-functional stakeholders into the conversation is an ongoing theme).

Where to start.

This book will guide you through your journey toward modern planning, and partner with you as momentum builds. If you're taking your first steps in planning transformation, the introduction is a good starting-point to understand the context and learn why modern planning is such a huge opportunity for organizations today.

Otherwise, dip in and out as your needs dictate. The structure follows the most common journey we see, but every organization's process will differ.

More resources.

If at any point you're interested in more resources or need support, **please visit us here**.

OK. You ready? Let's get into it.

Introduction.

Every day, the correlation between business agility and competitive success grows stronger. Especially now, in the aftermath of a global pandemic that's intensified more than a decade of compounding instability.

The gap separating today's top-performing businesses from those getting left behind is growing wider, as the enterprises that plan for change accelerate, and those that only react stall. But global outperformers understand that business agility is a result of better planning.

Modern planning has enormous strategic potential to help businesses accelerate into the lead.

Modern planning unlocks the ability to continually anticipate change and quickly operationalize a coordinated response at scale. It helps organizations stay ahead of the competition, even throughout radical instability and disruption.

That's the potential. But traditional planning in most organizations never gets there. Decisions take too long. Silos impair visibility. Great ideas don't translate into impact.

The root cause is pace. The planning function in most organizations simply can't keep up with today's rate of change. And it keeps finance leaders from realizing their full potential as a strategic advisor to the business.

In contrast, high-performance planning—modern planning—has evolved to become a strategic success lever, empowering the entire enterprise to anticipate and respond to a faster and more dynamic rate of change.

This book is the story of how modern planning breaks free from the deficiencies of traditional planning in three key ways. Modern planning is:

- **Continuous,** continually recalibrating to offer a dynamic and ever-improving source of predictive insight
- **Company-wide,** offering unified, coherent, strategic-planning capability across the business
- **Cloud-first,** with a tech-forward, built-for-purpose foundation of planning intelligence, automation, and scalability

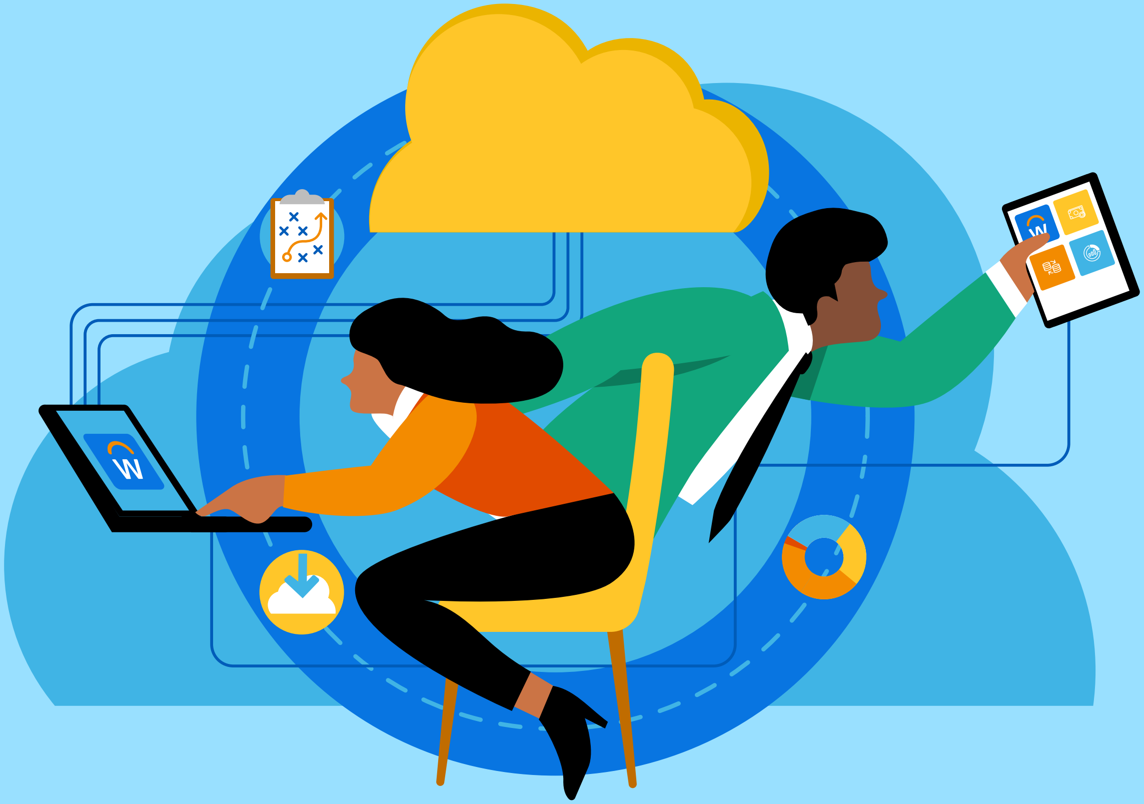
You'll finish reading with a concrete understanding of where your organization stacks up, where you want to be, and the practical tactics in order to get there—with inspiration from some of the world's leading organizations to galvanize momentum.

Section 1:

Continuous planning.

Chapter 1:

Survival of the fastest.



For many organizations, planning is in a decades-old rut. The core process hasn't deviated much from the typical annual budgeting and forecasting cycle, back when Wham! was in heavy rotation on MTV.

Here's the problem with this basic model:

- It's static and retrospective
- It's inflexible and can't scale with today's pace of change
- It uses limited and out-of-date data and hampers decision-making

Change is the only certainty in business. Companies face new and evolving challenges on a daily basis, and whether events are internal or external, they can drastically alter plans.

Shifting outlooks need flexible strategies. Yet scores of organizations plan in a way that discounts this option without even realizing it.

Traditional planning is like maneuvering down a highway by looking in your rearview mirror. Without being able to anticipate what's ahead, you're stuck with limited, inflexible, and backwards-looking plans. At best, you'll take a suboptimal path to your goals. At worst, you'll expose yourself to significant and unnecessary risk.

Your budget and forecasts shouldn't function as a fixed premonition of a world you hope manifests—they should be a fluid, adaptive reflection of the world as it is.

That's why today's winning organizations have transformed retrospective planning into a process of continuous recalibration, collecting, and acting on insights in real time. This continuous planning is broad and multidimensional, facilitating coordinated acceleration across the organization.

While this transformation has a huge potential impact, the first step is simple—a conscious decision to move away from traditional backwards-looking and rigid planning, toward modern, forward-looking continuous planning.

Continuous planning catapults finance forward.

When the competitive landscape ran at a steadier pace, organizations didn't need to ingest and process as much change. But fast-forward to today, and the competitive landscape has intensified.

Rapid technology advances have played a major role in the way that these winning organizations now plan, along with an explosion of business data that equips finance leaders with greater planning power than their forebears. The modern operational environment is an engine of multidimensional insights that support evidence-based—and even predictive—decision-making, and lay the groundwork for acceleration.

With continuous planning, stakeholders monitor goals, metrics, and milestones for existing priorities on a continuous, rolling basis. But they also seek to develop new strategic priorities simultaneously. This combination ensures a culture of self-evaluation, innovation, and adaptability.

Continuous planning brings everything together. Finance leaders can connect dynamic, external factors—from macro trends to individual events to internal responses—improving the whole business as a result.

> "With Workday Adaptive Planning, we've adopted continuous planning and have the ability to let the data tell the story, which is guiding us through these unprecedented times. Workday allows us to 'move at the speed of smart.'
>
> **CIO**
> ApolloMD

How many businesses plan continuously?

While the benefits are clear (and the tenets simple), most businesses haven't yet adopted continuous planning wholesale. The 2021 report "Agility in Planning, Budgeting, and Forecasting" from FSN sheds some light on the limited uptake.

FSN discovered that faster forecasting still isn't ubiquitous, with one-third of respondents struggling to turn forecasts around in under a week—and 6% taking more than one month to reforecast.

It also found that although many organizations can make minor changes to forecasts fairly fast, these amendments don't necessarily create change across the organization:

- 68% say they could have a minor change—such as adding a new cost line in their budget—reflected in budget holders' data entry templates, reflecting the change within all reports, within half a day.

But:

- Only 34% say they could match that time frame for a structural change—such as reflecting a new entity, cost center, or product in a hierarchy.

These figures clarify an important distinction. Continuous planning is more than faster forecasting. It encompasses specific planning practices that catalyze change and drive business agility across the organization.

Rolling forecasts and **what-if scenario planning** are the two key tools of continuous planning. In the next two chapters, we're going to explore why and how:

- They're versatile, high-impact, and adaptable activities that help businesses create material advantage
- They're easy to get started with and can scale to incredibly sophisticated use cases
- They cut cycle times dramatically, so finance can create and execute plans both faster and more frequently

Rolling forecasts and **what-if scenario planning** help finance become a dynamic strategic advisor to the business—providing incisive, future-facing insight that improves everyday decision-making across the whole organization.

Let's dig into how to get started with rolling forecasts and what-if scenario planning. Or, if you're already making good progress here, skip to chapter 4 to learn about company-wide planning—and why true synchronization fuels the fastest acceleration.

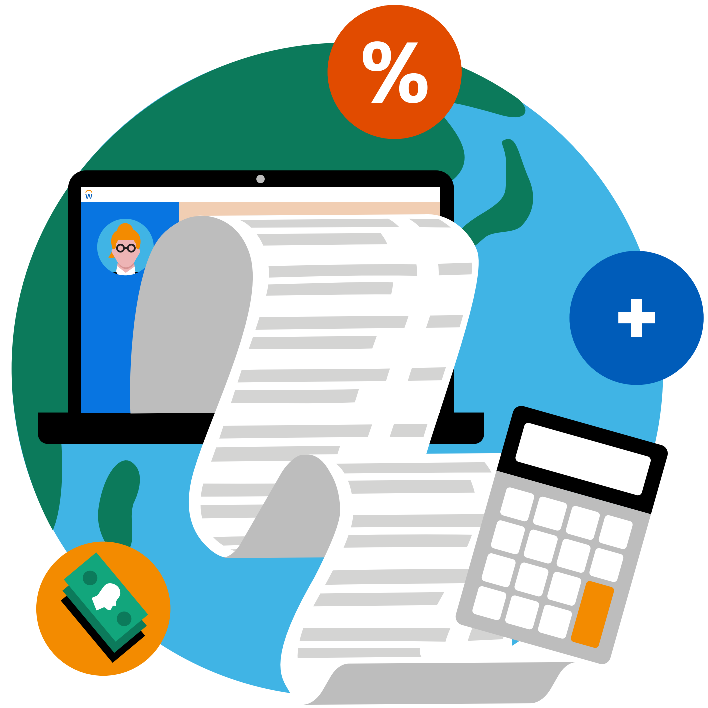
Chapter 2:

Rolling forecasts.

Modern planning is a strategic success lever that empowers organizations to better navigate uncertainty with confidence, speed, and agility. As we saw in the last chapter, the first step on that journey is moving from traditional backwards-looking and static planning to forward-looking and dynamic continuous planning.

Rolling forecasts are the first of two major tools finance leaders should be harnessing to fuel that movement.

In this chapter, we explore what rolling forecasts are, why they're so different from mere periodic updates against the annual budget, and how you can start implementing them. We also share lessons from the leading enterprises already harnessing rolling forecasts to stay ahead of their competition.



Why are rolling forecasts different from traditional planning?

The traditional annual budgeting and forecasting model can no longer fulfill its promise to guide future decision-making. It's mired within a slow, static, reactive, and retrospective planning cycle that creates unreliable plans riddled with data gaps.

This results in forecasts that are often outdated before they're even complete. The whole process is a machine for strategic missteps—much less a driver of business agility.

But many businesses have acclimated to this traditional model's deficiencies by creating workarounds.

They accepted the symptoms of traditional planning—tediously slow decision-making, innovation that's always playing catch-up, market share lost to disruptors, millions of dollars wasted in inefficiency black holes—as the cost of doing business at scale.

But that price is becoming too high to pay. In today's accelerating business environment, traditional planning slows progress so radically that it's like entering a horse-drawn carriage into Formula 1 racing.

To compete today, companies must take control of their data to continually reach better, faster decisions. That's where rolling forecasts are so valuable, as one of the core activities that powers the continuous, real-time recalibration that acceleration—and even survival—depends on today.

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Frequent planning, monitoring, analysis, forecasting, and replanning based on the latest forecasts can make the difference between proactive course correction and too-little, too-late reactive management.

Doug Henschen
VP and Principal Analyst
Constellation Research
“Modern Planning Platforms Drive Business Agility and Better Outcomes”; January 2021.

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Rolling forecasters outperform quarterly forecasters in every category, most markedly in terms of agility. In a period of great uncertainty and change, rolling forecasts are noteworthy for providing much-needed agility.

Gary Simon
Chief Executive
FSN
“Agility in Planning, Budgeting, and Forecasting”; FSN Publishing; 2021.

What are rolling forecasts?

Let's start with what rolling forecasts aren't. They aren't just annual budgets that happen more frequently.

The traditional annual budgeting process already consumes an enormous amount of time, without delivering results to justify the investment. If you're like the average business, it takes your finance team about 75 days to complete an annual budget, according to an Association for Financial Professionals Benchmarking survey.

If you reforecast more often but rely on the same processes and technology to do so, you'll increase the budgeting burden dramatically—with only marginal improvements.

Rolling forecasts are different from traditional budgeting and forecasting in three ways:

Instead of once-a-year, discrete exercises:

- Rolling forecasts offer continuous insight over a specific time horizon. Actuals are rolled forward at a regular cadence—typically quarterly, monthly, or even weekly.

Instead of listing thousands of line items such as your annual budget:

- Rolling forecasts focus on your core value drivers such as risk, profit, and working capital. This driver-based planning zeros in on what matters most to help accelerate decision-making.

Instead of focusing on a snapshot of a fixed and receding past:

- Rolling forecasts are regularly updated based on current events, trends, and changes to create a view of the future that's far more reliable.

The upshot is, rolling forecasts enable continuous recalibration based on your most important business drivers in real time. That means rolling forecasts empower finance leaders to create closer alignment between day-to-day business performance and strategic decisions for faster, better decision-making that powers acceleration.

Rolling forecasts enable:

- **Faster reforecasting.** When the on-the-ground situation changes, you can quickly feed new facts through your forecasting process and recalibrate accordingly.
- **Greater accuracy.** Almost 50% of all rolling forecasts are accurate to within plus or minus 5% versus just 35% of those that forecast earnings four times a year.
- **Smarter decisions.** Better data won't replace business instincts but will instead augment them, protecting the organization from strategic myopia and unchecked optimism, and creating time for higher-value analysis.

For example: When you're a software subscription service growing 30% year over year such as HubSpot, it's essential that your planning keeps pace with change and growth.

Using Workday Adaptive Planning, HubSpot reduced its forecasting cycle times by 15% to 20%, empowering faster, smarter business decisions to support rapid global growth.

Getting started with rolling forecasts.

Getting started with rolling forecasts is easier than you might think if you follow five core principles to guide your progress.

1. Don't rely on spreadsheets.

Spreadsheets weren't built to gather, consolidate, reconcile, model, and act on dynamic data on a rolling basis. You need different tools in your arsenal, to make monthly—or even weekly—reforecasting fast and simple.

- Note: We dive into the technology requirements for modern planning in more detail in section 3, but in short, you'll need a specially engineered platform. A built-for-purpose platform powers agility by automating rolling forecasts, so you can reduce the time you spend on forecasting by up to 70%.

2. Identify your core value drivers.

Focus rolling forecasts on what's most valuable to the business, identifying core business drivers such as risk, profit, and working capital. Rolling forecasts must empower leaders to make decisions fast by immediately pinpointing what's most likely to drive results.

3. Eliminate bias.

Rolling forecasts are a strategic management tool, not an evaluation tool, so don't link them to targets, measures, or rewards. If managers think they'll be evaluated based on forecast accuracy as they are against budget targets, you open the door to misdirection and manipulation. Empower managers to convey the as-is reality without fear of condemnation or consequence.

4. Get insights into the right hands.

Rolling forecasts are powerful because they put real-time insights into the hands of day-to-day decision-makers, not just finance. This democratization of planning is an ongoing theme of this book, and we unpack it fully in section 2. Empower leaders and executives with clear, intuitive dashboards rather than endless tables of numbers so forecasts become useful and actionable on a day-to-day basis.

5. Choose the right forecasting horizon.

Rather than the fixed one-year planning horizon that traditional budgeting works with, rolling forecasts should align with business cycles and reforecast continuously, so your visibility is constant and continuous across the forecast horizon you've set.

The right tool will help you model different scenarios across different horizons with a simple click so you can answer questions across different time periods.

Example: You might want a near-term view on how decreased sales will impact operating cash-flow, but a longer-term view on how changing customer demand could impact profitability.

That's where dynamic planning can help. You can recalibrate forecasts and resource allocation every month, quarter, or longer based on what's actually happening in the business. Simply put, the rolling forecast is a key finance tool that allows you to see trends or potential disruptions and adjust accordingly.

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With Workday Adaptive Planning, our summer isn’t consumed with the budget. We’re doing a lot more planning and value-added work for the organization versus spending time heads down at our desks working on Excel spreadsheets.

It’s very intuitive. We have it rolled out to about 45 end users and a lot of those are grocery retailers; they’re not on a computer their entire work day. This system, I haven’t had issues with people not being able to figure it out—it’s been very intuitive for them.

Director of Finance
Lunds

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The adaptability of Workday Adaptive Planning in the midst of this crisis has been phenomenal. We pivoted to month-to-month forecasting in just 4 days so we could better manage COVID-19 impacts on our operations and patient care.

Director of Financial Planning and Operational Analysis
ChristianaCare

Learning from rolling forecast leaders.

Let's look at how rolling forecasts drive agility in practice.

ChristianaCare

A network of private, non-profit hospitals providing healthcare services in the U.S., ChristinaCare has faced few challenges as demanding or disruptive as the COVID-19 pandemic.

The effectiveness of its response—and ultimately, patient care—hinged on reacting fast to upheaval, modeling possible future scenarios, and making fast decisions to better serve patient communities.

Just two months after going live with an annual planning model, ChristianaCare made the decision to pivot to month-to-month forecasting. Despite everything else going on as the pandemic built momentum, it made this switch within a week.

Soon after, the organization could deliver multiple scenario plans to the board of directors to help guide agile decision-making.

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> With all that is going on with COVID-19, we are in weekly forecasting mode. The positive side is that with Workday Adaptive Planning, we have been able to put scenarios together in no time and the flexibility has been a game-changer. Based on the data we put together the team made high-level adjustments to top-line revenue, came up with a plan on how to manage expenses, and got real-time visibility into how these changes impacted EBITDA.
>
> **Controller/Finance Transformation**
> RATP

RATP Dev USA

Serving over 1.5 billion passengers across four continents annually, multimodal transportation company RATP Dev is intimately familiar with the challenges of growth and complexity.

For the finance team, this meant laborious forecast and budget processes using manual spreadsheets across distributed teams that resulted in a lack of organization-wide buy-in.

This time-consuming, inefficient, and error-prone planning process meant RATP Dev was struggling to move with agility to seize growth opportunities.

Using Workday Adaptive Planning, it reduced the time spent forecasting by 50% and empowered the company to adapt to growth more strategically.

When COVID-19 struck, the organization moved into a weekly forecasting cycle to quickly gather insights around the pandemic's impact on revenue, EBIT, and cash flow, and then harnessed those insights to formulate smart plans of action.

AGF

Premier independent investment firm AGF understands the importance of precise, agile decision-making in a fast-changing financial landscape. Its success—and the success of its 1 million investors—depends on it.

But its outdated, spreadsheet-based planning cycle was seriously slowing the firm down.

Using Workday Adaptive Planning, AGF shaved days each month off its forecasting processes, and at least a week off its annual budgeting practice. The organization now embraces a modern rolling, eight-quarter forecasting and reporting process that empowers more strategic, longer-term business decisions, faster.

TELUS

When Canadian telecommunications giant TELUS undertook a multibillion-dollar infrastructure project to keep pace with growth, project managers realized they needed better tools for the job.

Using spreadsheets made consolidating data for 35 to 40 project managers nearly impossible, let alone generating reports on demand for execs. And at a multibillion-dollar scale, small forecast errors and incorrect budget allocations were amplified to an urgent business imperative.

TELUS turned to Workday Adaptive Planning for the fast continuous planning, budgeting, and reporting it needed to make better decisions in real time.

> “With Workday Adaptive Planning, we were able to drive our annual variance to less than 1%. For some drivers, even lower. And that is remarkable. Without Workday Adaptive Planning, we wouldn’t be able to run gigantic projects and make decisions in real time.
>
> **Director of Strategy**
> TELUS

Now let’s look at the second lever that empowers continuous planning: what-if scenario modeling.

Chapter 3:

What-if scenario planning.

Business agility is much easier when you reduce the unknowns lurking around the corner. In a world of constant change, continuous foresight is a superpower. Anticipating your best, worst, and most likely potential outcomes—and your subsequent responses—in a turbulent environment provides a significant competitive advantage.

That's where scenario planning comes in, as the second tool in your arsenal on the road to continuous planning (skip back to chapter 2 for the first, rolling forecasts).

In this chapter, we'll explore why what-if scenario planning is so powerful—and look at what you can learn from other enterprises implementing advanced scenario modeling to improve their preparedness for the future.

What is scenario planning and how has it evolved?

What-if scenarios enable finance to use predictive analytics to model different possible versions of the future to determine the best path forward.

At a basic level, scenario modeling can be as simple as tweaking a few performance projections to see how changed expectations impact other business outcomes. But as an organization's confidence and capability grow, scenario planning becomes richer and broader, incorporating any combination of financial and non-financial inputs to continuously guide nuanced decision-making in real time.

The rise of scenario planning.

Up until the 2000s, teams placed huge trust in their "Plan A." Limited technology meant fixed projections—made at the beginning of the financial year—that dominated plans and dictated reality.

FP&A teams recognized uncertainty, but there wasn't much they could reliably do about it. For one thing, they lacked insight and resources. And there was less competitive pressure to assess multiple, multifaceted future scenarios.

Today, the picture is very different. A cocktail of hyper-competition, reams of data, and endless real-time decisions means single-scenario planning is no longer credible.

Business agility has shot to the top of the agenda. The need to anticipate—and course correct—in an accelerated landscape has given rise to a new era of scenario planning.

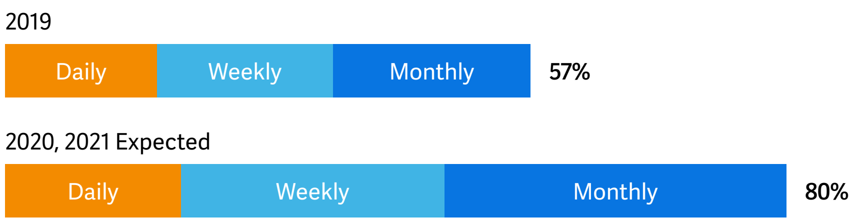
The great pandemic accelerator.

A stable business is a healthy business. And if the disruption wrought by COVID-19 showed us anything, it's that the healthiest businesses create their own stability. As mass uncertainty entered the spotlight, businesses responded by changing the way they plan.

Before the pandemic, just 57% of organizations ran forecasts daily, weekly, or monthly. By 2020 onward, this had jumped to 80%.
And data insights—or the lack of them—became a critical concern.

Frequency of Forecasts in 2019, 2020, and 2021

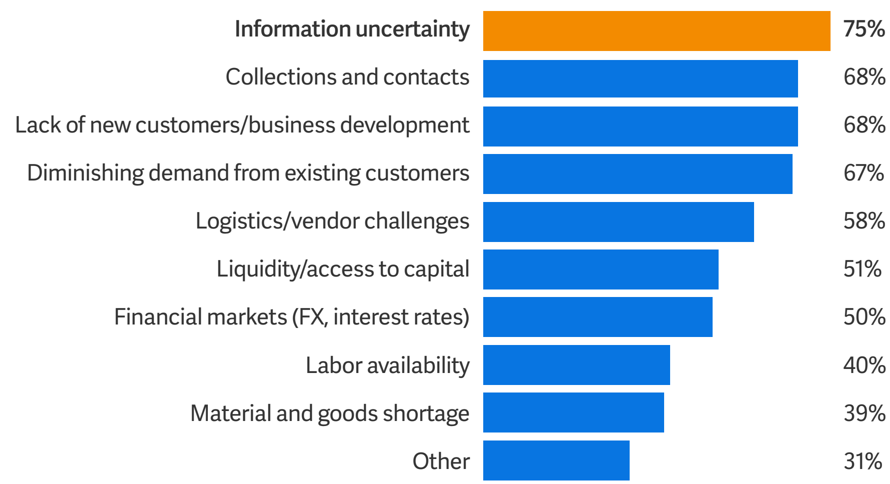
(% of Organizations Responding Frequency of Forecast)



By the middle of the pandemic, organizations cited information uncertainty as the number one threat to their success.

What is having the greatest impact on your organization?

(Results from COVID-19 FP&A Survey)



Association for Financial Professionals; AFP Guide to Scenario Planning, 2020

The Association for Financial Professionals says today's environment is characterized by acute uncertainty, and this awareness has created a new condition—summarized as VUCA:

- **Volatility:** What is happening? The situation changes quickly in unexpected ways, and historical norms are less predictive of the future.
- **Uncertainty:** What will happen next? Being unsure of the present and unsure of what to do next indicates a wider range or lower confidence in forecasts.
- **Complexity:** Why is this happening? The confounding of issues, no cause-and-effect chain is evident. Our ability to model the outcome based on known variables diminishes.
- **Ambiguity:** What does this mean? Cause/effect relations are unclear, making interpretation and extrapolation difficult.

Ramping up forecasts provides some comfort, as explored in chapter 2. But it's not the whole answer to VUCA's dynamics—not least because it propagates assumptions within existing models.

VUCA has made it harder than ever for FP&A teams to offer incisive strategic insights. Teams urgently need methods not just to assimilate new information but also to assess multiple possible future outcomes.

That's where scenario planning is so valuable, empowering finance to explore the implications of all possible strategic decisions and decide actions accordingly.

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As a private equity and venture-backed software company, it has been important to understand the potential impact of the COVID-19 pandemic. The first thing we did was to look at our rolling forecast, changing the key drivers that would affect revenues, expenses, and liquidity.

Using Workday Adaptive Planning, we were easily able to isolate and create multiple scenarios to model the impact of significant changes in attrition, renewal rate, our revenue-based pricing model, and collections.

This gave us a comprehensive look at the short- and long-term risk to the business, specifically in terms of our liquidity position. We then quickly built financial models, which helped us take actions necessary to ensure we have the liquidity we need to weather the worst-case scenario.

Vice President, FP&A
Plex Systems

Getting started with scenario planning.

Even at its simplest, scenario planning is extremely valuable. But adhering to a few core principles will help you move toward sophisticated, continuous scenario planning that supercharges business agility.

Effective scenario planning should meet the following criteria.

It takes a broad business perspective.

Effective FP&A teams don't exist in a vacuum. They form proactive partnerships across the organization and lead the business toward more effective planning—a necessity we explore more in chapter 4.

Scenario planning and broad strategic partnership go hand in hand—there's little point in modeling scenarios that don't reflect the wider business reality.

In a practical sense, this means inviting wider stakeholders into the planning process. Meeting operational business leaders helps finance illuminate its own blind spots with additional perspectives. Teams should consider the external view too—including any market, competitive, or customer-driven events that might have an impact.

It focuses on core business drivers.

It's not economical to replicate the comprehensive annual budgeting process for every potential scenario you want to run. Instead, effective scenario planning focuses on what matters—your critical assumptions and core business drivers.

You should already be moving toward this driver-based planning approach if you're starting to embrace rolling forecasts (skip back to chapter 2), which focus on core business drivers rather than capturing thousands of "white noise" line items.

This means identifying the things that are most variable and most significant to business performance—then focusing 80% of your attention on them. By focusing attention where it's likely to matter most, you're able to glean insights much faster—which in turn ladders into faster strategic decision-making.

It looks beyond financial data.

Most budgeting tools are designed to be financially oriented, whether ledger-based or otherwise. That means they don't incorporate critical non-financial data that leads to changes in financial accounts.

Addressing this means spotting those critical assumptions and monitoring them. Only then can you see which scenario path you're truly heading toward and update as needed. Putting assumptions into dashboards will help track the KPIs they embody.

It uses intelligent tools.

You need a lot of data to model accurate—and therefore useful—scenarios. Doing that manually—gathering dozens of spreadsheets across the business, connecting business drivers and adjusting numbers—is painstaking, error-prone work that's necessarily limited to the most basic, broad-strokes eventualities.

Conversely, using the right automated and intelligent tools—that can gather and leverage much wider data sets—allows for fast, accurate and painless fine-grain scenario modelling.

A dedicated planning platform fuels agility by using predictive intelligence to automatically adjust drivers based on real-time data, giving finance the flexibility to spin multiple scenarios at a moment's notice. We explore what these tools look like in more detail in section 3.

Learning from what-if scenario planning success stories.

Let's look at some real-world success stories to bring the power of what-if scenario planning to life.

La Clinica manages FP&A complexity with what-if scenario planning.

La Clinica, a healthcare specialist, provides over 400,000 primary care visits to over 90,000 patients across 35 clinics, regardless of their ability to pay. But with a $100 million budget and over 100 clinic and administrative cost centers, its reporting was extremely complex. The organization suffered from:

- Inefficient and time-consuming budgets made worse by impractical spreadsheets
- An inability to integrate data as a result
- A lack of workforce planning—its largely manual, spreadsheet-based process made it challenging to combine statistical with financial data in order to plan a full workforce that fulfilled the needs of each clinic

Running various what-if scenarios, including the coupling of financial and statistical data, allowed it to model the number of patient visits and full-time equivalent staff reporting, resulting in:

- Streamlined budgets—cost centers are interconnected and accurate; no longer tied to manual spreadsheets, user-friendly tools build stronger collaboration between clinics
- Integrated data sources, enabling stakeholders to work from the same data and more easily collaborate
- Accurate workforce planning providing the ability to combine accurate statistical and financial data so stakeholders can see the impact of provider changes and visit volumes in real time

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By envisioning and preparing for what's ahead, organizations can be far more agile, proactive, and successful. Scenario modeling based on a range of assumptions is a best practice that has been a boardroom-level topic during the COVID-19 crisis.

Doug Henschen
VP and Principal Analyst
Constellation Research
"Modern Planning Platforms Drive Business Agility and Better Outcomes"; January 2021.

Faster scenario modeling provides actionable insights for Tenable Network.

Tenable is a fast-growing cybersecurity systems company. It knew it needed to access and analyze its data metrics more quickly in order to understand critical trends that enhanced its decision-making. Tenable struggled with:

- Analyzing financial data and metrics in new ways to gain insights to support global growth
- Incorporating data from multiple systems to improve planning and forecasting
- Improving financial modeling to support better executive decision-making

Tenable's FP&A teams chose a flexible, integrated driver-based model to accommodate quick what-if scenarios. This unlocked more accurate forecasts under varying scenarios, resulting in:

- Being able to integrate accurate data from a variety of sources to create a robust model of business operations
- Easily performing scenario and what-if analyses to identify projected outcomes of short- and long-term decisions
- Quickly developing accurate forecasts to improve decision-making on headcount plans, marketing investments, and sales operations

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We're able to easily look at making changes across different teams, entities, across different countries, and get the full view of what that means for the business and profitability on the whole.

Director, Financial Planning and Analysis
Tenable Software

Boston Scientific retools its budgeting and planning process.

Boston Scientific was challenged by having to rely on IT support to make updates to business rules, calculations, and conditions within an on-premise software system. The team's major challenges included:

- Reliance on IT to manage budget system
- Lack of visibility into budget model assumptions
- Difficulty making changes to systems as business operations change

By switching focus to scenario planning and analyzing business impact, Boston Scientific brought both budget and reporting control into the hands of its key contributors.

By moving its planning processes to the cloud, Boston Scientific managed to:

- Eliminate significant time previously spent verifying calculations and tracing activity
- Improve collaboration and greater sense of joint ownership over budgets and forecasts between finance and other department leaders
- Achieve an annual ROI of 300% compared to total cost of ownership of on-premise enterprise software

Recap: Continuous planning.

Planning has never been simple in business. A torrent of new issues, from tech innovation to market disruption, casts this into ever-sharper focus. Companies today have less time—and face more pressure—to make the right decisions, fast.

Older planning styles no longer fit the landscape. And slowly but surely, companies are turning to continuous planning in response, harnessing rolling forecasting and what-if scenario planning to increase agility and fuel competitive edge.

Section 2:

Company-wide planning.

Chapter 4:

Embed agility into your DNA.

In today's fast-paced, hyper-competitive, and highly volatile business landscape, the most successful organizations are those that can align behind and execute strategic pivots quickly and effectively.

As we've seen in the last section, continuous financial planning is the crucial first step in realizing that goal—but it's only the start of your journey toward true modern planning.

Modern financial planning that's also company-wide is where things get really powerful—so much so, it's been recognized as its own discipline under the term "extended planning and analysis," or xP&A.

Company-wide planning is an extension of modern financial planning practices across every department in the enterprise, such as HR, sales, marketing, and operations. It's an incremental journey that starts with empowering department leaders to take more ownership over planning for their part of the business so they can make better decisions, faster.

Departmental plans can then roll up to the corporate financial plan, orchestrated by finance. So while those closest to the business can plan autonomously, corporate FP&A teams still have a holistic view of the business that better represents—and unlocks value from—the dependencies and complexities of your organization.

Modern company-wide planning is rocket fuel, igniting more strategic everyday decision-making and organizational acceleration.

In this section, we explore why company-wide planning is so valuable and what you need to get started. Then from chapter 5, we explore the nuances of company-wide planning across various departments.

Let's dive in.

What is company-wide planning?

Every day, department leaders create plans and make decisions for their teams. But often, these decisions are based on siloed data-sets spread across disparate systems, so it's extraordinarily difficult to make sense of disconnected planning happening across the organization.

The result is siloed teams planning in manual, error-prone spreadsheets—leaving finance to play catch-up. Corporate finance doesn't have the visibility it needs to plan effectively from the top, and department leaders can't see how their decisions impact other functions.

This model is intrinsically incapable of producing a unified picture of business drivers, activity, and performance. And it's this holistic business context that ultimately determines how effective decisions are.

The myriad of people making decisions across the business might be working together to reach your overarching goals. But more likely, they're missing opportunities for collaboration that would drive better business outcomes—or, worse, unintentionally working against each other.

Ultimately, this means the organization forfeits the ability to create a single source of truth that connects strategy to execution—an unaffordable competitive impairment today.

Before too long, this capability will be the deciding factor between the businesses that survive, and the businesses that wish they had.

Company-wide planning at a glance.

The aim of company-wide planning is to enrich the planning already happening across departments while also synthesizing and connecting that activity into finance's corporate plan.

The premise is simple: enterprise planning gets stronger as more business units participate in the process. As department leaders start creating models in their own planning instances, finance can start connecting all the pieces to increase visibility, gather new insights and dependencies, and cultivate business agility.

Ultimately, company-wide planning empowers you to build a deep, integrated understanding of your true business drivers as they work across and between different operational functions.

Company-wide planning connects all distributed, disconnected plans to one coherent model—to understand both how the inner workings of each department impact the master financial plan, and how events and decisions cascade across other departments.

By systematizing, legitimizing, and connecting the planning that's happening throughout the organization, you fuel better decisions at both the micro and macro level that accommodate—and capitalize on—your complex and interconnected organization.

“

By 2024, 70% of all new financial planning and analysis projects will become extended planning and analysis (xP&A) projects, extending their scope beyond the finance domain into other areas of enterprise planning and analysis.

Gartner Magic Quadrant for Cloud Financial Planning and Analysis Solutions, Greg Leiter, Robert Anderson, John Van Decker, 6 October 2020.

Your journey to company-wide planning.

While the basic premise of company-wide planning is simple, the journey toward it varies depending on factors such as:

- Your historical planning culture
- Your technology footprint and data posture
- Your ambitions and desired outcomes
- Countless other factors

However, finance is the natural home of planning within today's enterprise environment. We actively encourage finance to take a pivotal role in galvanizing the whole organization behind this modern planning vision.

To steward change, you need strong capabilities across two roles.

Fearless leadership.

The ability to lead from the front, to actively invite participants into the process, and educate them. Getting dispersed operational leaders onboard might be a challenge, but keeping them there will be easy once you prove it's in their best interest.

Active listening.

The ability to listen diligently to leverage and accommodate the specific requirements and insights of each department. Compromise is critical to bringing people along. Company-wide planning is a cultural shift that needs to be carefully pitched and managed—not mandated.

In a moment, we'll dive into what modern planning can look like within four critical areas. But first, let's explore six overarching pointers to successfully moving the organization toward company-wide modern planning. Bookmark this page, as these are fundamental truths you'll come back to throughout your journey.

Six principles for successfully implementing company-wide planning.

1. Banish technology silos.

In most organizations, silos reign supreme. Finance owns the master corporate financial plan and functional leaders own their operational plans. Nobody has visibility over the whole, because the planning process typically happens periodically in spreadsheets and department-specific solutions.

To move toward modern company-wide planning, distributed planning leaders must work within a shared environment—one that empowers operational leaders to plan faster and with more sophistication while also automatically reconciling changes across related plans, including the master financial plan.

The first step is usually to help functional teams move away from slow and inflexible legacy planning systems and error-prone spreadsheets.

2. Empower autonomy.

Company-wide planning is so powerful because it actively includes the people closest to the day-to-day business—the experts with unique insights into your market, operations, and business challenges.

Importantly, this isn't about flattening out planning across the business into one homogenous blob. Instead, xP&A seeks to empower different departments to plan at their own cadence, with their own metrics and business drivers, and then reconcile those individual idiosyncrasies—such as habits, processes, source systems, data, and so on—with the central corporate plan.

This isn't just convenient for individual departments, which retain the habits and workflows that work best for them. It also strengthens the overall plan, as those local preferences tend to capture a more granular picture of performance across the business—rather than a homogenous approach that smooths out departmental nuances.

3. Build process and governance.

Moving to company-wide planning demands new processes and governance to guide how collaboration happens, both within each function and between functional planners and finance.

At its best, modern planning becomes a strategically symbiotic relationship that delivers better outcomes for everyone. Dispersed planners own plans and make changes when the situation calls for it; corporate-level plans automatically integrate and recalibrate accordingly. You need a robust process foundation to realize that vision.

4. Distribute accessible insights.

Modern company-wide planning democratizes the production and distribution of insights throughout the business. That means departments other than finance can streamline their programs into a wider matrix while also pulling insights from other teams. Every decision-maker has actionable, accessible, and relevant insights to attack the complex planning challenges in front of them.

To realize that vision, data must be useful for decision-makers across the organization on a day-to-day basis. Insights must be instantly available and presented in an intuitive format—stakeholders need easy-to-use dashboards, not raw data. And they should be able to model unlimited scenarios in whichever dimensions they need, without relying on finance.

5. Galvanize buy-in.

As with any change initiative, building momentum can be difficult. You might encounter initial skepticism from operational leaders, especially if planning and collaborating with finance has traditionally been challenging.

Early support is key to scaling modern planning. Make change manageable and sustainable by going all-in on one urgent problem first. Functional planners and finance leaders should work closely together to identify and tackle problems one by one, scaling buy-in as success spreads.

Don't underestimate the gravitational pull of inertia, either. Old habits die hard—particularly given that the limitations of your current approach will be invisible to most operational leaders. Finance's first job is to prove that a better way exists at all—and that this way tangibly improves the day-to-day tasks of operational leaders and supports high-level corporate goals.

6. Build cross-functional relationships.

Rather than charging toward full-scale, company-wide planning from a standing start, you'll see much greater success implementing xP&A function by function (and we unpack some specific starting points over the coming chapters).

That said, don't lose sight of the endgame. Longer-term, the vision is to roll out modern planning across the entire business, creating one holistic model that connects previously disparate planning activities and creates context for decisions.

Drill down, and every planning event is interdependent with multiple others. This modern planning model bridges multiple parts of the sales organization, connecting sales to marketing, marketing to HR, HR to customer success, and so on. It much better represents the nuanced, cross-functional way your business operates.

Encourage dispersed functional planners to proactively cultivate high-value cross-functional relationships across their biggest interdependencies.

Where to start with company-wide planning.

There's no upper limit to company-wide planning. There are an infinite number of decisions happening across the business that could benefit from continuous, contextual data and finance's support.

That said—as we mentioned earlier—you'll likely see far greater success if you focus your efforts first within one function to build momentum and support before scaling.

Four places make a great starting point:

- Workforce planning
- Operational planning
- Sales planning
- Demand planning

Let's dig into these over the next four chapters. Skip ahead to whichever is most relevant to your modern planning journey right now, or read through for inspiration before choosing your next steps. Now could be a great time to pull the relevant functional leaders into the conversation.

Chapter 5:

Modern workforce planning.

In your journey to roll out modern planning across the company, workforce planning makes an excellent starting point. Improving the strategic value of the workforce has a profoundly positive impact on every other initiative and operation across the organization.

In this chapter, we explore what modern workforce planning looks like—and why it's so powerful for HR, finance, and the business as a whole.

> "Our finance team starts the process alongside our HR team, which supplies us with critical information on our entire workforce. Our workforce plan, integrated with our budget, revenue forecasts, and corporate financial plan, helps us determine where to expand next and when, how to staff new locations, what practice areas to grow, and more.
>
> **Financial Planning and Reporting Manager**
> Pinsent Masons

Realizing HR's great potential.

Most organizations cite people as their most valuable asset. But few companies truly integrate workforce planning with the strategic planning happening across the business.

And that's a problem. Because left in isolation, workforce planning—the engagement and empowerment of multiple departments—is reduced to headcount planning in which the focus stays limited to finance's relationship with HR.

This forfeits huge potential for HR leaders to improve outcomes across the business—from enhancing employee retention and development to right-skilling for strategic objectives.

Strategic workforce planning translates your high-level business objectives into a pragmatic and tangible people-based context. It's the connector between intent and outcome, that reverse-engineers the workforce requirements needed to manifest your goals—in terms of talent, costs, development, distribution, and more.

When workforce planning is integrated with finance's wider strategic plan, great things happen. As a partner to the business, no department understands its future workforce requirements better than HR. And framed by strategic objectives, growth projections, and new business opportunities, this HR and finance partnership can shape company talent to complement wider business goals.

Effective workforce planning makes it easier to estimate—and hit—accurate target hire rates. It simplifies the discovery and retention of talent for future needs, and helps filter the explosion in system-based HR data.

The costs of disconnected workforce planning.

New trends, industries, technologies, and customer demands are reshaping what a winning workforce looks like—in terms of skill sets, geographical distribution, team structure and hierarchy, compensation, development, employee experience, and more.

It's hard enough to support your known strategic objectives with a future-ready workforce strategy—to say nothing of the forces you can't anticipate.

Businesses without an integrated workforce planning mechanism simply won't have the right people in the right roles to keep up with the new world. And, crucially, they won't be able to change fast enough to avoid disruption from more agile—and better prepared—competitors.

- **Take location as an example.** Imagine a global manufacturer plans to build a new production site or sales office. Without strategic workforce planning, the company risks allocating the wrong mix of workers, wasting money and resources in the process—and potentially jeopardizing critical strategic objectives.
- **Executive hires are another example.** Through a cost-center lens, a multinational retailer may determine that hiring a vice president offers the best plan of action for launching a new marketing division. But modern workforce planning could have shown that hiring three fewer senior managers fits the bill better at a lower cost.

In many ways, your workforce strategy is your business strategy. That's why workforce planning isn't just a potential advantage but a competitive necessity.

Why modern integrated workforce planning is so powerful.

Workforce planning is about more than attracting talented employees. It's about creating an intelligent feedback mechanism between current and future business interests, and the acquisition, retention, and development of the people best able to drive those interests.

Headcount, capacity, talent mix, and distribution all have a material impact on how well you can execute today's critical business operations. These factors also influence how quickly you can prepare for and adapt to tomorrow's challenges and opportunities.

When you build more sophisticated connections between your shifting talent requirements and available resources, you create enormous strategic freedom to solve more ambitious challenges in ways beyond simply "hire more people."

Effective workforce planning unlocks three categories of response to new headcount requirements: build, borrow, and buy.

Build.

Market uncertainty has transformed employee development from a bonus of employment to a key differentiator. Peer-based coaching—and quick access to skills development courses—makes it easier to both offer career plans for your workforce and build succession plans for your future leadership needs. It also reduces the need for expensive outsourcing.

Borrow.

The organization's shifting needs in this dynamic business environment have given cross-departmental right-skilling renewed momentum. And with an integrated workforce, it becomes easier to do.

Take HR. In recent years, HR leaders have hired more data scientists and analysts onto their teams to better understand worker trends in areas such as engagement, productivity, mobility, and attrition. Some of these new positions have been filled by internal transfers from finance and IT—employees looking to apply their craft in new ways. Tapping into resource pools via internal transfers keeps teams well matched for new demands.

Buy.

From a hiring perspective, integrated planning ensures every action—from talent acquisition and onboarding to deployment and retention—mirrors wider strategic intentions. Sharing data on the current workforce drives better decisions about who you end up hiring. You can also account for the pace of hiring in line with short-term budget availability, and identify roadblocks along the way.

Four ways integrated workforce planning improves agility.

When HR has the holistic insights to become a strategic partner to the business, modern integrated workforce planning becomes one of your most powerful levers for agility:

1 **It creates a resilient, future-ready workforce.**
Modern workforce planning rolls conversations about strategy and cost into the same system. Not only do both sides of the workforce discussion get more visibility into current and future hiring expenses, but the organization is also better prepared to address skills shortages in the event of unforeseen needs.

> **Example:** A travel company undergoing digital transformation pivots to employ more data analysts to measure and optimize call center staffing to customer demand across its new online channels.

2 **It empowers leaders to make better decisions, faster.**
Companies work more effectively and make better, faster decisions when HR, finance, and operations collaborate.

> **Example:** Jackson Family Wines had to anticipate rapidly shifting labor needs due to harvest and product cycles. But through collaborative planning, its business unit managers could easily identify and allocate employee costs among multiple business units.

3 **It identifies the cause of staff and skills shortages.**
From an operational perspective, managers can start baking in hiring strategies that support their plans earlier in the collaboration process.

> **Example:** A regional sales team gets a tip that a local competitor will be winding down operations in the area later in the year. The team can plan ahead, and train junior business development reps in time for the shift rather than wait to hire more experienced and expensive reps to fill the anticipated increase in opportunities.

4 **It highlights the different objectives among teams.**
On the one hand, leaders can understand their own objectives through a workforce context and optimize their teams accordingly. On the other, it empowers leaders to see how other teams' plans might affect their own workforce needs.

> **Example:** As that same regional sales team reforecasts aggressive targets for the year ahead, the customer service team can see it will need to increase capacity to support the extra inbound inquiries.

Multinational IT firm transforms projects with workforce management planning.

Business Network Builder (BNB), a global IT consultant, realized that a rapidly growing demand for its services affected its agility, as well as its ability to make effective decisions and deliver a rewarding customer experience.

As it expanded geographically, its disconnected finance and HR systems made it hard to monitor business performance, engage with its workforce, and change at the speed demanded by clients.

Challenges.

BNB's biggest challenge was to transform its project planning and management to scale to its growing business.

Increased client engagements demanded a more accurate and informative view into areas such as project and resource management, time and expense tracking, and analytics. Reliance on separate, manual systems left little operational visibility into each engagement. It was difficult to allocate resources to a client project, or understand the margin on it. Additionally, financial and workforce planning was conducted manually via spreadsheets.

Results.

BNB opted for a single system for finance and HR, giving the company complete visibility into the business.

To illustrate, its HR department has workforce planning and talent management in one system, and with role-based access to information can now better train, recruit, and nurture new employees. Additionally, it now benefits from faster, more accurate financial decision-making. Using a singular system provides the team with transactions, accounting, and analytics all in the same place.

At a glance.

- BNB gained a single system for finance and HR
- Increased profitability on client-facing billable projects
- Accelerated informed decision-making
- Enhanced employee engagement and satisfaction
- Improved ability to adapt to change

Skip back to page 31 in chapter 4 for the six principles to get started with company-wide planning. Otherwise, let's move on and explore operational planning—another crucial pit stop on your journey.

Chapter 6:

Modern operational planning.

Look under the hood of any business today and you'll find a complex operational engine. Across every industry, companies of all sizes contend with an ever-expanding tangle of machinery—data, systems, teams, processes—to keep the business moving forward.

Operational planning aims to quantify and harness this complexity by building an observable relationship between key operational decisions and actions, and their wider impact on revenue and related functions.

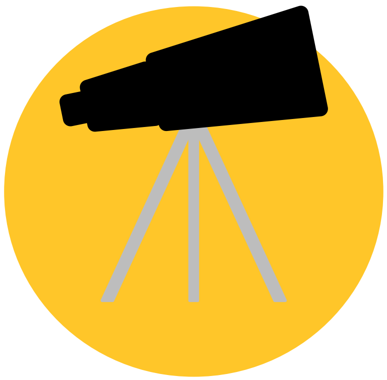
The goal is to empower planners with a holistic view of every plan streaming across the business—to give them the insights needed to make more informed, and ultimately, more profitable, decisions.

In this chapter, we explore the transformative power of applying best-practice modern planning principles to your critical revenue-generating functions. To help bring operational planning to life, we'll zero in on a few verticals—but the principles are industry-agnostic, so you can put what you learn to use no matter where you work.

"

Financial plans are more realistic and achievable when they are coordinated with operational plans. What's more, the best planning is achieved by the people who are closest to the business unit or department, so data-ingest, data-analysis, and planning capabilities should extend beyond the office of finance.

Doug Henschen
VP and Principal Analyst
Constellation Research
"Modern Planning Platforms Drive Business Agility and Better Outcomes"; January 2021.



Different industries, different revenue generators.

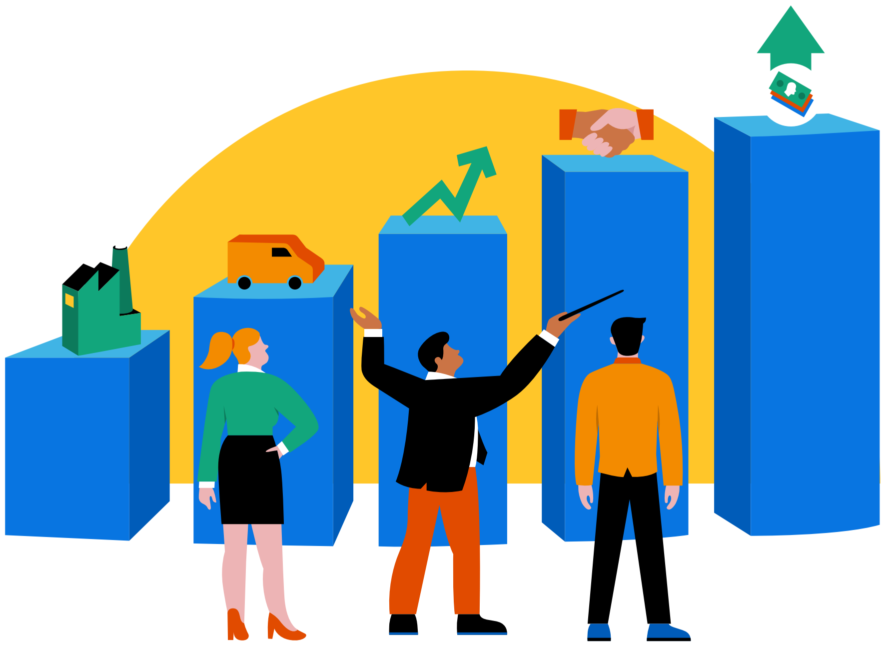
At its heart, operational planning is a finance-led exercise that fosters collaboration with department leaders across the organization. It's not a prescriptive method mandated by finance but an organic way to make specific improvements that elevate and modernize revenue-adjacent planning at the source.

Best-practice planning principles are applied to the revenue-generating parts of your organization—which vary depending on your industry, strategic priorities, operational dependencies, and so on.

Operational planning is about applying modern planning principles to the foundations that support your products and services. For instance:

- Retail and CPG organizations might adapt the way they manage inventory and merchandising plans among multiple regions, or model performance variance between individual stores
- Healthcare providers might focus on forecasting patient volumes or identifying cost improvements for suppliers and pharmaceutical partners
- Professional services firms might think about how to forecast billable hours against capacity and utilization rates

Let's zoom in to the operational mechanisms of five different industries to illustrate the value operational planning can deliver. Bear in mind the six principles back on page 31 in chapter 4 as you read—they're your blueprint for getting started.

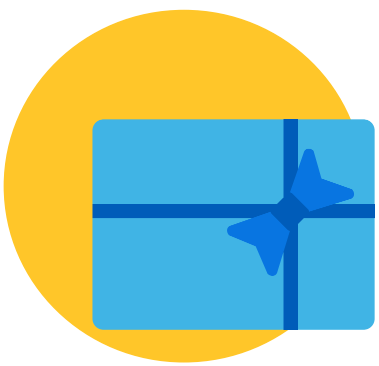


Retail.

Retail planners have a lot to think about. There are big macro changes afoot, such as reconciling online and brick-and-mortar challenges into a coherent strategy, while often incorporating and balancing multiple brands within a single planning operation.

Meanwhile, all the usual operational challenges still apply: rotating different SKUs, aligning store inventories, scheduling product launches, and right-sizing staffing with consumer patterns all carry major revenue implications. Let's take a look at some prime operational-planning use cases.

> "
>
> [Operations planning] has allowed us to drive discussions based on a single view of the entire business, giving us the historic picture that allows us to look forward based on real trends.
>
> **Group Planning and Reporting Lead, Finance**
> Specsavers



Inventory planning.

Misjudged inventory planning—either too much or not enough of the right stock at the right time—can be a costly mistake for retailers. Making continuous adjustments throughout the year is critical. Certain stock is integral in certain months and must be accounted for long in advance, but risks becoming redundant later. In these contexts, modern operational planning delivers a major advantage.

Staff planning.

It's important to optimize shift planning and employee compensation around the natural spikes and dips of seasonal consumer spending. Headcount data also provides an invaluable stream of insight. Net-profit margins, sales by employee, payroll taxes, and store employee numbers all help finance align store coverage with demand.

Category margin planning.

With margin pressure increasing, consumer price sensitivity, and growing economic uncertainties, forward-thinking retailers consider product and category margins to be among their most important KPIs. Planners create driver-based plans to maximize category margins across different channels and stores, optimizing inventory and marketing decisions based on the top performers.

Healthcare.

Healthcare providers not only need to serve patients, but to also acquire and allocate funds to invest in innovation and grow the business. To do that, they need to properly forecast patient revenue and costs based on targeted forecasts to enable accurate investment of capital and personnel across the care network.

Healthcare revenue planning and reporting is typically volume-driven and associated with multiple dimensions, such as type of patient or type of service offered.

> “With Workday Adaptive Planning we were able to automate our above-the-line system allocations, and see instantaneously the impact of any changes. Before, we had to update everything manually and hope everything was error free.
>
> **System Director of Financial Planning**
> Fairview Health Services

Staff and workforce planning.

Patient volume is the primary driver of staffing requirements throughout healthcare organizations at every level. Providers need to be able to forecast future patient volumes as accurately as possible to match demand with both the required headcount and skills mix.

Payment planning.

Healthcare providers typically operate on fine margins with little room for error. It’s important to understand the complexities, variables, and dependencies of the payer mix—such as the differing time frames of patient-funded vs. employee-sponsored insurance.

And as the industry transitions from a fee-based to a value-based care model, any prospective planning system needs to be robust enough to understand, and charge for, a wide variety of patient outcomes.

Long-term viability planning.

It’s a turbulent time for healthcare providers. The last couple of years have seen huge swathes of the industry suddenly expand, embrace, and regulate digital, virtual, and remote health services and treatment.

Meanwhile, this massive digital investment is happening alongside huge financial instability and capacity crisis, as organizations struggle with increased costs and falling revenues after high-margin service lines shut down for more than a year. Perhaps here more than anywhere else, planners need to balance innovation with survival.

Professional services.

Professional services organizations typically plan according to the service engagements and contracts that drive their business forward. Revenue planning is often complex, involving drivers such as bill codes and bill rates, as well as key comparisons such as billable versus non-billable hours.

In most instances, professional services companies sell labor, which makes staffing and utilization metrics their primary KPIs. Within this environment, operations teams typically act as the key cost and revenue generators.

Changes to service engagements, bill rates, and utilization assumptions can all have a major impact on overall results. But by factoring additional contracts into your model, you can shed light on how the picture changes.

> "With the time savings, ease of analysis, and scale of consolidation achieved using Workday Adaptive Planning, we've gone from scorekeepers to strategic business advisors.
>
> **Financial Accounting Manager**
> Pinsent Masons

Capacity and utilization modeling.

Optimizing the services an organization promotes, sells, and delivers has a major impact on revenue and bookings. By modeling the addition of an extra training subscription service, for example, a technology services company could understand revenue projections and when delivery staff might have the capacity to deliver.

Not only does modeling result in better transparency into and planning of its staffing, billable hours, project, role, and region, it also enhances the company's accuracy when allocating resources across different projects.

Portfolio and account profitability.

For long-term projects in particular, organizations must wrestle with complex revenue recognition scenarios. You need the flexibility to plan and forecast revenues using business drivers such as billing rate, number of resources, and project duration, as well as the ability to model costs, allocations, and profitability by project, customers, or departments. Likewise, it's powerful to automate revenue recognition and reporting based on either milestones or the percentage of completion.

By planning revenue in multiple dimensions, professional organizations can continuously monitor performance against objectives, as well as assess the impact on cash flow and balance sheets. Finally, as market conditions evolve, organizations can make adjustments based on different revenue assumptions.

Higher education.

Higher education institutions face the compounding pressures of rising student expectations, elevated tuition fees, declining completion rates, tightened funding levels, changing teaching modalities, and steep efficiency requirements.

A shift from enrollment-based to outcome-based funding has also seen institutions reevaluate how they operate to find cost savings while continuing to fulfill their obligations. Unsurprisingly, flexible planning and budgeting underscore their chances of success.

> “
>
> You can sit down with a faculty member and create a funding plan, and develop models to determine what funding is available, what the needs are, and how many graduate assistants should be hired. Those are the conversations we need to have to best achieve our goals.
>
> **Associate Vice President, Financial Services**
>
> The University of Arizona

Grant planning.

In higher education today, grant-level funding is integral to an institution’s long-term success. But there is little consistency. Grants cover a wide range of both public and private sources and projects can begin at any date, making it difficult to consolidate a full view of grant activity.

The smartest players create grant-level funding and spending plans to generate visibility into income and expenses over the life of an individual grant. The outcome—big-picture clarity into an overall portfolio—ensures that organizations are better positioned to compete for funding.

Position planning.

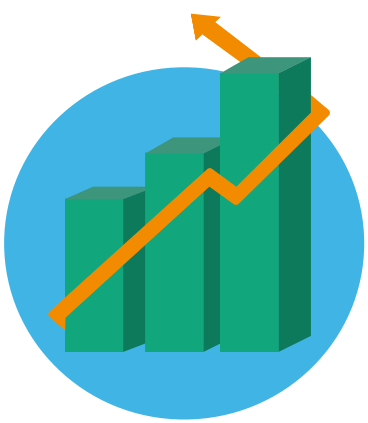
Staff and faculty planning is critical to higher education planning. It’s essential to meet student demand effectively and efficiently—so it pays to add more business and operational context to salary and benefits planning.

Integrating HR data into salary and benefits planning delivers much greater insight into how best to optimize available resources. For instance, using employee data in salary and benefits planning makes working with multiple fringe rates much easier.

Financial institutions and services.

Financial institutions, such as banks and credit unions, don't only need to wrangle vast data sets. They also need to contend with dozens of different models—from interest income and interest expense to fee income and assets-under-management. Each plays a crucial role for portfolio managers in their planning activities.

> The high level of data integrity within Workday Adaptive Planning allows us to confidently run scenarios and make more strategic, course-altering decisions much quicker.
>
> **VP of Finance and Controller**
> AGF



Balance-sheet planning.

Financial institutions often need to model the impact of a change to their interest expense models. In practice, this means adapting the interest rates they currently pay to their deposit customers. Building portfolio runoffs, including principal, repayment, interest, deposits, and fees, can help industry players forecast a comprehensive balance sheet, as well as income statement and cash flow.

Product and branch profitability.

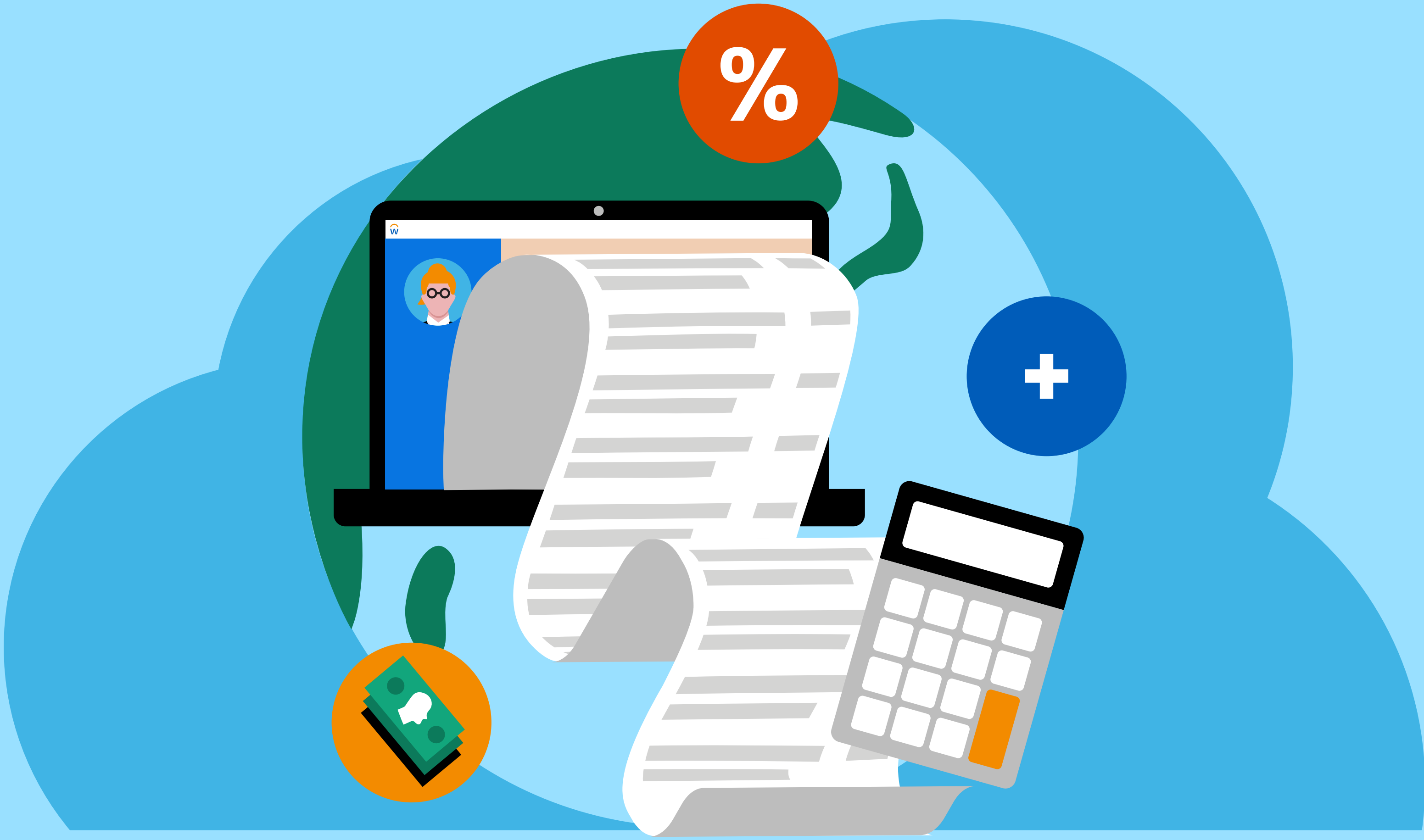
Financial institutions offer a myriad of new products to drive revenues, and individual branches play a significant role in that promotion. That means there's enormous value in being able to track sales ratios on a per-branch basis.

For example, if a bank could model expected performance across every location, it could plan its revenues and costs at a much more granular level—according to the success of each individual product and the effectiveness of individual teams. This isn't just about improving performance—it's also about understanding new product success against expected market appetite.

That's what operational planning can look like applied to your critical revenue-generating functions—there's endless potential here, depending on the nuances of your business. But now let's dive into a powerful operational planning subset: sales planning.

Chapter 7:

Modern sales planning.



Sales planning is a subset of company-wide operational planning that's worth diving into because it can have an especially huge impact on business agility. As both a critical growth engine and a major risk center, sales operations is a perfect candidate to benefit from planning transformation.

In this chapter, we explore what that transformation should look like, and share some examples of the world-leading organizations that are putting modern sales planning into practice to carve out an advantage and pull ahead of the pack.

What is traditional sales planning?

Planning happens constantly within sales. Sales operations leaders continually develop, tweak, and execute strategies that drive the business toward revenue targets—such as adjusting quota allocation or tweaking sales capacity to reflect new hires.

In the traditional planning model, those practical decisions are rolled up, smoothed out, and sent to finance—typically in a spreadsheet—to be reconciled into the corporate plan.

Sales operations and finance share a lot of the same pains with traditional planning—it's a limited, manual, error-prone, and time-intensive way to unfurl strategy into activity and measure the results.

And worse, this traditional approach ultimately treats the organization as a collection of disparate teams operating in a vacuum, when actually the opposite is true. Your organization is a complex system of systems—a puzzle of interacting parts, like a mechanical watch.

In that context, traditional sales planning presents several problems that both impede sales performance and impact the wider organization:

It's manual, retrospective, and time-consuming.

Working with disjointed spreadsheets takes so long that even basic sales planning requires enormous effort, leaving little time for sales operations to focus on strategic planning activities. Additionally, overburdening field sales leaders with disjointed, cumbersome planning tasks pulls them away from leading and selling.

It narrows the vision of sales decision-makers.

Silos can camouflage errors and nuances that increase risk to the revenue plan through factors such as inequitable quotas, unbalanced territories, poor account segmentation, and sales rep attrition.

It's difficult to scale to accommodate complexity.

Sales planners can't easily meet the scale and complexity of the organization's needs because it's difficult to combine data for better decision-making.

It disconnects operational and strategic decision-making.

Finance and business leaders often have poor visibility into on-the-ground situations, glossing over potentially business-critical insights that might reveal new opportunities or flag risks.

It burdens financial planners.

Financial planners exert Herculean effort to verify and reconcile disconnected plans from dispersed operational teams, leaving little bandwidth for strategic analysis. And despite everyone's best efforts, inaccuracies often slip through the net, which can hurt decision-making.

The issue is that traditional sales planning is a fundamentally short-sighted approach that stymies innovation—within sales and across the organization. It fuels disjointed execution, forfeiting efficiencies, and collaboration opportunities that could boost planning's impact. Sales planners and financial planners—and the organizations that rely on them—need a better way: modern sales planning.

What is modern sales planning?

Modern sales planning is an extremely powerful tool for sales planners and financial planners alike:

- It empowers planners with precise sales data so both sales operations and finance can create more accurate plans that enable better, more informed decision-making.
- It connects sales operations leaders with a more holistic set of business drivers beyond CRM data and blunt financial targets, and equips them with the freedom, flexibility, and autonomy to develop innovative strategies.
- It empowers sales planners to become more data-driven—and, therefore, more accurate—about how they set quotas, balance territories, and optimize sales capacity. This increased accuracy lowers risk, incentivizes performance, safeguards against attrition, and spurs sustainable, predictable growth.
- It gives sales decision-makers immediate insight into sales plans across geographies, helping to improve consistency and democratize lessons learned so as to scale successes and course-correct faster.
- It saves significant time for sales operations, sales leadership, and financial planners by removing the administrative burden of spreadsheets. This creates space for more strategic analysis and accelerates planning to help fuel business agility.
- It starts to reveal the hidden interdependencies that impact sales performance—for example, how bookings track back to leads and how leads relate to marketing headcount. This empowers more refined planning that aligns objectives, synchronizes efforts, and pools resources to maximize outcomes.

“

Financial goals cannot be met if sales plans are not in sync with revenue expectations, or if required, human resources are not available to execute on the plan. Furthermore, financial modeling can benefit from the addition of operational data.

Doug Henschen
VP and Principal Analyst
Constellation Research
“Modern Planning Platforms Drive Business Agility and Better Outcomes”; January 2021.

Modern sales planning in practice.

Let's look at how some leading organizations are harnessing modern sales planning to boost agility and create a competitive edge. Skip back to page 31 in chapter 4 for the six principles you need in order to follow in their footsteps.

Acquia

A leading cloud platform for building, delivering, and optimizing digital experiences globally, Acquia's sales operations team was struggling to make a strategic impact to the business due to its reliance on manual spreadsheets. The team spent countless hours validating formulas and redoing work that had been inadvertently overwritten.

With Workday Adaptive Planning, sales operations can now quickly and easily report on and analyze business outcomes based on factors such as varied headcount, ramp speed, quota, and top-down target bookings assumptions.

The sales operations team can model scenarios in real time during meetings to initiate more productive conversations and enable faster decision-making.

> "
>
> We know confidently that our sales team is going to go into a year with a number and a plan that's going to make them successful.
>
> **Director, Sales Planning and Analytics**
> Acquia

Winshuttle

Global software company Winshuttle understands the potential of great technology to automate and simplify how data gets used to increase productivity. But it had difficulty putting those principles into action within its own planning function.

The company first rolled out modern planning within finance before turning the modern planning focus on sales and its cumbersome spreadsheet-based planning processes.

Using Workday Adaptive Planning, Winshuttle can now quickly analyze quotas, coverage, productivity, ramp rates, and attainment, and run what-if scenarios in real time. CRM data automatically flows into the model, increasing visibility into opportunities and performance, and providing more accurate projections.

> "
>
> As an enterprise software company, our top-line bookings are heavily driven by sales capacity and sales productivity planning. We leapt at the opportunity to leverage the same efficiencies we experienced in finance for sales operations.
>
> Our organization is now more tightly integrated and aligned. Our executives now speak one language—a language based on one version of the truth. A unified view of the plan scaled across finance and sales. A shared ability to see where we stand against the plan at the corporate and sales levels, and to visualize the impact of changes on budgets, forecasts, territories, capacity, and more.
>
> **CFO**
> Winshuttle

Cumulus Media

Like others in the radio broadcasting industry, Cumulus Media faced enormous pressure to diversify and modernize operations—to safeguard its market leadership position. Cumulus knew it needed to improve financial and business decision-making across executive leaders, sales managers, and business managers. But with 90 media markets, the enterprise found it impossible to forecast, report, and model at speed and scale.

Now, thanks to Workday Adaptive Planning, Cumulus has been able to automate budgeting and reporting to quickly analyze data for an accurate and bigger view of business performance.

From a sales planning perspective, in-depth sales modeling now provides instant visibility into metrics and trends to inform how client advertising goals are set and how new advertising products are priced to maximize profitability.

> “
> It's singularly changed the culture and focus of our company. No other tool that we have ever rolled out, financial or otherwise, has ever received this level of universal adoption across our company.
>
> **Senior Vice President, Treasurer, and CFO**
> Cumulus Media

IRI

Big data and predictive analytics powerhouse IRI counts 95% of the *Fortune* 100 retail, health, beauty, and CPG companies as customers, so it's clearly doing something right.

But IRI's explosive growth also shone a light on the limitations of its existing planning processes. After successfully implementing Workday Adaptive Planning within finance, IRI decided to bring the same powerful, scalable, and easy-to-use analytics and insights to its sales planning.

Empowering salespeople with self-service reporting has meant everyone can easily monitor their pipeline and take control over their performance, without finance acting as a gatekeeper. And now sales planners and financial planners work together to set optimum goals, integrate those goals into company plans, and track progress, ultimately resulting in a sales function that better fuels IRI's growth ambitions.

> “
> Teams are actually using Workday Adaptive Planning for sales on their local revenue calls—bringing up a dashboard, sharing that dashboard out, and using it to drive their discussions.
>
> **VP, Finance**
> IRI

Jump to chapter 9 to explore the technology requirements that make modern sales planning possible. Or read on to learn about another powerful opportunity to embed modern planning best practices into the fabric of your organization.

Chapter 8:

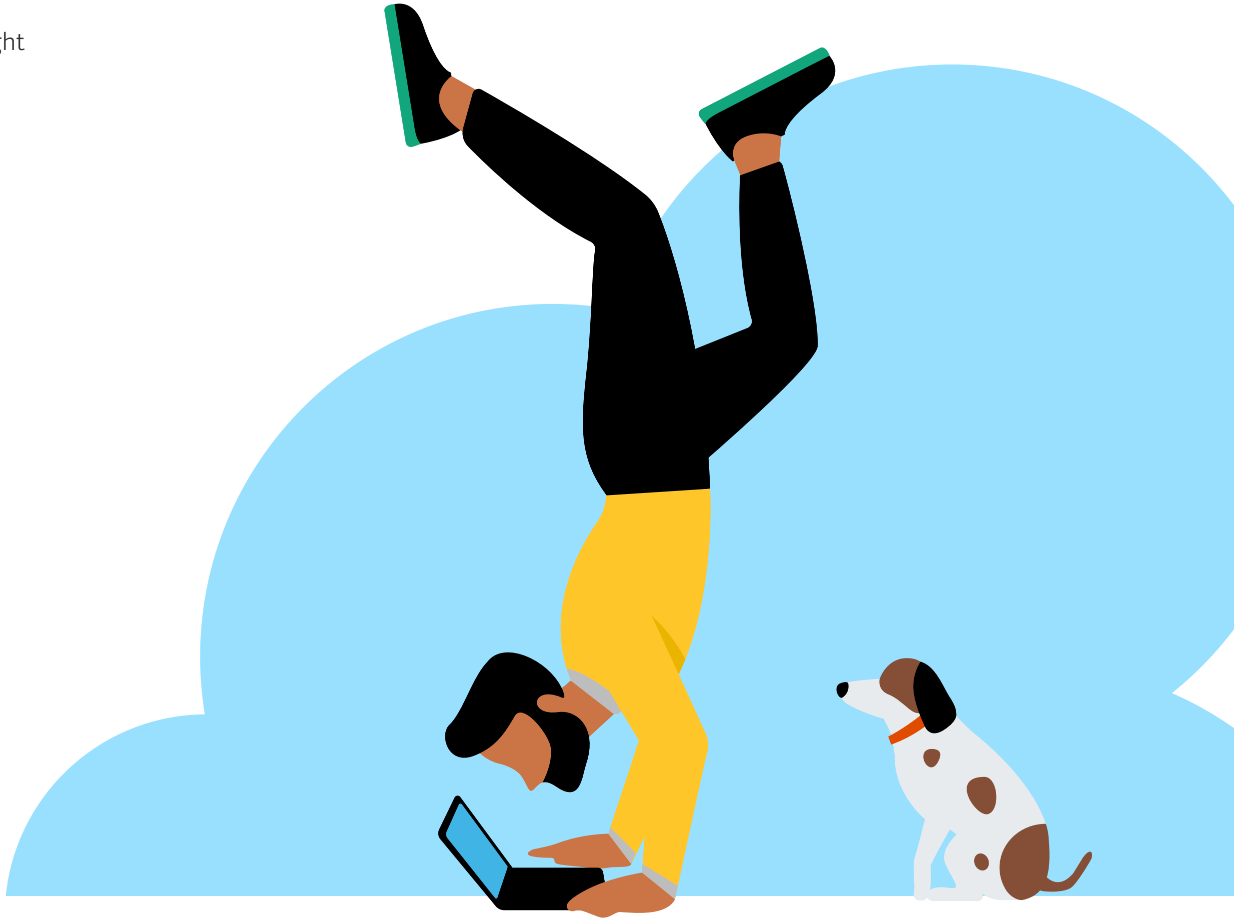
Modern demand planning.

One of the last frontiers to true business agility is demand planning—a cross-functional process of forecasting demand and then planning the supply of products and services to optimize delivery against predicted market appetite.

It's an essential tool to help organizations navigate unpredictability by preempting and adapting to shifts in demand. To maximize profitability and increase resilience amid rapid change.

Depending on where you are right now, the ideas in this chapter might feel unattainable. But they're the natural outcome of the holistic, interconnected planning landscape this book is guiding you toward.

Keep reading.



What is demand planning, and why is it critical to acceleration?

Demand planning is the process of forecasting shifts in demand and planning how to optimize supply accordingly. Effective demand planning empowers the organization to react faster to changes in customer appetite, optimizing margins and capitalizing on sales opportunities to maximize profit.

For example: Imagine you're an outdoor clothing retailer. At its most basic, demand planning means understanding you'll sell more coats in winter and have the correct inventory to meet that demand without excess supply.

As demand planning becomes more sophisticated, you can introduce more nuance. For example, predicting there'll be less demand for your skiwear this winter because a competitor launched a new product line, snowfall is low, and the economy is tight so fewer people are taking ski holidays.

Knowing those things, you could invest less in skiwear that won't sell and more in product lines that will—for happier customers and less waste.
In essence, demand planning is about right-sizing supply to meet customer needs as efficiently as possible.

When you get demand planning right, the benefits are huge.

Companies that excel at demand forecasting have:

- Less excess inventory
- Better order fulfillment
- Shorter cash-to-cash cycle times
- Higher profit margins
- Fewer stock shortages

Demand planning can be more art than science.

But there's a catch. Demand planning can be extremely challenging because both supply and demand are influenced by a myriad of interacting factors.

For example:

- Supply could fluctuate based on spikes or drops in customer orders; staffing levels; staff absence rates, such as sick leave or vacation; staff productivity; supplier reliability; unexpected supply chain bottlenecks; and so on.
- Demand could fluctuate based on effective or ineffective marketing campaigns, competitor pricing, new products or services entering the market, changing buyer preferences, global affairs, and so on.

There are a lot of factors to weigh against each other here—all of them dispersed among the financial, operational, and external market data across your systems and sources.

Organizations often struggle to build a coherent picture of demand planning because the data needed is sparse, siloed, and fragmented—even identifying what is relevant can be a challenge.

That's why demand planning is a creative act that can feel more like art than science. Insights often lie at the intersection of fast-moving and apparently unrelated data sets. There's often very little hard data on external factors, such as changes in customer appetite or material costs.

The costs of poor demand planning.

The upshot is, most organizations accept limited or imprecise demand planning as the status quo. The result is opacity—or a disconnect—between supply and demand, potentially causing two challenges:

- Insufficient supply to meet customer demand, leading to dissatisfied customers, missed growth opportunities, and, over time, a declining market share
- Supply exceeding customer demand and driving up inventory, storage, and staffing costs, and eating into your profit margins

Both are critical challenges in today's congested competitive environment, where advantage hinges on small margins. And, in both cases, organizations also face an additional problem: inaccurate demand planning has a downstream impact on other planning across the business.

Come back to our outdoor clothing retailer scenario. If you believe there'll be less demand for skiwear, you need to manufacture or procure less product, sure. But zoom out to look at the bigger picture:

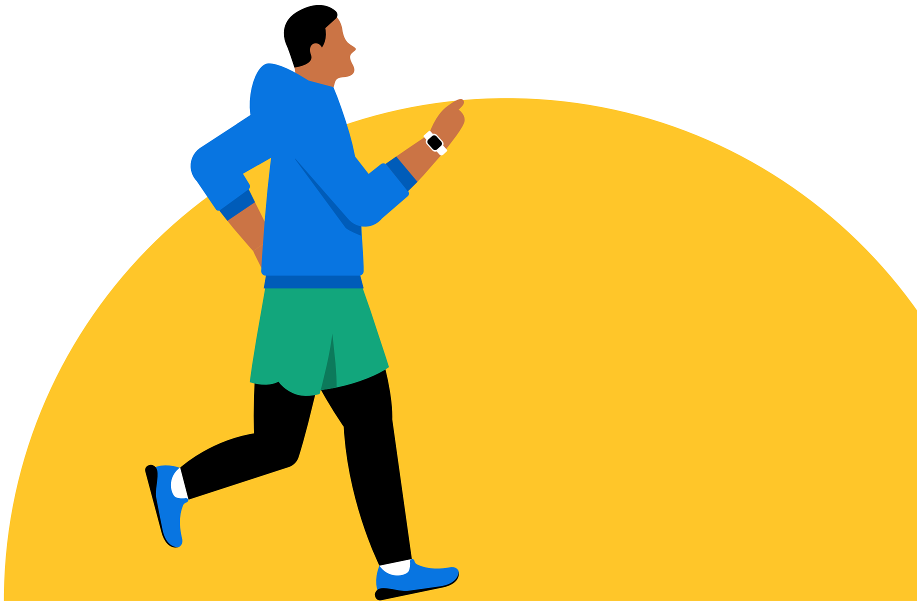
- Sales might need to tweak targets for its product lines to maintain overarching revenue targets
- HR might need to readjust headcount plans, or redistribute people where they'll be more useful
- Marketing might shift campaign focus and reallocate budget, which in turn might influence demand for other products

Inaccurate or limited demand planning results in wasted spend, wasted effort, and missed opportunities across the business. Cumulatively, inaccurate demand planning causes inefficiencies across the enterprise, as well as poor strategic and operational decision-making.

You can't reliably identify the best next steps when you're acting on inaccurate or outdated information. You can't easily spot long-term opportunities that might have otherwise been competitive differentiators.

For instance, perhaps the best strategic move would be to discontinue your skiwear product line and funnel investments into water sports. Decision-making supported by foresight and that gives enterprises a competitive edge often hinges on modern demand planning.

Moving toward modern demand planning can be difficult, there's no doubt. But as the examples over the next pages show you, it's worth the effort.



Modern demand planning in practice.

To get started with modern demand planning, you need:

- A holistic planning environment that ingests and automatically reconciles data from multiple sources, both across the business and externally
- Broad participation from across the business, powered by planning tools that feel intuitive for business users and strong cross-functional relationships
- Plans that automatically recalibrate and synchronize in real time to empower true interconnected decision-making

Skip back to page 31 in chapter 4 to dive into the best practices for getting started with company-wide planning.

For now, let's look at three industries where demand planning can be especially powerful—although that's not to say only these industries will see value. Modern demand planning is valuable in any industry facing uncertainty and complexity, so look for parallels with your own challenges throughout this section.

Retail.

Retail is all about the customer experience. Consumers' spending habits and loyalty reflect that, which makes customer service one of the most powerful drivers of profitability.

Demand planning, in turn, is one of the most powerful drivers of customer service. Better aligning supply to meet demand doesn't only mean maximizing sales opportunity right now. It also means delivering against customer expectations and helping to secure their loyalty for future purchases, increasing customer lifetime value.

At its best, demand planning also allows you to predict and preempt long-term market demand to meet emerging customer needs before competitors stake a claim on new market share.

Example:

When the limitations and restrictions of COVID-19 hit food manufacturer and retailer Reily Foods Company, the organization saw customer demand for baking products unexpectedly soar.

With Workday Adaptive Planning, the team eliminated multiple spreadsheets and consolidated demand forecasting into one process. The organization was able to predict and react to this changing demand extremely fast, asking what-if questions and building scenario-based forecasts to address hourly market changes. Reily Foods Company was able to right-size inventory in lockstep with skyrocketing demand—a major success during an otherwise turbulent period.

Manufacturing.

Manufacturers face a long list of challenges that make demand planning difficult, but critical, to predict. These challenges include large and growing product portfolios, a huge bill of materials, slow-moving inventory, increasing customer pressure on delivery times, complex and geographically dispersed distribution networks, and escalating cost pressures.

For manufacturers, demand planning is a route to economizing inventory, decreasing holding costs and waste, improving order fulfillment, and increasing supply chain cost-efficiency. It has a downstream impact on production scheduling, product lifecycle management, replenishment planning, warehousing, logistics, and headcount planning.

Example:

For Alcoa, one of the world's top miners, refiners, and producers of aluminum, connecting complex global operations to meet ever-changing demand was a big challenge.

Global demand forecasting was splintered across numerous spreadsheets, so collating and reconciling data was extremely time-consuming. Silos meant demand planners had poor visibility to steer decision-making.

Now, with Workday Adaptive Planning, Alcoa's demand-planning teams have increased demand-planning efficiency by 4x, freeing time for reporting, analysis, and scenario modeling. Teams can now make crucial business decisions based on current forecasts instead of using month-old data, and employees are empowered to easily explore forecasts, create custom reports, and run what-if scenarios themselves.

"

By linking every department across the country through planning that's continuous, comprehensive, and collaborative, Workday Adaptive Planning made us a more agile company and equipped us with the actionable insights we needed to meet tremendous demand during a uniquely challenging time.

Associate Director, FP&A
Reily Foods Company

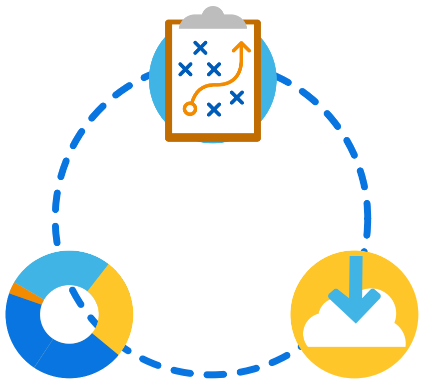
Healthcare.

In few industries is demand planning of such consequence as in healthcare. Having the right people, equipment, and space to meet daily changing patient needs is integral to patient care—and to patient outcomes. And in turn, integral to the reputation, profitability, and success of modern healthcare organizations.

Both supply and demand can change fast in healthcare. Demand planning empowers healthcare organizations to better understand both and create alignment, ultimately building a more resilient and flexible supply chain. Plus, extending foresight into future changes creates space for more cost-effective supply-chain management.

Using scenario modeling, healthcare organizations can fulfill care needs, reduce inventory, optimize order frequency, and increase visibility over use, profitability, and burn rate of products to improve future management. Sophisticated demand planning for healthcare combines supply, capacity, and resource modeling into a single platform that aggregates data from multiple sources, including clinical.

At its most powerful, demand planning becomes embedded throughout the organization, with dispersed department leaders participating in planning by both generating and acting on insights.



Example:

Dayton Children's Hospital—a 177-bed medical center providing primary and specialty health care for infants, children, and teens in Ohio—faced significant supply chain disruption during the pandemic.

Elective surgeries were put on hold as the hospital's supply chain team faced complications in securing the right supplies, equipment, and staff for upcoming procedures—everything from beds and x-ray machines to PPE and cleaning equipment.

Today, the supply chain team uses demand planning to ensure that doesn't happen again. Working with Workday Adaptive Planning and Huron Consulting, Dayton's Children's Hospital can now restore stock levels by monitoring back-order fulfillment, plan demand for surgery cases, and optimize patient scheduling. Greater inventory and supplier control has increased visibility and availability of suitable alternative resources to improve delivery and guided rescheduling where needed.

Recap: company-wide planning.

Once finance has embraced smarter, faster financial planning, the next stage of planning transformation sees you strengthen the planning happening across your organization, building panoramic visibility between finance and every operational department.

The eventual outcome is a holistic planning function in which every distributed planning leader across all lines of business is planning more effectively for themselves while also actively partnering with other departments.

This is a peer-to-peer model of modern planning in which change in one area is dynamically reflected everywhere else in real time. True company-wide planning is a powerful advantage because it creates alignment across the organization and reflects change in real time, allowing everyone to move in continuous lockstep toward your strategic goals.

> “
> We’ve cut our processing time in half and we can do almost twice as much as we did before, so we are improving demand-planning efficiency by 4x with Workday Adaptive Planning. This means we can improve our competitiveness by having more time to analyze topics such as raw-material procurement strategies to boost margins, and potential price changes or strikes, so we’re always ready for the unexpected.
>
> **Global Director of Supply Chain and Commercial Operations**
> Alcoa

Section 3:

Cloud-first planning.

Chapter 9:

The launchpad for transformation.

In this book so far, we've shown you how modern planning is a continuous, company-wide process—and why, when you get it right, it's a powerful source of agility and the fuel for competitive edge.

We've also explored some of the practical steps finance leaders must take to drive change. You must act as orchestrator and steward, leading fearlessly from the front while galvanizing momentum from within. You need to work closely across the business to rally support, drive best practices, create dialogue, accommodate nuances, solve problems, and defeat silos.

But intent alone isn't enough. In practice, continuous and company-wide planning only works when it's also cloud-first, powered by a purpose-built planning platform to leverage maximum scale and performance.

Even the most advanced finance planning capabilities and empowered departmental planners can be stuck without the right planning technology in place. Finance must also champion investment to secure planning technology that actively supports planning, rather than slowing or stalling it.

In this chapter, we scrutinize the limitations of legacy planning tools and consider the new generation of modern, agile planning technology—the launchpad for planning transformation.

The great planning technology vacuum.

Planning outcomes have always been shaped by the tools used to achieve them. For a long time, technology constraints imposed a hard ceiling on the vision, sophistication, quality, foresight, and depth of planning intentions. Today, for modern planners leveraging the power of the cloud, the inverse is true: technology is freeing.

At least, that's the potential on the table. But for many businesses, planning technology remains a constraint rather than an enabler.

As we've shown you throughout this book, today's competitive environment demands—and rewards—sophisticated modern planning. But the tools available to most planners aren't up to the task. The tools you rely on—spreadsheets and emails, maybe legacy corporate performance management (CPM) or enterprise performance management (EPM) systems—were never built to empower modern planning. They haven't evolved fast enough and can't keep pace.

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>
> [Planning technology] will bring us closer to that longed-for state where computers adapt to the individual rather than requiring the individual to adapt to the shortcomings of computers.
>
> **Robert Kugel**
> SVP and Research Director
> Ventana Research
> "The Office of Finance Market Agenda for 2021: Accelerating Adoption of Digital Technology"; February 2021.

But—like the fable of the boiling frog—most businesses haven't noticed the danger until they're in scalding water.

Although most senior decision-makers would agree that planning has a direct impact on performance, the signs of outdated planning are distributed and often hard to spot. Certainly, they're hard to attribute to one specific cause unless you know what you're looking for.

Unfortunately, decision-makers often accept planning pains as the status quo, such as:

- Slow, manual processes and reconciliations
- Rampant system and data silos
- Poor collaboration and rising frustration
- Missed competitive opportunities
- Pervasive inefficiencies and ineffective workarounds
- Strategic misalignment

They accept these issues as an innate consequence of enterprise-scale, rather than as problems that can be solved once the underlying cause—that is, antiquated planning technology—is identified and then prioritized.

Once you recognize the connection between these distributed planning pains and the absence of a sophisticated modern planning solution, you see the problem for what it really is—a turbulent planning technology vacuum at the core of your operations.

A culture of workarounds.

When you cobble together a planning process using disparate or outdated tools, you're tacitly endorsing a culture of workarounds. Every planner works imperfectly and slowly within their own function to achieve their own goals, with limited connection to the business context they operate within.

Planning continues to be distributed across the business without any standardized processes or efficiency-boosting collaboration; finance continues to waste hours reconciling disconnected plans into something without lasting value.

And this process isn't just slow, manual, and inefficient. It's also inherently ineffective and backwards-looking. Dedicated technology makes the principles of continuous, company-wide planning possible. Without it, planning is necessarily disjointed, fragmented, and patchy. Both strategic and operational decision-makers are stuck relying on incomplete, siloed data to make decisions that are—almost by definition—imperfect.

How those decisions are communicated is also constrained by ill-fitting technology. Huge enterprises still try to create, execute, and measure multidimensional, cross-functional plans entirely through basic communication and productivity technologies—that is, technologies that aren't specifically for planning, such as spreadsheets. And when organizations do use a dedicated tool, it is often a legacy EPM and CPM system that can't accommodate true modern planning.

Let's take a closer look at why common alternatives to dedicated planning solutions fall short of the mark.

Spreadsheets.

Spreadsheets are simple and powerful, and talented users can make a lot happen quickly. But spreadsheets are also cumbersome, retrospective, and inaccessible to less tech-savvy business users, making collaboration at scale tough. Version control alone is challenging and takes far too long, let alone conducting sophisticated analyses.

As a workaround to these constraints, traditional spreadsheet-based planning systems have always limited how customers plan.

First were the legacy on-premise tools designed to support a small senior finance audience to model the business at a macro level—completely contrary to the concept of interconnected company-wide planning that involves every function and planner.

Then the cloud vendors attempted to address these issues—also through limitations in complexity and scope. Common limits included:

- The number of users
- The number of dimensions in a model
- The number of models and the number of versions
- The way users interact with the data and the reports

Some vendors even resorted back to the concept of creating separate reporting cubes to provide faster reports, which meant customers weren't seeing real-time results.

This trade-off between speed and power is inadequate in today's fast-paced and complex world. As we've explored throughout this book, modern planning is valuable precisely because it's both fast and powerful—empowering smarter, faster decisions.

Clearly, a new generation of planning technology is needed.

Legacy ERPs, CPMs, and EPMs.

Large transactional systems such as ERPs, CPMs, and EPMs contain a lot of disjointed data. And most fail to realize its potential. These legacy systems function as static, retrospective systems of record rather than as dynamic, forward-looking planning platforms.

Put simply, such tactics fail to drive the results needed in today's business environment. Leading organizations have leveled up their planning dramatically, empowering real-time decision-making and increased agility.

Next-level modern planning demands scalable, flexible, and easy-to-use technology—a single platform that's accessible to every planner across the business to empower collaborative, real-time planning across every function.

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>
> Using spreadsheets for planning and forecasting can be likened to predicting the weather using just a barometer—an old-school approach offering limited insight. A modern planning platform gives you all the advantages that today's weather forecasters get from powerful computer-based modeling and Doppler radar. And the predictive tools employed by these platforms are only getting more sophisticated and powerful, with AI and automation features now emerging and in development.
>
> **Doug Henschen**
> VP and Principal Analyst
> Constellation Research
> "Modern Planning Platforms Drive Business Agility and Better Outcomes"; January 2021.

Why modern planning technology is all about scale.

Modern planning is a continuous, company-wide process. In practice, that's only possible with an agile, cloud-first, purpose-built planning platform.

That's because modern planning's nucleus is to elevate the practice of more effective planning to a wider audience. In other words, it deepens planning's sophistication within the business for a broader audience.

Continuous, company-wide planning, then, is all about scale. Let's explore what that looks like, because there are five factors you need to accommodate in order to plan at scale:

Support hundreds—or even thousands—of users.

Traditionally, planning was siloed within finance: only a handful of planners became engaged in the planning process and manually reconciled data, rather than needing plans to recalibrate as they worked. Modern planning sees potentially hundreds of concurrent users, all planning in near real time using the same underlying data and interconnected models.

Any modern planning platform must accommodate this volume without loss of performance.

And there's an equally important usability consideration. Finance might be comfortable with dense financial tools and complex technical interfaces, but as you scale across the business, you need a platform that's more intuitive and accessible. If users are forced to rely on technical experts to perform sophisticated planning activities, adoption will stall.

Provide unlimited scenario modeling.

Traditional planning rarely sees dispersed operational planners conducting sophisticated analyses, such as what-if scenario modeling. Working with disjointed, outdated tools takes far too long; even basic planning demands colossal effort.

By contrast, modern planning empowers planners across the organization to run what-if scenarios whenever they need to, based on cohesive underlying planning data. Potentially, you could see hundreds of planners, across finance and operations, modeling scenarios on a weekly basis.

You need a platform that can accommodate sophistication at scale—not just, for example, data entry at scale. That's again about both performance and accessibility.

Modern planning democratizes data-driven decision-making rather than ring-fencing insights to a select few technical thinkers.

Make complex integrations simple and fast.

Traditional planning typically relies on finance to manually import and reconcile data from disparate plans—those created by dispersed planners using disparate systems and data. Modern planning, on the other hand, happens continuously, across the company, on a unified platform. Manually, this would be a barrier to progress.

To create true visibility across the business, modern planning demands a platform that can automatically incorporate transactional and operational data from any system—such as your CRM, ERP, industry-specific applications, or even more esoteric function-specific software. Modern planning platforms must be profoundly adaptable, and able to integrate at scale with the systems your business relies on to ensure no source of planning intelligence is excluded.

Provide diverse metrics.

Traditional planning—and as a result, legacy planning tools—are designed for basic financial planning, so typically limit modeling capability to GL accounts. Company-wide planning demands a platform that can model a much broader set of metrics.

For planning to be valuable for dispersed decision-makers, you need a platform that can incorporate and run models from the underlying operational metrics that form the pulse of your business.

For example, sales planners might want to model the impact on next quarter's territory allocation of winning a major customer account, while workforce planners might model the impact of a planned restructuring on organizational performance.

Those demand two extremely different and wide sets of metrics—a modern planning platform must accommodate and connect these and hundreds of other unique possible situations.

Deliver versatile dimensions.

Traditional planning demanded mastery of finance data, but little else. Modern planning demands you refract much more data in many more ways, to monitor, measure, and report on performance in whatever combination of factors supports your immediate use case, of thousands of possible use cases across the business.

That's both a complexity and a flexibility problem, demanding a platform that can segment and analyze your data the way you manage your business. For example, by region, entity, channel, product SKU, customer type, and more.

As these factors prove, the continuous and company-wide qualities of modern planning are intrinsically intertwined with the idea of scale. Modern planning is planning at scale.

That means any prospective modern planning technology platform must be cloud-first to be viable. It's impossible to meet the demands of scale with a traditional on-premise planning solution, let alone the legacy systems we discussed earlier in this chapter.

Now let's look at what a purpose-built, cloud-first planning platform can deliver.

The value of a hyper-flexible, intuitive planning platform.

We've looked at the five types of scalability that modern planning platforms need to support in order to empower continuous, company-wide planning. Now let's explore the benefits you can expect when you embrace such a platform.

Seamless, real-time planning.

When you use a purpose-built, modern, cloud-first planning platform, planning shifts from being periodic and siloed to ongoing, concurrent, and unified. Every team across the organization works with the same current and accurate performance data, making smart decisions within both the granular and bigger-picture contexts.

Plans update in real time based on changes to other related plans, effortlessly forming a seamless, interconnected system. Decision-makers—both operational and strategic—are constantly exposed to more recent, relevant, and contextual data to support more effective decisions.

Unlimited modeling.

Modern cloud-first planning platforms give every planner across the business the data and functionality to elevate planning from a functional necessity to an explorative exercise that adds value.

The right platform balances powerful modeling capabilities with self-service accessibility so you don't need technical coders to facilitate. Dispersed planners can plan with greater sophistication, continually testing their assumptions and modeling performance based on any combination of business drivers, anticipating change and better identifying next actions, with total visibility of the business.

Local autonomy.

Modern planning demands and empowers better cross-company collaboration—but collaboration shouldn't come at the cost of local autonomy. Modern planning isn't about creating homogeneity but instead, alignment. It's critical to maintain the processes and systems dispersed leaders already use day to day, or you risk stripping ownership for planning and creating resistance—both counter-intuitive.

Modern, cloud-first planning technology meets this objective by supporting federated architecture, empowering planners across the organization to plan autonomously inside their own dedicated instance while maintaining connectivity to—and coherence with—shared planning data.

Compelling insights.

As with any initiative or discipline designed to better harness data, the crux is ensuring you're not just generating more data but moving reliably from data to actionable insight. That's especially important when you're bringing more business users into the process, with varying degrees of data fluency.

Modern, built-for-purpose planning technology is designed to make sharing, analyzing, and acting on insights simple. The right platform should empower users to easily and quickly build interactive, intuitive dashboards and export insights into presentations.

Protection from obsolescence.

Fear of obsolescence hovers over every technology investment decision, especially at organization-wide transformation at scale. It's a valid concern. On-premise style systems—transactional and functional—can often be a bottomless pit for budgets, with continuous evolution dictating continuous investment and time lost to learning, migration, and integration.

The right planning platform grows at your pace, evolving with your needs and incorporating new data sources easily as they emerge. Purpose-built planning software acts as an enduring technology layer that connects and accommodates changes throughout the business, to protect against new-systems drag and prime the organization to accelerate.

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> In the coming decade, technology will transform how the finance and accounting department operates—more so than over the past 50 years. Artificial intelligence, machine learning, bots, robotic process automation, enterprise data management, blockchain distributed ledgers, cloud computing and restructured architecture . . . technology will finally be able to transform all aspects of the office of finance, including accounting, planning and analytics, budgeting, and closing.
>
> **Robert Kugel**
> SVP and Research Director
> Ventana Research
> “The Office of Finance Market Agenda for 2021: Accelerating Adoption of Digital Technology”; February 2021.

AI- and ML-powered advantage.

As planning continues to evolve, the most powerful area for transformative growth is predictive intelligence. Leading organizations are embedding AI and machine learning into planning, leveraging massive amounts of multidimensional finance and operational data to automate high-volume, high-complexity what-if scenario modeling at scale.

As automation proliferates, planning cycles shorten to the point where planning, analysis, and execution happen concurrently and continually—for truly agile, real-time decision-making.

A built-for-purpose planning platform with embedded AI and ML empowers you to:

- **Detect anomalies in real time.** Use predictive forecasting to identify contextual anomalies based on historical data as you're planning.
- **Sniff out potential outliers.** Like anomalies, outlier data can send managers down the wrong path, altering outlooks. Machine learning automatically converts data into insights, allowing teams to manage their expectations.
- **Run instant business simulations.** Conduct complex what-if algorithmic analysis against inputs and sensitivities, at lightning speed.
- **Conduct tendency analysis.** Uncover planning biases by automatically analyzing long-term variance.

The right platform empowers those capabilities right now. It also puts you in a strong position to capitalize on explosive near-future growth opportunities as predictive planning evolves.

Access to instant, accurate forecasting, based on historical data, is a good example. Running multivariate simulations puts you ahead of the competition. But the ability to do this free from constraints—such as planners having to construct and specify models with detailed, formulaic relationships; or manual scenarios running one variable at a time—will keep you ahead.

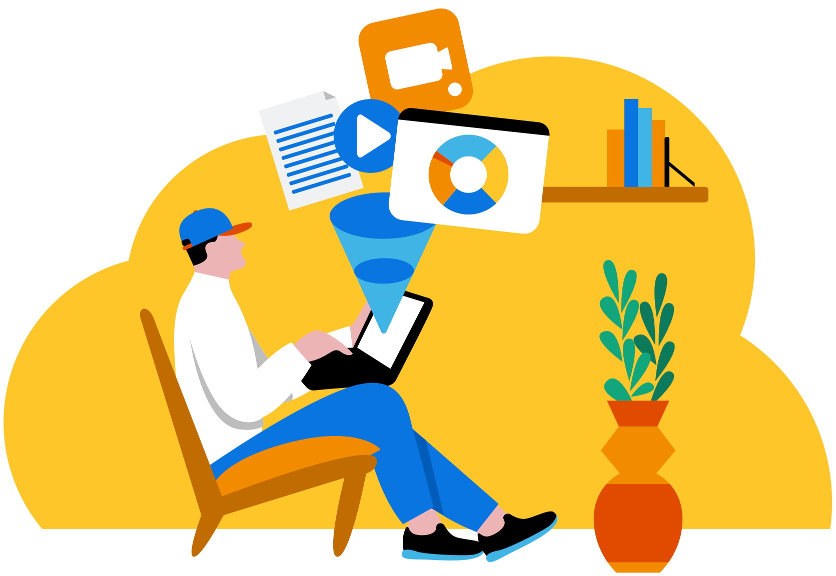
Now let's examine the practical steps to secure support for modern planning technology.

Choosing the right technology planning solution.

Finance is usually the driving force behind adopting modern planning technology, sometimes with operational support from planners elsewhere within the organization who are ready to embrace a better way. But you also need buy-in from the C-suite and IT.

As we covered at the beginning of this chapter, the pains of outdated traditional planning often go unrecognized for what they really are: a planning technology vacuum that needs to be filled.

To do that, you need to secure support through careful partnerships with the right stakeholders and lead them through a well-defined process.



Partnerships.

IT.

Like the cross-functional partnerships, you'll build with distributed operational planners across your organization, implementing a modern planning platform also involves a close partnership with IT.

Set this partnership up to succeed by emphasizing the upsides of modern planning from a technologist's perspective. You'll be increasing standardization and productivity, reducing rework and inefficiency, and lowering risk.

Be willing to listen and learn from IT, as it will have its own requirements and preferences spanning security and data privacy, deployment and support, upgrade frequency, availability, user community, and so on. Your IT partner has the most valuable insights into the constraints and requirements of your corporate tech stack than anyone in the business—and they'll be able to see past vendor marketing materials to understand what really matters.

C-suite.

Embracing modern planning demands sweeping transformation—as with any project, you'll make much faster progress with an executive sponsor to champion your cause. Find someone with the power, authority, and influence to make your case to relevant senior stakeholders—both to secure budget and to drive adherence and adoption from the top.

The success of this project relies on culture change as much as technology adoption. The more executive support you garner, the faster you'll build momentum.

Process.

Build your case for action.

Throughout this book, we've talked about the consequences of outdated, traditional planning and the costs of inaction. Your business case should zoom in further, to build urgency and refine specific goals and outcomes relevant to your organization.

Say your organization is currently pursuing growth through an aggressive acquisition strategy. Tying your business case closely to this use case is likely much more powerful than generically pitching the need for new planning technology.

How will major acquisitions impact headcount planning, for example, and regional demand? How will demand impact sales territory planning and supply chains? How will not knowing the answers to these questions impact overall organizational growth?

Short-list vendors.

You probably already have a good idea of the vendors you wish to consider. But you might want to conduct some initial research to ensure that you don't have any blind spots. It's worth gathering input from stakeholders here to ensure everyone feels heard as you start the buying process. Colleagues from other similar organizations can also be a rich source of recommendations.

After looking at a general demo, ask for a customized follow-up tailored to your evaluation criteria. Work collaboratively with key stakeholders—including IT and operational leaders—to create a comparative functionality checklist, determine some scenarios you'd like to evaluate, and list the questions you need answered.

Customized to your business needs, demos are a powerful evaluation tool.

Drive momentum.

Just as finance orchestrates modern planning, you also need to orchestrate progress here—or risk momentum stalling. Approach the process with urgency; be resilient where needed in chasing answers, compelling urgency, tracking down contacts, providing updates, and so on. Others in your buying committee will take their lead from you—remember that initial buy-in is only the beginning, not the finish line.

Secure references and resources.

After demos, you should have a good idea which vendor, or handful of vendors, is highest in contention. Now's an excellent time to ask for market- and industry-specific references, especially from organizations of a similar size or structure, or with a similar problem-set as your own.

It's also a good time to secure resources for your implementation and transition teams so you've got everything in hand. The more you can preempt what might be useful for internal stakeholders, the smoother the process.

Don't underestimate the organization's ability to meander, get sidetracked, and stall—however urgent the project. A robust buying process and finance's tenacious stewardship are integral to maintaining impetus and getting investment over the line.

Recap: cloud-first planning.

Modern planning is a continuous, company-wide process that allows finance and other departments to engineer their own successes. It's a journey that becomes exponentially more valuable as your momentum builds. As functional areas become connected into a cohesive whole, you build a deep understanding of your true business drivers and how they work across and between different operational functions, to empower better everyday operational and strategic decision-making.

In practice, continuous and company-wide planning is only possible when it's also cloud-first. It needs an agile, purpose-built planning platform that combines deep sophistication with the simplicity to democratize planning, bringing functional and strategic leaders into the same space to create a single holistic planning environment that powers agility and acceleration for the whole business.

How Workday helps.

There are few uncharted territories left in today's business environment; few conclusive, immediate wins left on the table. With rare exception, competitive edge isn't about finding the silver bullet but about exploiting fine margins.

The organizations that pull ahead are the best at reflection and self-analysis, continually scrutinizing their data to unearth hidden opportunities and subtle warning signs; to capitalize on efficiencies and spot incremental chances to improve.

In 2020, FSN found that "only 12% of companies are data masters that actively manage their data as a corporate asset and have the tools and resources needed to provide competitive edge and insight."

This is the path you'll tread on your journey to modern planning, building mastery over your data, and creating advantage.

Like anything worth doing, this journey can be challenging. But follow the principles we've talked about throughout this book and momentum will start to build, first within finance and then across other functions.

With the right technology foundation in place—and with finance being the shepherd of culture change—your organization becomes optimized for smarter, faster decision-making. In a business landscape where the only certainty is uncertainty and the only constant is change, that's the defining feature of competitive edge.

It won't be long before agility becomes encoded in your DNA and acceleration becomes your default setting.

At Workday, we're powering a new generation of enterprise planning and analysis to drive business agility in a fast-paced world. Our purpose-built cloud-first modern planning software is flexible, intuitive, and future ready. Over 5,800 planning customers trust Workday Adaptive Planning as their enterprise planning software solution.

Learn more about Workday Adaptive Planning, watch a demo, or start your free trial, **please visit us here**.

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