FP&A Excellence

As Roles Evolve, So Must the Skills and Knowledge

APQC research suggests it takes seven key qualities for a financial planning and analysis (FP&A) professional to excel (Figure 1). The qualities summarized serve as a handy framework that can help CFOs better understand the competencies and skills needed for top-notch financial planning and analysis (FP&A). Highly technical skills and knowledge—along with so-called soft skills, such as the ability to deliver polished and effective presentations to senior management—are prerequisites for transforming finance into a highly effective business partner.

**Essential Qualities for FP&A Excellence**

1. Deep knowledge of accounting and performance management

![Figure 1](image-url)
Financial analysts must have a strong background in managerial accounting, as well as in core financial reporting to regulators and capital providers. However, a great corporate accountant is not necessarily a great financial analyst. According to observers, an accountant may be great at compiling historical performance data and identifying past relationships between revenues and cost, for example. But that accountant may lack the knowledge and experience needed for complex growth modeling.

2. **Strong grasp of business strategy, functions, markets, and risks**
   To be effective at planning, the FP&A professional must have a strong grasp of every functional area of the organization, its internal and external drivers, resources required to meet expectations, typical and atypical risks, and marketplace dynamics. Perhaps most important, the FP&A executive must know all the key decision makers in each function and have clear and effective lines of communication with them.

3. **Mastery of systems, analytical tools, and data management**
   The highly effective FP&A professional uses software applications that are standard across the enterprise and designed specifically to model, predict, and compare options for resource allocation. It’s the FP&A leader’s job to make this happen, and that requires a working knowledge of many aspects of management technology. Best-practice organizations adopt advanced analytical software designed to enable more descriptive modeling of performance drivers than what spreadsheets can typically support. In addition, a global data warehouse that can capture transaction-level detail as it comes in and is accessible to financial analysts who are modeling various scenarios is a major boost to analytical effectiveness.

4. **Can design reports and self-service tools business managers will use**
   Involving front-line managers in the creation of planning assumptions distributes performance accountability to include the front lines of the business. This requires finance to educate non-financial personnel about the ways in which economic profit is created or destroyed. By enabling cross-functional collaboration, FP&A creates a more transparent organization with better and more relevant planning and analysis.

5. **Versatile and polished communication skills**
   There is nothing more deadly to an aspiring analyst’s career than delivering an overly detailed presentation in technical vernacular to top management and board members. The importance of being able to deliver fresh insight using relevant and complete information that cuts to the chase is easier than it sounds (Refer back to No. 3).

6. **Customer service orientation**
   Usually ingrained in personality and not easily transferred in a training workshop, the ability to act as a career diplomat is an important, if not most important, soft skill for an effective FP&A professional. FP&A professionals must interact with powerful business unit heads and
other stakeholders to discuss resource-investment scenarios. What enables that is a core understanding of the FP&A role: to support the internal customer’s decision making with the best available information and advice while also providing objective guidance and influence that will help a manager achieve the economic goals articulated by the governing body.

7. **Insatiable desire to solve business puzzles**
   A powerful, innate need to discover and illuminate the underlying drivers of and obstacles to performance is a trait that also cannot be taught. It is enabled by all the items in the list above in addition to the ability to foster cohesive teamwork.

**Conclusion**

After the “Great Recession”, companies expect more from its finance organization. As FP&A people spend less time collecting and validating data and more time critically analyzing strategic business decisions and adding value to the business, the FP&A role has logically evolved into requiring professionals with both strong technical and “soft” skills.

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