



2017 Financial

Performance Management Symposium

March 16th, 2016

The Hub @ The Cira Centre

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2017 Financial *Performance Management Symposium*



Keynote Speaker

Pat McCormick
CFO and Turnaround Specialist
PMCC Ventures

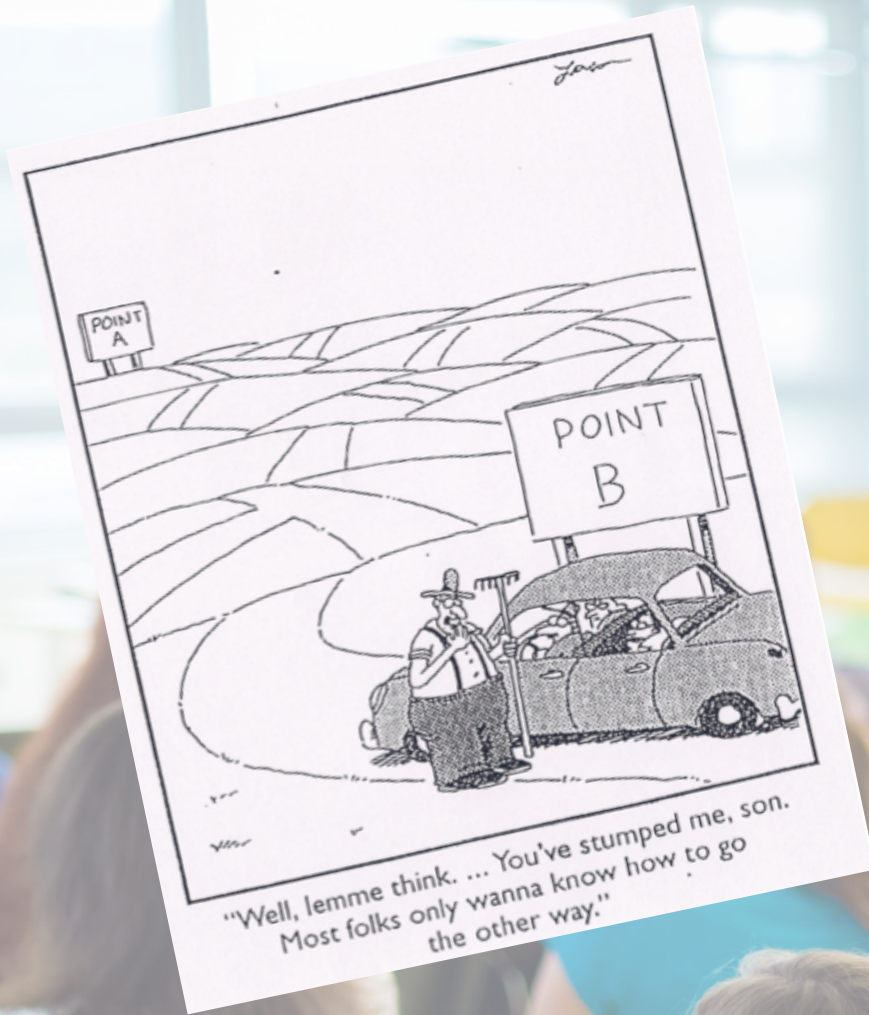
**Presentation: Conversation Financial
Planning and Control**

The background of the slide is a photograph of a workspace. It shows a wooden desk with two laptops, a white mouse, and a notebook with handwritten notes and diagrams. A person's hand is visible writing on the notebook. The image is partially obscured by a large white diagonal shape that points towards the top right corner.

Conversation regarding Financial Planning and Control

Pat McCormick

PMCC Ventures



**We might be the
wrong people to
have in the
room....**

So, lets take a step back.

Do the leaders in your organization know some of this with good and compelling recall?

A quick (and short) quiz *not intended to be comprehensive*

Is it known In the last year...	YES	NO
Sales growth/loss of customers in existence more than 12 months?....New customers		
% of sales from products launched in last year?		
Sales trends in top and bottom 10 products and customers?		
Average selling price trends for top/bottom 10 products?		
The top three most effective promotional campaigns?		
Market size and share trends		
Lead to sales conversion rate?		

If these were known, how might recent and future performance be impacted...

- **Why?**
- **What did it cost?**
- **What have you tried to fix it?**
- **What did that cost?**
- **How would this impact value?**

EPM Never Really Got Outside of Finance...

That's a problem because most risks and opportunities originate and reside outside of finance

Software was **too hard** to use

Deployment model didn't cooperate

Finance collecting **spreadsheets**

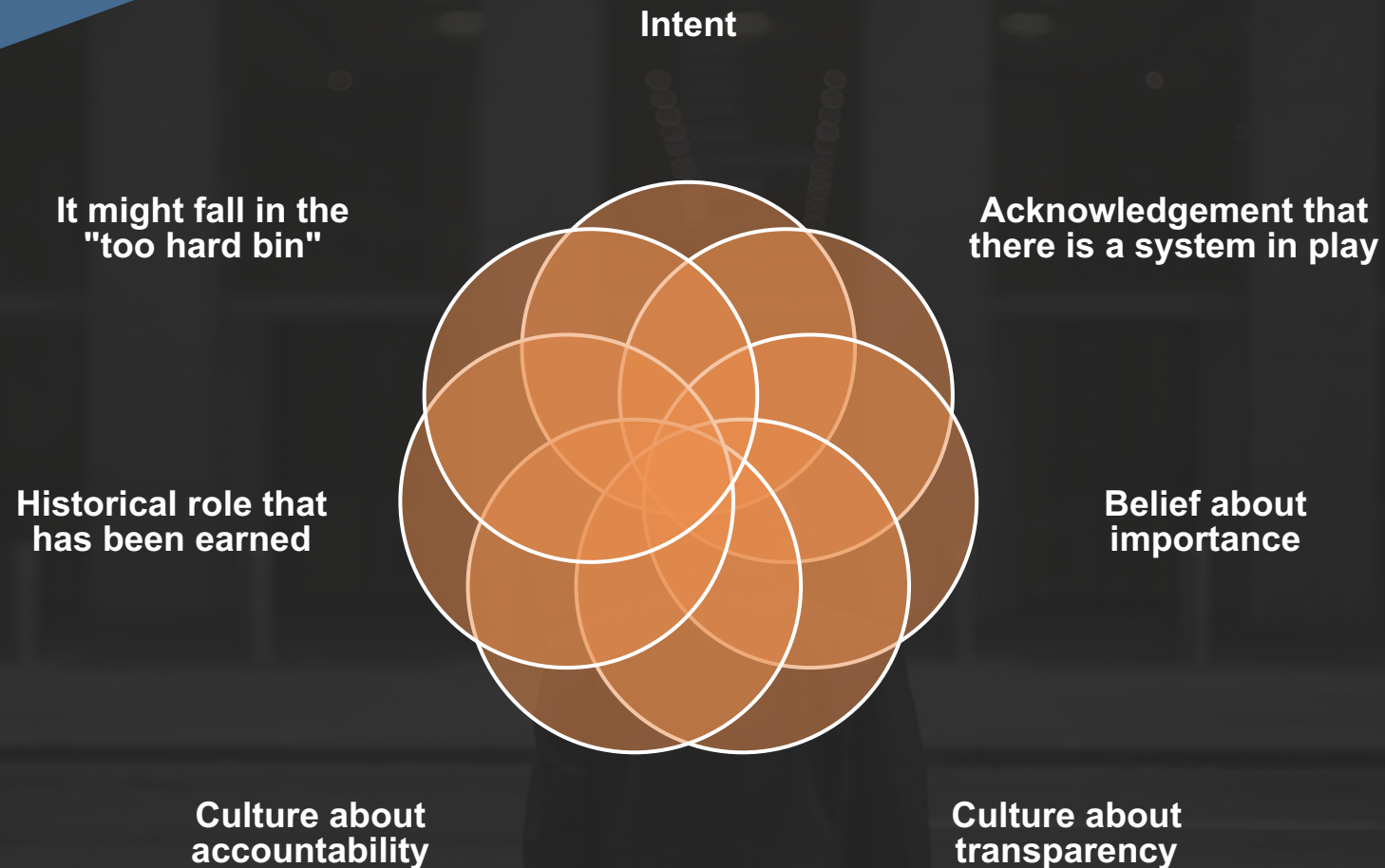
Opaque buckets-of-money effect

Ordered EPM and **got FPM**

Inability (or unwillingness to normalize traditional **non-financial data**)



**I think there are also
some less tangible
factors in play...**



Why are we still having the conversation about doing it vs. *what it has done for us?*



INERTIA

MY
ASPIRATION



So, I think we can all agree on this...

$$\text{PE} = \text{Share price} / \text{EPS}$$

If so, we can certainly agree on this....

$$\text{PE} = \text{Share price} / \text{EPS}$$

*

**

$$\text{Share price} = \text{EPS} * \text{PE}$$

This is
Math... but
do we know
the
backstory
and they
why?

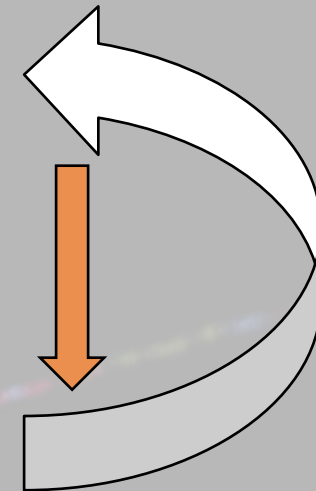
What is really driving
this factor- and what
do we really know
about them?

Here's a short and incomplete list of what engages or concerns investors and owners and markets and what impacts value...

Strategic	Financial	Operational
Market size and oppty	Capital deployment	Product margin
Market share and prospects	Returns on investment	Market development costs
Customer stickiness	What does it cost to? ←----- and/or-----→	Sales effectiveness
Product stickiness	Cash flow implications (timing of events)	Supply chain and throughput
Product innovation		Quality/Service
Customer acquisition		

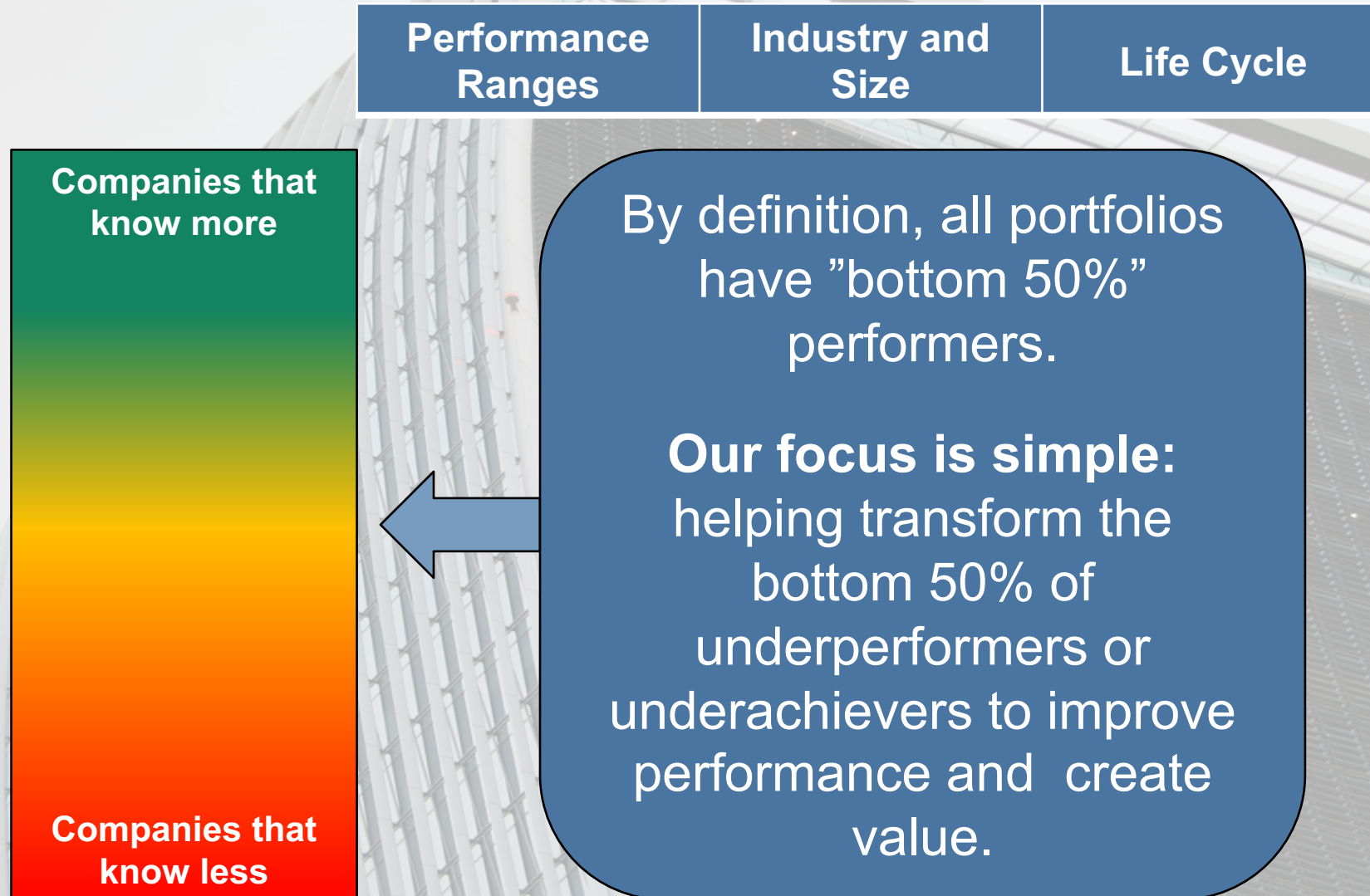
And some pragmatic considerations and data needs to further fill in the picture

Marketing	Sales
Product	Which ones; SKU's; volumes
Price	ASP, Gross, net, discounts etc.
Place	Channels; Geographies; Who? Who Sold?
Promotion	Programs
Leads	Order Book → Sales
Market Size	Market share



Shifts and Impact

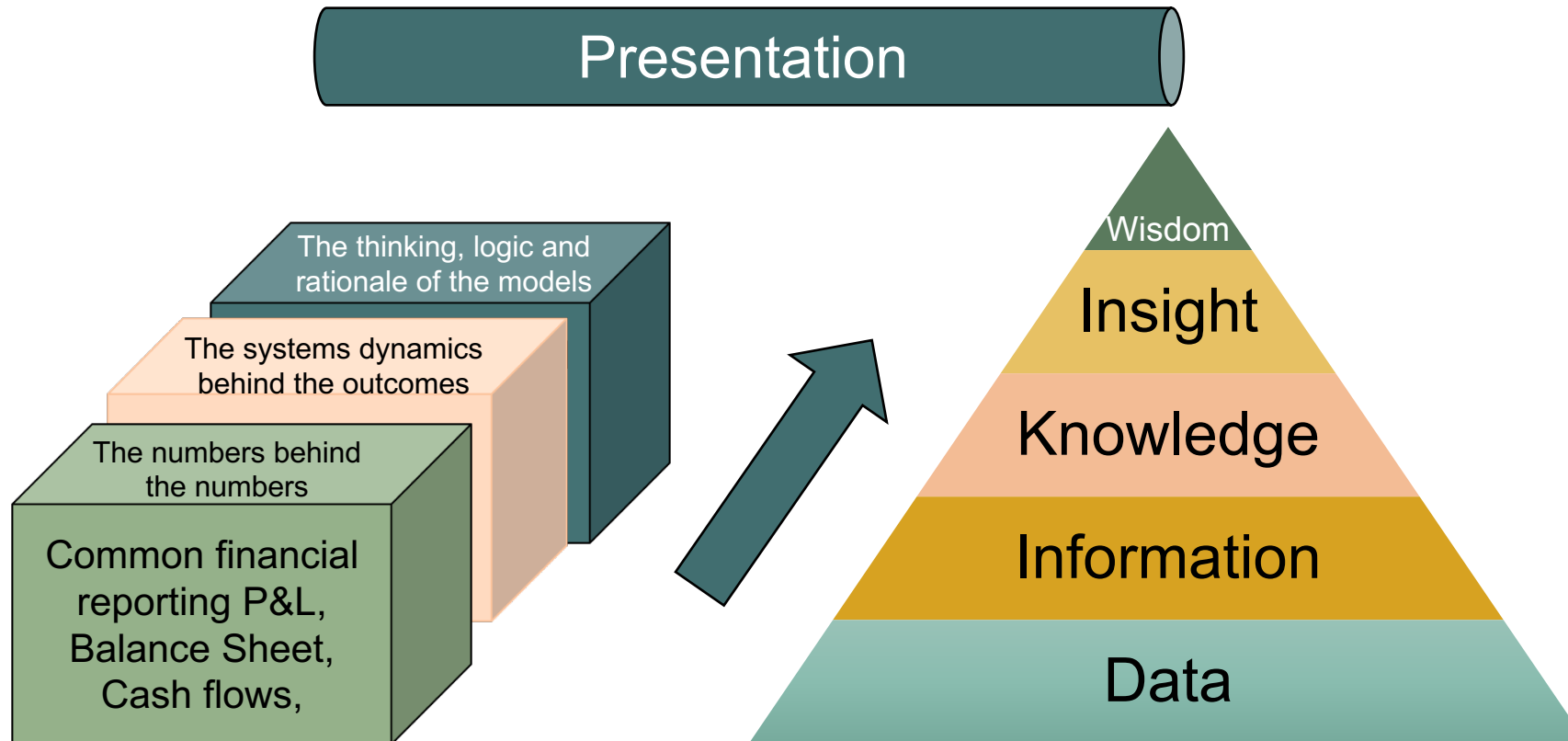
We take a pretty rigorous view of this because we have seen the bottom and the dark side....



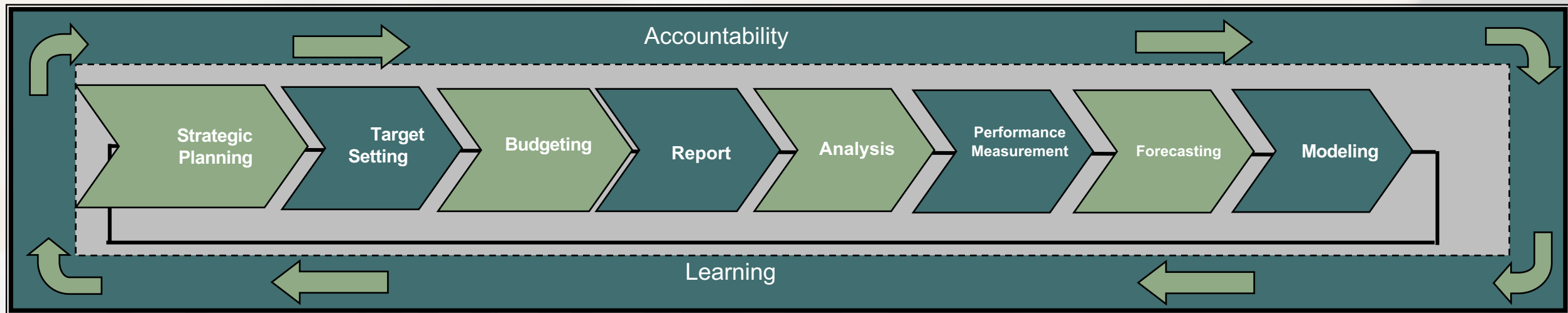
To be effective, valuable
and valued information
has to be..

- ✓ **Relevant**
- ✓ **Reliable**
- ✓ **Readily Available**

Finance's strategic mission is to help the organization **KNOW** more...FASTER.



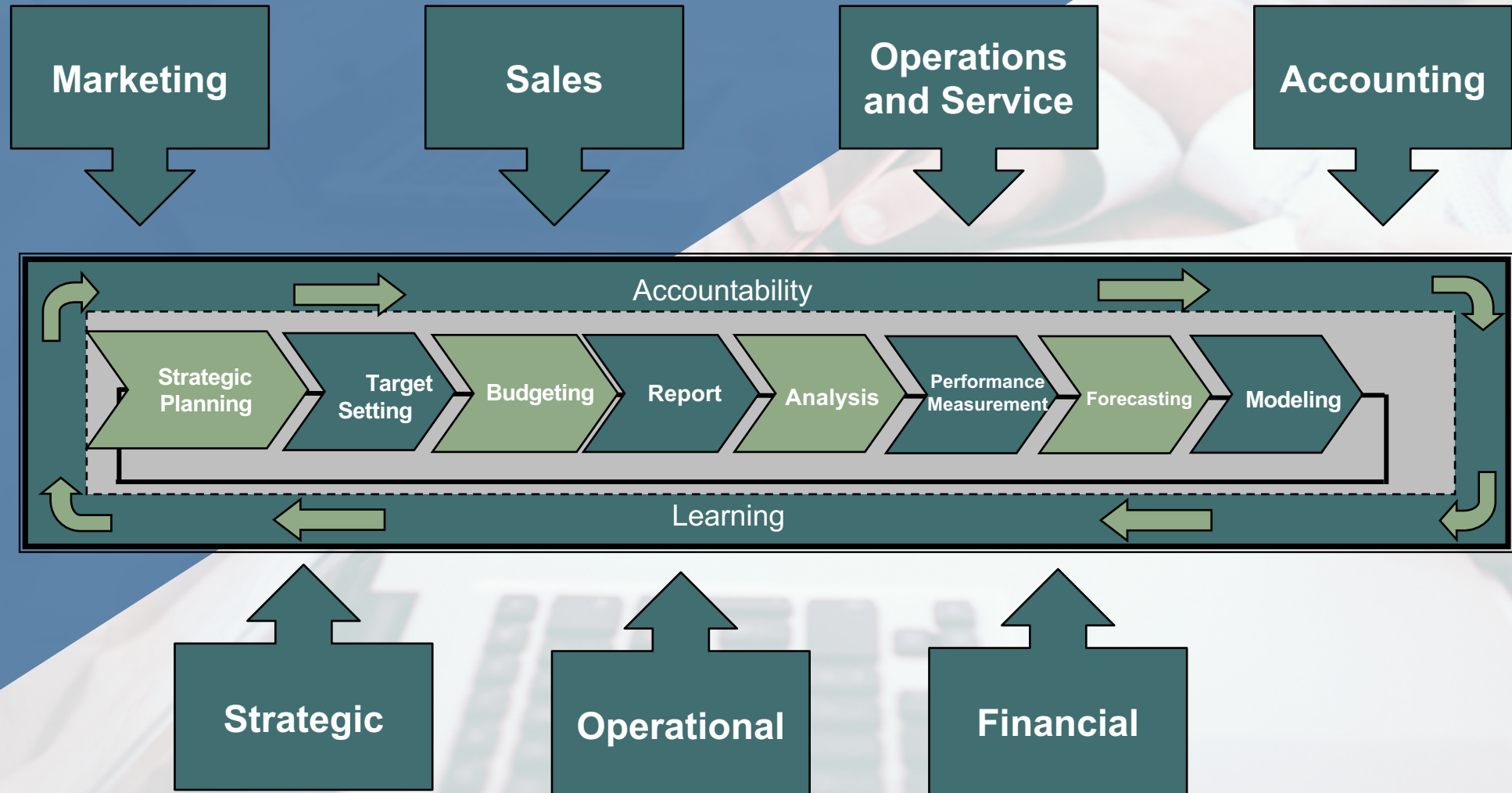
We believe that a well considered Financial Planning and control model can advance the ball for the company and shift finance's role from scorekeeper to strategic partner and leader



- **Uber control**
- **Comprehensive**
- **Integrated**
- **Prompts action**

- **Learning**
- **Accountability**
- **Risk Management**
- **Historical and Prescriptive**

Great FPC is the result of an integrated and systemic model and analysis



Four Quick Examples

Imagine if you knew this...

Death services

- Geographic locus of sales
- Key influencer share of sales
- Real margin on sales
- Sales lead impact on volumes (4 leads= 1 sale)

- Chasing geographically diverse sales consumed resources and were less profitable
- Sales leads diminished by 90% but it was not noticed

Wholesale distribution

- Top products
- Top Customers
- Customer profitability
- Inventory profile (investment and Service Satisfaction of top customers)

- Top product turned 20x per year
- Top 20% Customers represented 80% of profits
- Top customers bought 90% of top products
- Top customers paid closest to terms

Professional Services

- Client profitability
- Resource dedication by month
- Resource Cost
- Partner portfolio
- Sales Mix
- Customer Satisfaction
- Average selling Price

- Least profitable clients consumed more resources in “busy season”
- Least productive partners consumed more talented staff
- Highly satisfied clients were paying 20% premium

Newspaper

- Sales or profits by identified channel
- Ad profitability
- Customer satisfaction by channel
- Customer performance
- Campaign efficacy

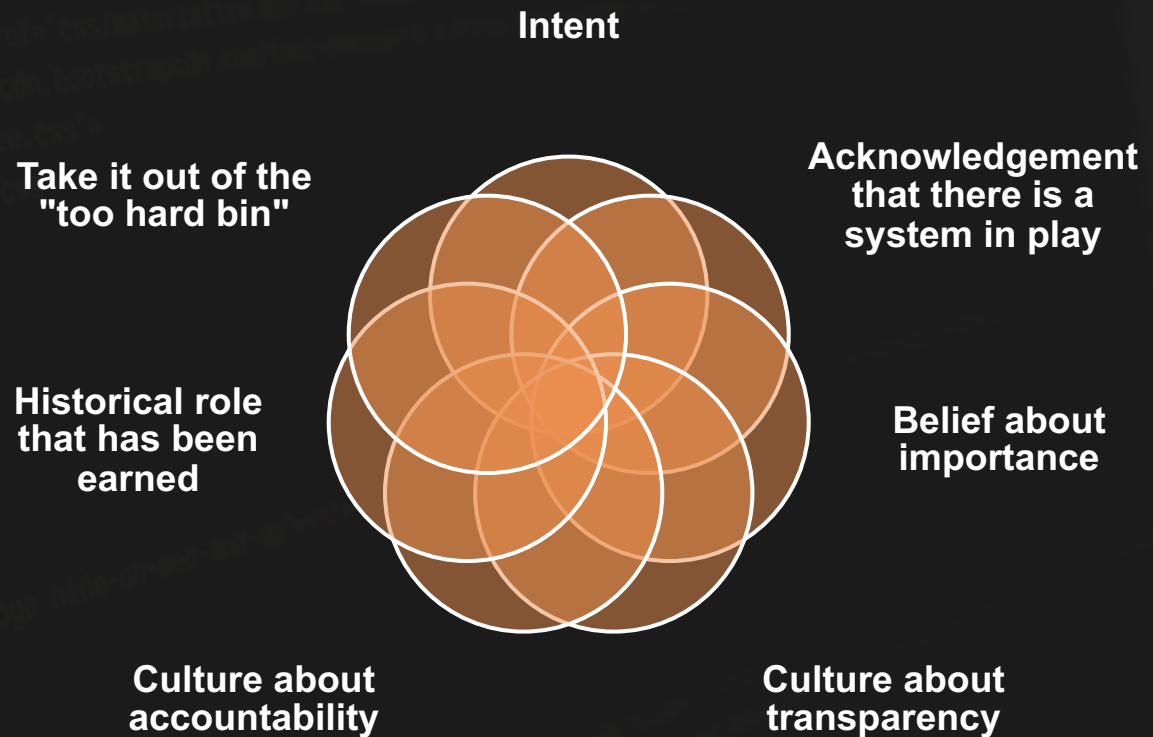
- Move to geographic sales force dropped revenue and satisfaction
- Emphasized customer segments were least profitable
- Recently outsourced segment was most profitable

How bad do you want to be good?

Host Analytics takes a lot of barriers off the table

- Data
- Aggregation
- Synthesis
- Presentation

So, let's take a look inside—





It takes intent and a process to get from point B to A- and lock in value

- ✓ Define the insights critical to successfully run your business
- ✓ Determine information you need to really understand the current and future risk and performance factors for the business
- ✓ Identify the data you need to create required information and presentation requirements (Data Model)
- ✓ Establish Finance's role in these domains
- ✓ Broaden definition of FP&C to fit real imperatives

- ❖ Likely too diverse and sensitive for Excel
- ❖ Need to define products to help collect, normalize, control and manage data for use and presentation
- ❖ Develop processes
- ❖ Establish a broader and more useful FP&C effort in context of financial management, learning and accountability to become the strategic partner the organization NEEDS

Thank you!

Pat McCormick

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