CPA Practice Advisor

and generating high-value insights.

May. 04, 2018

The 80-20 rule—that 20% of your activity accounts for 80% of your results—holds true for so many aspects of life.

In finance, a common variation on this time-tested rule has long held that 80% of your time is spent on manual and mundane tasks, which leaves just 20% for analytics and generating high-value insights.

And, to be honest, 20% might be generous. At some organizations, FP&A is so mired

capabilities that simply weren't possible with Excel spreadsheets have become reality with cloud finance solutions.

Yet, it's one thing to have the potential to flip the script, and it's another to actually do it. To get there requires what I view as a three-step process aimed at the dual goals of reducing static, repetitive tasks while also beefing up your analytic capabilities.

Step 1: Clean your data. The root of most of your finance headaches is static, stale, or siloed data, which likely lives on spreadsheets that are scattered throughout your organization. Tracking down, verifying, and double-checking that data devours your time. So the cleaner your data, the more opportunities you have to use it in strategic and meaningful ways.

FP&A can take the lead in cleaning this data, but we can't do it alone. Too often FP&A buys a great cloud platform but falls short when it comes to getting buy-in from the rest of the organization. Ideally, you want business partners involved in identifying the most relevant and useful data so you can move toward a single source of truth, which is one set of agreed-upon data for the entire company. With a single source of truth, you can spend your time analyzing the data instead of debating it. Your reporting will be stronger, you'll collaborate more, and you'll bring real value to your business partners.

Step 2: Data integration. Disconnected data presents another huge barrier for finance teams that are working toward flipping the 80-20 rule. Integrating your financials as well as key non-operational metrics can give you a holistic and real-time view into your company. It also sets you up to do modeling and scenario planning that helps you better prepare for the future and consider a full range of options.

Of course, data integration is akin to herding cats when you're primarily using

Step 3: Better reporting. Reporting in Excel has serious limitations. A request from a business partner can consume days as you manually manipulate files to find the right data and then make sure it is accurate. Typically, there is little time to provide much analytical insight or deliver a report with dynamic graphics that help make the complex more understandable.

Automation can lead to a sea change in reporting. Many of the time-sucking routine reports can be generated automatically or with a few simple clicks. Meanwhile, with dashboard capabilities, business partners can leverage self-service options to generate their own reports.

This time saving related to reporting is where the full power of the 80-20 switch can really be captured. You not only have more time, but also the capabilities to do powerful strategic analysis that can generate valuable insights. You can then craft meaningful narratives that tell the story behind the numbers.

Start making progress now

The great thing about focusing on flipping the 80-20 equation is you don't have get all the way there at once. Any progress you make toward freeing up time for more strategic data analysis will pay big returns for your team and your company.

Your FP&A team will be more engaged and your company will benefit from insights and analytics that help drive growth and enhance overall performance.

It's a great time to be in finance. And it gets even better with more time to commit to work that makes a real impact on results.

Accounting • Technology