

5 Costs of Static Planning

The way you plan and budget comes with real costs—to you and your business.



The struggle is real.

You're working late, working weekends, trying to finish a forecast or budget. Tasks that should take a few hours or days drag on for weeks. Datasheet consolidations are slowly making you blind.

If you're like most finance professionals, this is your life.

But wait ... it gets worse. Because you're so busy toiling away at manual, menial tasks, you don't have time to serve as the strategic, analytical asset you know you could be. You know that with all that work you're putting in, you could be adding so much more value. (In fact, 83%* of organizations say budgets aren't seen as very valuable. Now that hurts.)

You're burned out, misunderstood, undervalued.

You can't stop worrying about how all this threatens your own future.

You've got a problem.

You've got **static planning**.



There's an **83% chance your company doesn't think budgets are particularly valuable.** Isn't that nice to hear after you've spent a month preparing yours?

*APQC Survey of 130 FP&A Professionals

static planning

A painful and inefficient condition characterized by long planning cycles, short-lived plans, siloed efforts, hard-to-find errors, and never enough time for strategic analyses.

Static planning is largely manual and mostly spreadsheet based, so it doesn't lend itself to collaboration or version control.



Signs that you're suffering from static planning:

You spend 77 days preparing a budget that's obsolete on day 78

You work late verifying data and lose weekends to building templates

Manually updating numbers consumes the time you'd rather spend helping stakeholders understand what those numbers mean

Despite spending too much time verifying numbers, you still need to issue reports and board briefings with "best guess" figures

You find yourself dreading the next budget cycle—and the one after that

Why static planning costs you.

Static planning leads to static plans, which lack buy-in, are inaccurate, and quickly fall out of date.

Static planning steals your time and even robs your company of money. It puts you at a disadvantage, distracting you from more strategic tasks and constraining your capacity.

Even worse, static planning prevents you from taking a more influential role in the business by shackling you to long, tactical planning cycles.

It corrupts your budgets and forecasts with inaccurate data. It blinds you to opportunities.

Every day, it holds you back from the places you hope to go.

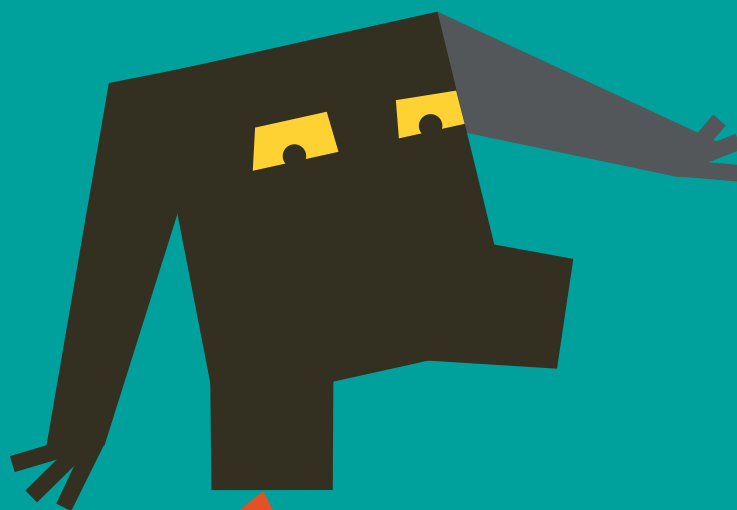
Feel the hurt yet?



You probably
spend only
**17% of your time
on strategy.***

* Adaptive Insights CFO Indicator Q4 2016 report

Here's a breakdown
of what static
planning costs you
and your business.



Cost #1:
Static planning
steals time.

Manually gathering and consolidating information from multiple sources: It's a hallmark of static planning. It's also painful and time-consuming.

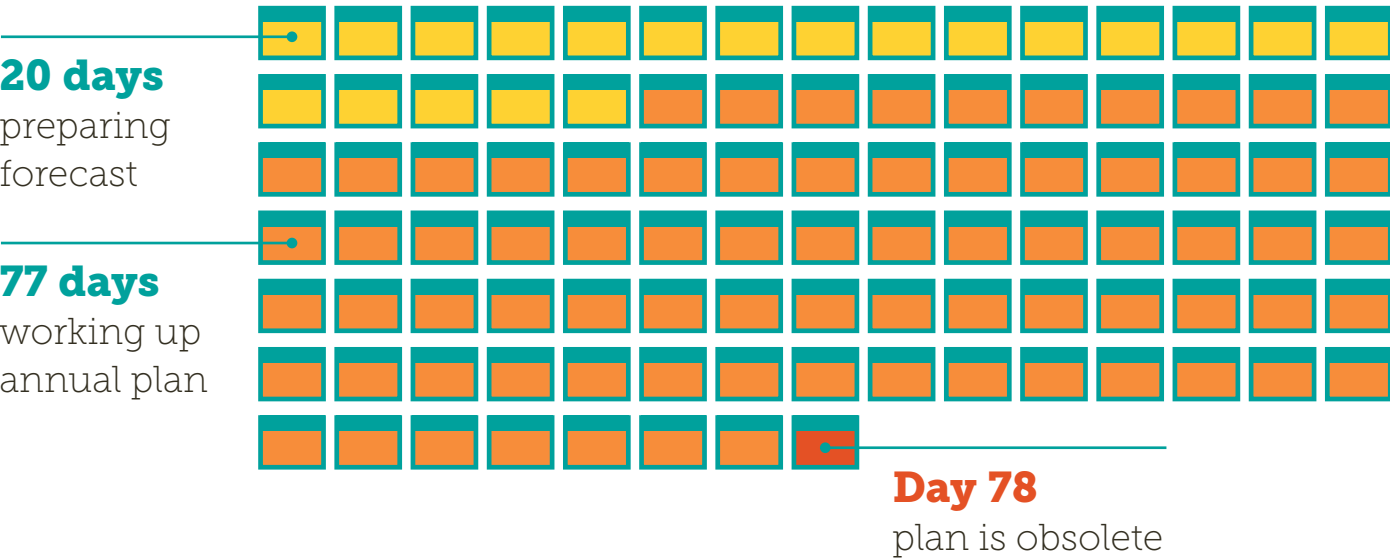
Picture yourself churning away for 20 days preparing a forecast, buried under spreadsheets and emails. You'll labor an additional 77 days working up an annual plan that's obsolete on day 78.* That's more than three months spent slogging on a plan filled with stale data, so before long managers stop paying attention to it altogether.

Then think about this: You and your colleagues spend 83%** of your time on non-strategic tasks like data collection and consolidation — tasks that can be automated and largely eliminated from your day.

All this waste creates a damaging domino effect: Too many finance hours, days, and weeks collecting data means too few hours, days, and weeks deriving value from it.

Stolen time ties up your capacity—and along with it, the potential for adding real value.

So you lose, and so does your business.



*Association for Finance Professionals Benchmarking Survey
**Adaptive Insights CFO Indicator survey

Cost #2: Static planning invites errors.

Do you trust your numbers? Does your board?

Before you answer, consider this: An F1F9 study found that 88% of all spreadsheets contain significant errors in data, modeling, or both.* Yet 90% of users are convinced their spreadsheets are error free.**

If your organization budgets, plans, and forecasts on spreadsheets, that data point may strike you as somewhere between concerning and terrifying.

Spreadsheet errors aren't your only worry. Static planning results in variance reports that are neither timely nor flexible. So when underlying data and assumptions change, those reports must be redone.

Even when data from legacy systems is available, data quality remains a constant concern. When organizations lack a single source of the truth, you'll spend too much time cleaning up and validating data.



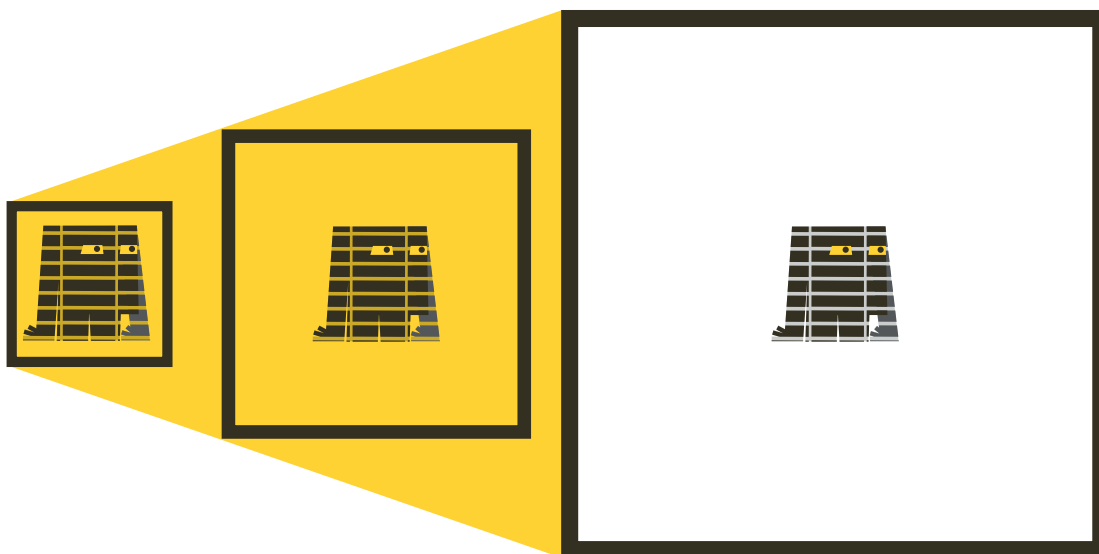
*CNBC, "Spreadsheet blunders costing business billions"
**Association of Chartered Certified Accountants

Cost #3: Static planning can't scale.

Spreadsheets were never designed to scale. They're fine for one, maybe two people working in tandem. But once they move beyond that, data integrity unravels. (See Cost #2.)

This hurts in four ways:

- 1. Version control takes enormous amounts of time.** Just try keeping track of who made changes to which line items. And consolidating changes from across the enterprise? That's a waking nightmare—and it's totally unnecessary.
- 2. It's hard to manage access.** It's difficult to control who can see or edit what within a specific budget or report.
- 3. Multiple data sources = multiplied pain.** Consolidating data from multiple sources can breed chaos. (Think of all the cycles spun just on creating unique Excel models alone.) And as companies draw data from more source systems, spreadsheets start becoming unmanageable.*
- 4. All this crushes collaboration.** Spreadsheets and hard-to-use FP&A platforms freeze other stakeholders out of the planning and forecasting process. With seven out of every 10 CFOs saying collaboration is a top priority for finance, that's a problem for the whole business.**



**When
planning
can't scale,
everybody
suffers.**

*Adaptive Insights CFO Indicator

**Adaptive Insights CFO Indicator survey

Cost #4: Static planning obstructs insight.

If your job is to anticipate what might be lurking in the waters ahead, spreadsheets and traditional FP&A systems will have you reaching for a life preserver.

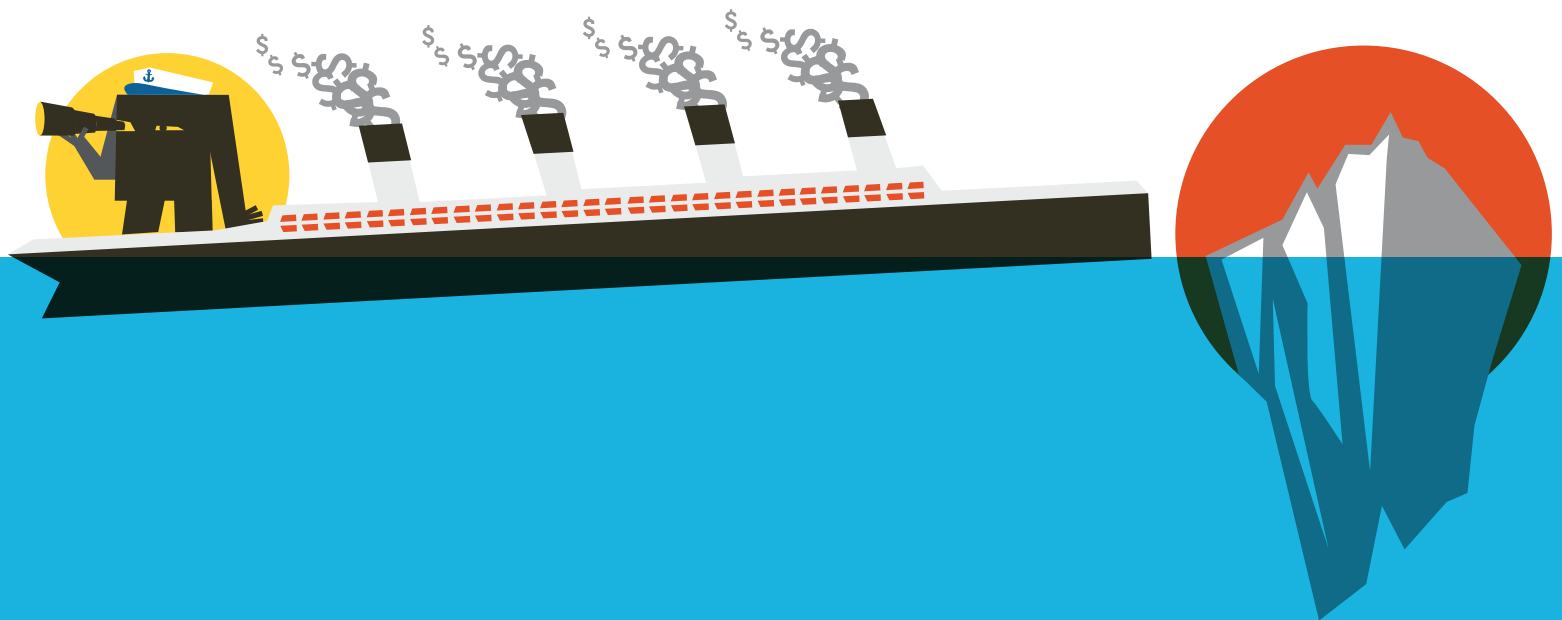
These static planning tools only give you a rearview mirror perspective. The result? You can't see what's ahead to course-correct in time and pivot when you need to. You can't run what-if scenarios. And your managers make decisions based on hunches rather than data.

No wonder that, in the absence of a modern forecasting system, 61%* of executives admit they cherry-pick FP&A data that supports what they already believe.

Taking that approach can cost businesses plenty.

How much? Poor planning can cost a company the size of Garmin, the Swiss navigation device maker, more than \$30 million.**

**Be honest: Is that a risk
you're willing to take?**



*CEB, "Why Most Financial Analysis is a Waste"

**CEB, "Eliminate the Misuse of Financial Analysis"

Cost #5: Static planning robs you of opportunities.

Here is where all the shortcomings of static planning add up to potentially the greatest cost of all.

When you can't fully trust your numbers, when your finance team spends more than eight of every 10 hours on non-strategic tasks, when stakeholders aren't true participants in planning, when finance lacks the time and tools to develop trusted insights into past and future performance—when all these drawbacks are weighed and calculated, you realize something is very wrong.

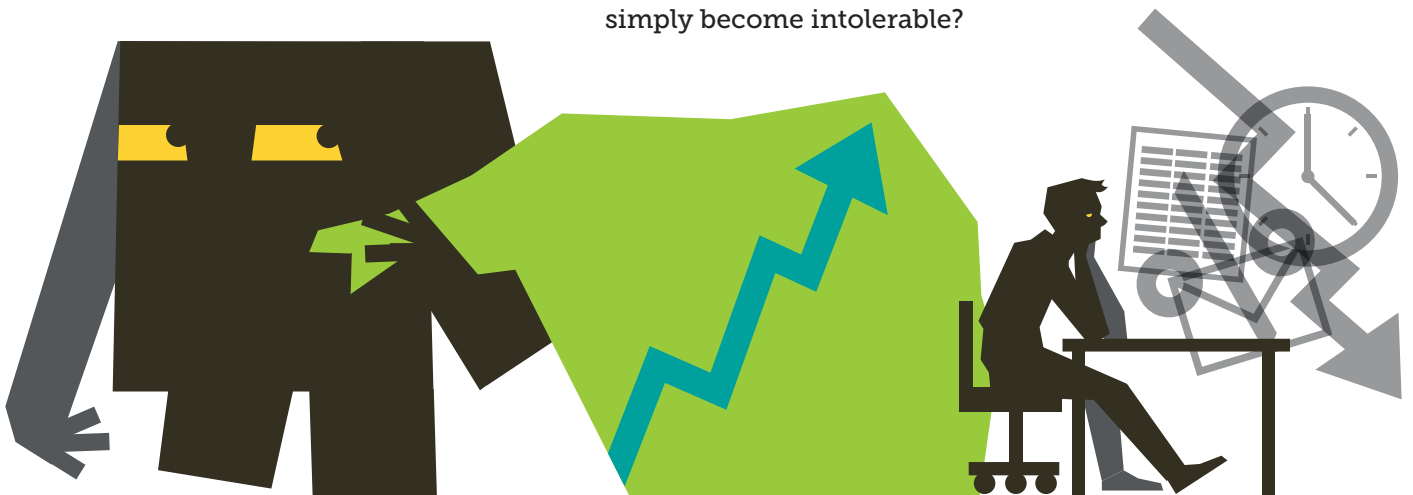
You can't respond quickly to potential threats.

You're stuck in a company where decisions are slow and reactive.

You risk overlooking lucrative new markets and revenue streams.

In fact, your poor planning could cost your company 30% of its growth potential.*
(Imagine being the one responsible for that.)

At what point do all these costs simply become intolerable?



*CEB, "Planning & Budgeting: CFO's Guide to Driving Growth"


TAKE THE TEST

Do you suffer from static planning?

Check all that apply.

- ☐ I've lost evenings, weekends, and my kids' soccer games to quarterly closes, annual plans, and budget cycles.
- ☐ I drive myself crazy trying to track everyone's spreadsheet edits, only to find errors once the plan or forecast is final.
- ☐ No one in my company understands the amount of hands-on work it takes to model a scenario, update a plan, or verify data.
- ☐ I could use more sleep. A lot more.
- ☐ My idea of working out isn't sitting hunched over my keyboard building custom Excel models.
- ☐ Our FP&A system is so hard to use that departments just go rogue and create their own budgets.
- ☐ I'm worried that our execs' tendency to "go with their gut" will cause us to miss big one quarter or year, but finance will get the blame.
- ☐ I'm ready to explore something better.

If you've checked 2 or more boxes, the prognosis isn't good: You've got static planning.

The background is a solid teal color. It features several concentric circles in white, yellow, and blue. In the bottom left corner, there is a stylized illustration of a person in a dark suit and yellow tie, holding a briefcase. Behind the person are icons of a clock, a document, and a spreadsheet.

Stop suffering. The cure for static planning is active planning.

How do you pull out of the costly trap of static planning?

By implementing an environment explicitly focused on helping stakeholders across your enterprise to manage your business better, improve performance, and identify opportunities you otherwise may have overlooked.

At Adaptive Insights, we call this **active planning**—planning that's collaborative, comprehensive, and continuous.

Find out how to prevent the costs of static planning today!

Learn about [active planning](#).

Stop suffering and take the cure.

[Read up on how to fix the costs of static planning.](#)