

Top 4 Reporting Challenges

(and how to overcome them, once and for all)



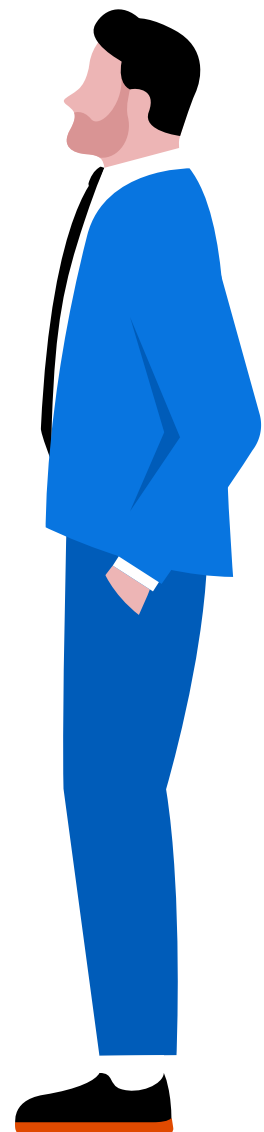
Why is corporate reporting so challenging?

You know it's coming—that request for yet another corporate report. Time to serve up the numbers that the board, top management, and others need for insight into how the business is doing.

You certainly have plenty of information to work with. In recent years, the amount of data available to finance departments has exploded. So why is it still so hard to create timely, accurate, consolidated, and easy-to-digest reports—reports that combine financial and nonfinancial data to help leaders across the organization spot trends early?

In our survey on the topic of reporting, only 46% of accounting and reporting teams saw themselves as effectively meeting stakeholder needs. Why the poor marks—and what can you do to solve the problem? This eBook looks at four common financial reporting challenges and what you can do to tackle them.

Read on and learn how to overcome them, once and for all.



The stakes

The risk of doing nothing

Most businesses today know that their financial reporting is not as good as it should be. Yet many are slow to take action to correct the problem. The reasons are many, chief among them the perception that it's too difficult, and there's too little time, to implement improvements.

But when you put better reporting on the back burner, you put your business at risk. Instead of looking into the rear-view mirror—a static approach to planning that reports on what happened in the past—it's far more effective for finance teams to look out the windshield and anticipate what's ahead. This is doubly true if your competitor can spot a new market opportunity while you're still running around trying to get accurate historical info.

Active planning not only changes how you do your job; it has the potential to recast how finance is viewed throughout the organization, strengthening relationships with business partners and shifting FP&A teams into a leadership and guidance role. In short, finance becomes a value-adding intelligence provider that the board and business units can depend on to support more informed decisions.



“

It used to be painful developing reports in Excel. Using Workday Adaptive Planning has really changed the way we spend our time—we can focus more on analysis and less on consolidation and error correction. We now have a lot more confidence in the numbers.”

Tom Shaw CFO
Papyrus

Reporting Challenge 1:

Verifying accuracy

Excel is a great tool. But the static nature of spreadsheets makes it difficult to quickly and consistently produce updated financial reports, compromising speed and accuracy. Spreadsheets can also create version-control issues when they're passed around for review or verification, compromising efficiency and security.

Even with single-user spreadsheets, lack of a centralized reporting system introduces more inconsistencies in metrics, data, and calculations—forcing finance teams to spend valuable time verifying and validating data. In this situation, it's especially hard to conduct variance and comparative reporting—a step that can uncover needed course corrections.

In our report on the evolving role of the CFO, 13% of CFOs stated they will move their finance team to a shared service model, continuing the trend for teams to move automated finance processes to a centralized function to save time and resources and reduce errors. CFOs who automate data gathering can instill a greater level of trust in the data, while making it easier to reveal valuable insights

Reporting Challenge 2:

Wrestling data from multiple systems

As a finance professional, you're responsible for generating clear and actionable financial data. Your company's decision-makers must be able to understand not only the analysis behind the data, but what actions should be considered as a result of that analysis.

But one missing piece of data can prevent the insight stakeholders need. And with more organizations tracking nonfinancial metrics, corporate reports include increasing amounts of operational data. Using traditional reporting methods to access and incorporate such information—usually housed outside of finance—creates an additional burden. Spending hours or days hunting down data, confirming its accuracy and consistency, and formatting reports so that they can be digested by those outside of finance drains FP&A productivity.

The more steps involved in gathering and manipulating disparate data, the more possibilities for inefficiency and inaccuracy, especially when it comes to error-prone and time-consuming manual data aggregation. In our survey on the challenges of assembling corporate reports, respondents also identified data gathering as the reporting process most needing improvement (32%), followed by verifying data accuracy (21%). This is consistent with our report on breaking down silos, which revealed that 47% of CFOs continue to manually aggregate data from disparate systems.

In contrast, unifying operational and financial data into a single centralized repository can vastly decrease reporting time and improve accuracy. With a single source of truth, finance teams can refocus the conversation around insights and action instead of debating accountability and accuracy.

Reporting Challenge 3:

Lack of collaboration

Financial reporting should be a collaborative process, with financial and nonfinancial managers working together to not only report the numbers, but to use them to drive insights and take action. But all too often, operating managers don't have sufficient input or buy-in to the financial planning process, and they aren't educated about how their decisions can influence overall profitability. For its part, finance isn't able to offer real performance insights that might truly help managers improve their results, because static reporting tools don't enable stakeholder collaboration.

Communication and collaboration are constant reporting challenges, especially when it comes to variance analysis. Does this scenario sound familiar? A report identifies a variance and is emailed out for review, triggering the inevitable volley of variance queries and change requests ... only to result in the report being forwarded to those closer to the business for answers. If variance explanations were included in the initial reporting, that would be true collaboration.

Collaboration also requires allowing nonfinancial managers to access and change reports. That opens you up to eleventh-hour updates that can wreak havoc, setting off a wave of rechecks and verifications across multiple reports. No surprise, then, that nearly three-quarters of CFOs identified collaboration as a top initiative. Finance teams need a collaborative tool that supports and controls collaboration, increasing company-wide engagement and accountability in the reporting process.

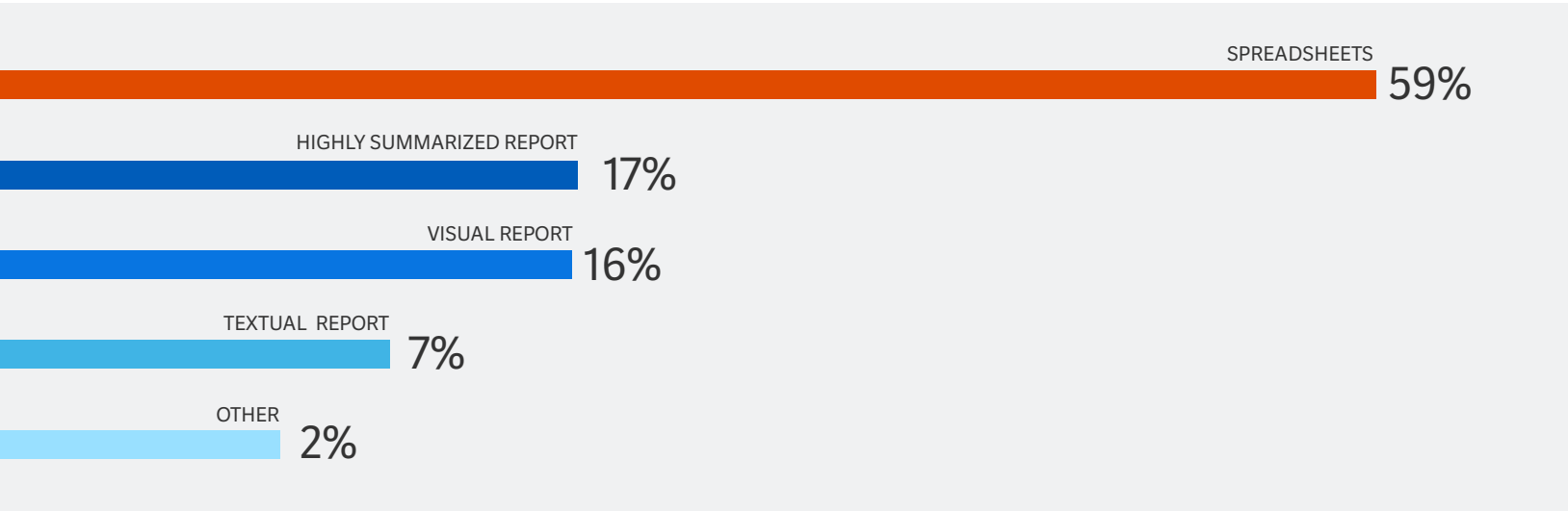


Figure 1: What format do the majority of the reports delivered by the finance team take? (Source: Adaptive Insights, CFO Indicator Q4 2016 – Piece by Piece: The Challenges in Assembling Corporate Reports)

Reporting Challenge 4:

Data interpretation

You've gathered the data; now you need to analyze and interpret it so you can clearly articulate financial and operational insights. The more the organization understands the story behind the numbers, the greater the chance it has to operate as a data-driven organization—and the more effective you can be in getting your message across to key stakeholders.

That's because those outside of finance tend to consume data visually. They seek more than just numbers; they want to understand the impact and implications of the data you present. According to our report on collaborative finance organizations, 53% of CFOs intended to formulate a data visualization strategy in the coming year.

For those wanting to make good on good intentions, intuitive dashboards and data visualization are a great way to build a story that clearly shows current performance, future trends, and possible scenarios. Ideally, you should choose a dashboard offering that gives finance staff the flexibility to quickly and easily deliver data in a range of formats desired by stakeholders.

What's the answer?

To overcome these traditional reporting challenges, you need to go beyond yesterday's inadequate information access and limited financial reporting.

You need something more sophisticated than a spreadsheet, but not so overly engineered that it takes six months to deploy and significant IT involvement.

The solution you choose should deliver financial intelligence that drives improved business performance and accelerates growth. And it should enable an active planning approach to finance—a process that allows finance to shift into a leadership and guiding role, instead of being mired in the drudgery of static, transactional back-office tasks.

In short, you need a corporate performance management (CPM) solution that:

- Provides a single source of truth
- Automates data collection
- Enables a culture of collaboration
- Provides a visual narrative



Solution 1

A single source of truth

A single source of truth improves accuracy while doing away with disparate systems and spreadsheets. A core set of operational and financial data that's common across the company enables greater visibility and facilitates consistent performance communication. A single source of truth allows finance to quickly gather data, eliminate spreadsheet proliferation, accelerate decision-making, and focus on data insights. In short, a single source of truth can not only help finance save time in reporting, but also free finance to generate keen insights and drive organizational alignment.

Solution 2

Automated data collection

Automated data gathering across multiple data sources saves time and improves accuracy, whether you're importing a spreadsheet or directly integrating data from cloud-based or on-premises applications. By automating report generation and working from a single source of truth, finance can deliver timely, higher-quality reports needed by all stakeholders. Automation drives consistency and reduces validation time, because standards, logic, and governance is baked in and repeatable—ultimately freeing up staff time to analyze the data, rather than just collect it. In the end, automation helps you see the big picture, along with possible problems and opportunities, more quickly and clearly. And once-siloed data can be easily integrated with other information, then made accessible to finance and other users through a self-service data platform.



Solution 3

Collaborative culture

Deep collaboration with operational departments generates effective decision support and drives improved performance, elevating finance to a true business partner rather than a back-room number cruncher.

True collaboration requires a reporting solution that boosts accountability through audit trails for every data and formula update. Finance also needs a CPM system that engages managers and delivers what they need—fast, relevant information.

To achieve this goal, you don't need to invest in complex IT systems that consume valuable time and money without providing reasonable value. Instead, implement a dedicated system that uses cloud-based technology to enable unlimited numbers of managers to work together on driver-based forecasts, which are automatically aggregated at every level. And when you empower business users with self-service, they can get the reports they need themselves, freeing your team from producing manual monthly reports.

Solution 4

Visual narrative

Visually compelling dashboards give finance the power to tell the full story, adding value to the financial reporting process. Dashboards avoid the trap of overly detailed reports and data downloads, instead clearly showing data in formats that provide context and clarity. When data gets presented in highly visual and familiar formats, business users can quickly see challenges and opportunities that otherwise might have been missed. Rather than rely solely on weekly or monthly reports, finance can generate dashboards that provide fast feedback of financial results, summarized and shown as trends and moving averages. KPIs can give managers early warning when problems are brewing and action needs to be taken.

Financial reporting made easy

Empower finance teams to better manage the business.

Outdated technology can bog down your finance team in low-value tasks, preventing them from adding true value to the business. In contrast, modern cloud finance solutions, like those from Workday Adaptive Planning, support active planning and reporting, empowering finance teams to better manage their business.

Use Workday Adaptive Planning to:

- **Improve accuracy.** Provide a single source of truth, combining financial reporting, planning, and operational metrics in a modern cloud finance software solution. This makes it easy for everyone in the organization to access and update reports—from granular to consolidated—and to drill down into the information they need, when they need it. Instead of targeting individual errors, think holistically and adopt straightforward solutions that can prevent reporting errors before they even start.
- **Eliminate manual data gathering.** Make all financial data available in the cloud, eliminating tedious, manual aggregation. This not only frees the finance team from hunting for data so they can focus on strategic analysis and direction, but ensures that reports are always up to date. In centralizing data and automating non-value-added tasks, the office of finance can elevate the reporting function, providing top management with the analysis needed to enable better decision-making.
- **Increase collaboration.** Combine metrics and reporting with relevant commentary. This makes it easy to compare actual and expected performance, adding comments to explain variances. Self-service reporting also helps further engage business managers and deliver visibility into the data they want and need. Managers don't have to make a request to build a new report; they can simply create their own. When finance is an engaged partner, everyone wins.
- **Interpret the data.** Create and easily share customized reports and dashboards across your organization to provide an up-to-date, visually compelling story. There's a clear need for increased commentary and narrative in reporting. Stakeholders don't just want accurate statements—they want to understand the story those numbers tell about the business. And when data is presented visually, they're more empowered to spot trends and stories within it.

Ready to take action? Workday can help you and your team conquer your reporting challenges.

At Workday, we're powering a new generation of enterprise planning and analysis. Driving business agility in a fast-moving world, Workday Adaptive Planning helps people in companies collaborate, gain insights, and make smarter decisions, faster. Powerful modeling and analytics for any size organization, yet so easy for anybody who plans. Our planning cloud application enables organizations of all sizes to adapt to changing business conditions with confidence and agility. To learn more, visit adaptiveplanning.com.

View a demo or get in touch at workday.com.



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