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By Dan Wywrot.

Most small businesses lack the capacity for a financial planning and analysis (FP&A) function, but that doesn't mean they can't build analytical and strategic value from their accounting resources.

Restricted by low bandwidth and cost limitations, small businesses rarely have the

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granularity look different at every business size.

Large, mature operations employ dedicated FP&A departments that allow them to data mine and analyze data specific to certain departments or locations. These businesses mine data from CRMs, enterprise resource planning (ERP) systems, and more.

Small and midsize companies have these needs too, but they run tighter ships with leaner teams. Often, an accountant or controller dedicates a portion of their time to budgeting and modeling – at best. Having the capacity to perform financial analysis comes down to skill, bandwidth, and the balance between prioritizing today's needs with tomorrow's opportunities.

FP&A vs. Accounting Skills

While accounting focuses on producing financial statements and making recommendations based on analysis of how cash is flowing in and out of the company, financial planning and analysis often picks up where financial statements leave off. They take that historical activity and create models or scenarios to predict performance, set targets, or build business cases. Accountants may lack training in forecasting software and other specialized FP&A skills, but there are many skills that can help bridge the gap and provide value for strategic decision making.

As automation and technology eliminate repetitive tasks and transaction processing lift, accounting professionals are being called on to [help with strategic decision making](#). What skills can they offer business leadership in this regard?

- **Technical acumen:** With a deep understanding of data management and software, including ERP systems, accounting professionals are the first layer of support in compiling high-level or itemized information.

- **Managerial reporting:** Professionals with a managerial accounting background

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invaluable form of small business financial planning.

- **Up-to-date knowledge:** Accounting professionals provide insights for future decisions and inform budgets or future investments by staying current with regulatory changes or industry trends.

Building a Foundation for Small Business Financial Planning

Those most nimble with numbers – accountants – are an important asset to small business financial planning. They're the closest to the everyday business and have the most interaction with a company's numbers. Accountants, bookkeepers, or controllers can help businesses enhance decision-making abilities and build the foundation for a stronger FP&A function once they have the budget or bandwidth.

To ensure sound future financial planning, businesses need to:

- Improve the speed of month-end close so they can make faster decisions and work with financial data before it becomes irrelevant. The same goes for accuracy to ensure data truly reflects reality.
- Shore up data management so that as the business grows and financial data increases, less time is spent pulling data and more time is spent analyzing it. Assess the company's tech stack to make sure data is easily accessible and not overly siloed. This practice will be invaluable for businesses that grow large enough to have separate FP&A and accounting functions collaborating together.
- Ensure communication between teams is consistent and that communication makes sense to the business and its stakeholders. The language that the team uses can help the company or board members understand the financial implications of certain decisions.
- Take advantage of the dual operational and strategic expertise of a controller that can manage accounting *and* build cash flow forecasts and budgets. Focus initial

forecasts on the most important piece of the business – cash – before adding

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On the other hand, if a business has an accountant or two who enjoy dissecting data points and assessing business needs, then evolving their roles can increase the competitiveness of the business as accounting and finance move closer to strategy. Transactional tasks can be taken off their plates by augmenting the team with a fractional professional.

Although early-stage businesses must stay lean – even foregoing CFO leadership until they reach substantial revenue – they can still support financial planning and strategic analysis by maximizing value from their accounting function.

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