

COVID-19 Impact on Financial Planning & Analysis

The U.S. economy is projected to contract nearly 6% in 2020 due to the coronavirus pandemic, nearly twice the 2.9% contraction of the 2008 meltdown.¹ Successful organizations thrive during economic downturns due to preparation and rapid adaptation to new business conditions. By leveraging FP&A, businesses can transform their finance organization to be more agile, solve enterprise challenges and lay the groundwork for future success during the economic rebound.

13%

of small businesses were confident with their operating contingency plans before the pandemic outbreak

45 Days

Relief provided by the SEC for publicly traded companies to file certain disclosure reports.

200+

companies pulled their financial guidance due to uncertainty from the coronavirus pandemic.

49%

of small businesses expect to continue operations past three months in the current economy without outside assistance.

Planning

Pre-COVID-19: Budgeting and forecasting process completed in late winter for upcoming year. Revisions typically made each month or quarter close to reflect latest economic projections.

Post-COVID-19: Companies should utilize Agile budgeting for 1-2 week increments, allowing the organization to incorporate more timely information and ultimately produce more relevant and accurate reports.

Reporting

Pre-COVID-19: Organizations perform a standard monthly close, with more rigorous analysis each quarter. Management has minimal insight into interim performance beyond exception reporting.

Post-COVID-19: Institute continuous close to provide real-time results on operations and financial metrics. The reporting can incorporate data visualization and other digital tools to assist with presentation.

Analysis

Pre-COVID-19: Financial analysis performed when data is pushed by reporting function to analysts. These groups worked in silos, preventing the organization from fully unlocking the value from either group.

Post-COVID-19: Reporting data pulled by analysts, resulting in stronger collaboration with reporting function to analyze information quicker. Successful organizations transform analysts into business interpreters.

Cost Management

Pre-COVID-19: Cost containment seen primarily as an activity for accounting and mid-level management. Efforts to reduce expenses weren't seen as an imperative given the strength of the economy.

Post-COVID-19: Cost reductions ensure operations remain lean and organizations retain key personnel. Finance can lead by identifying opportunities to use automation to accelerate routine processes.



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