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Management Accounting (SMA) report that uncovers the 12 principles of financial planning and analysis (FP&A) critical to organizational success.

Jul. 16, 2019

The IMA (Institute of Management Accountants) has released a Statement of Management Accounting (SMA) report that uncovers the 12 principles of financial planning and analysis (FP&A) critical to organizational success. FP&A, or how a company allocates resources, is the arguably the CFO's most powerful tool to either create or destroy value.

If done well, it has the potential to drive shareholder and stakeholder value by:

- Driving planning and execution of the strategy
- Ensuring the financial and operational goals of the organization are achieved
- Generating ideas for new business opportunities
- Ensuring the optimal allocation of resources (how time and money will be invested for maximum results)

"Recent studies have shown that many companies have deficient FP&A functions," said Kip Krumwiede, Ph.D., CMA, CSCA, CPA, director of research for IMA and co-author of the report. "Because it is so inextricably linked to value creation, we wanted to examine what top-performers do differently in FP&A."

The SMA, "Key Principles of Effective Financial Planning and Analysis" discusses and recommends 12 key principles of FP&A best practices. While any one principle, if properly implemented, will likely yield positive results, it is the way these principles reinforce each other that will more fully deliver on the promise of effective FP&A.

"In general, the best-performing organizations take a more rigorous and integrated approach to FP&A," said Lawrence Serven, author of "Value Planning: The New

Approach to Building Value

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