

# What You Need to Know About Financial Planning and Analysis: Part 3 - Performance Reporting and Management

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*This is the third alert in our Financial Planning and Analysis (FP&A) Series – Catch up with [Part 1: Planning and Budgeting](#) and [Part 2: Integrated Financial Planning](#) to understand the full suite of benefits FP&A can bring to your organization.*

Performance Reporting and Management is key to understanding how one's business can be successful in the future. Understanding past performance and trends will help determine the feasibility of the current plans and strategies.

Performance reporting is pivotal in communicating specific financial metrics to various stakeholders, including executives, board members, and individuals without a financial background. Through consistent performance reporting, FP&A teams bridge the gap among the many departments within an organization, guiding them in tracking revenue and expense targets while simultaneously providing valuable insights to keep the entire enterprise on course.

# Types of Reports

- **Budget vs. Actual Reports:** Providing these monthly reports allows the FP&A team to collaborate with department heads to understand and address variances in the data and proactively adjust strategies, as negative variances could be due to external factors such as market conditions or competitor actions.
- **Cash Flow Forecasting Reports:** These forecasts help predict the business's future financial liquidity and cash flow over a specific period. Cash flow reports can be short-term or long-term forecasts.
- **Operational Review Reports:** A comprehensive review of the organization's or department's performance, these reports assist with resource allocation decision-making and allow the team to conduct scenario analysis and analyze potential outcomes.
- **Balance Sheet:** This provides a snapshot of the organization's financial health at a specific time. The balance sheet shows the actual net worth of a company; it lays out the assets, liabilities, shareholders/owners' equity, and debt level.
- **Income Statement:** This shows income and expenses as well as profits and losses during a specified period. The statement provides an accurate picture of the organization's profitability.
- **Cash Flow Statement:** This outlines how much cash is generated and spent by the organization over time; the numbers are pulled from the balance sheet and income statement and based on the company's operating, investing, and financing activities.

However, for organizations that may not have dedicated FP&A teams, it may be beneficial to work with consultants who are knowledgeable in this function. Experienced FP&A specialists can help executives engage in ongoing data analysis and vigilantly monitor the performance metrics across the entire organization. Their responsibilities go beyond traditional financial duties, as they actively construct comprehensive reports and visualizations. This proactive approach ensures that each department is not only well-informed but also actively participating in the assessment and understanding of the company's overall performance.

*Anchin's Client Accounting Advisory Services (CAS) team is not just your traditional accountant; the CAS group is forward-thinking and works with businesses to achieve their goals. To learn more about the IFP process or how Anchin can help your business with integrated financial planning, please contact [Anthony Carrella](#), Partner and Leader of Anchin's CAS Group, or your Anchin Relationship Partner.*