

Agile by Design: **Operational Agility and the FP&A** **Enabler Role**

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THE OPENING QUESTION

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Two CFOs. The same Reuters alert.
The same three-paragraph story.

CFO A Flags it. Moves on.

CFO B Calls a scenario session. Four scenarios.
Pre-approved triggers.

Six weeks later... The world locks down.

CFO A Emergency board calls. Cash scramble.
Months behind.

CFO B Executing the plan. Credit lines activated.
Suppliers locked.

THE QUESTION

**Same news.
Same shock.
Different outcome.**

How did she know it was coming?

She didn't.

She was ready to respond
when no one else was.

That's not luck. That's a capability.

The World Your Annual Budget Was Built For No Longer Exists

Your annual plan is obsolete before it's approved

80%+

Commodity Shock

Lithium: down 80%+ (2023–24)

Energy + ag inputs: 40–80% swing (2021–23)

Source: Bloomberg

40%

FX Volatility

USD/JPY: ~40% move (2022–24)

Cross-border margin surprises: 5–15 ppts

Source: IMF / Bloomberg

?%

Tariff Uncertainty

US-China + USMCA shifts make 12-mo. landed-cost projections near-impossible

Source: WTO / Trade Policy Monitor

3×

Supply Chain Strain

Lead times: 65 days pre-COVID → 100+ days at peak

Source: ISM

The Old Model

Finance as a Machine

- Plans once a year
- Budget locks in January — no flex
- Finance reports; others decide
- Explains the past
- Optimized for stability

The New Model

Finance as an Organism (*McKinsey, 2017*)

- Forecasts continuously — 18-month rolling
- Budget is a guardrail, not a ceiling
- Finance embedded in decisions
- Anticipates what's coming
- Designed to sense, decide, and act under uncertainty

THE INSIGHT

**The organizations that thrive
in uncertainty aren't better at reacting.**

They're better at being ready.

Build the capability before the shock arrives.

Most finance teams are wired to react. The AFP Guide shows what's possible.

REACTIVE

← reactive

What most FP&A teams do today

- › Budget-to-actual reviewed monthly — response starts after period close
- › Scenario planning done once a year, filed, rarely revisited
- › Cost response defaults to a hiring freeze, then headcount cuts
- › Credit tapped reactively once treasury flags a cash shortfall
- › Finance explains what happened — forecasts lag operations by weeks

Source: AFP Guide to Finance Agility (2026)

AFP GUIDE — AVAILABLE TODAY

proactive →

What the AFP Guide identifies

- › Rolling 13-week cash forecast as a standard operating rhythm
- › Pre-negotiated revolving credit facility — drawn only if needed
- › Three pre-built scenarios: base, downside, severe — updated quarterly
- › Designated cross-functional response team identified in advance
- › KPI dashboard with 6–8 leading indicators reviewed weekly

THE GAP

What's still missing

- › No defined sensing triggers — you still have to notice things manually
- › Every significant response still requires escalation or special approval
- › Finance stays separate from operations — no structured decision embedding
- › Cost flexibility is negotiated in the moment, not built into the structure
- › No closed loop: sensing data doesn't connect automatically to action

01 BUILD

Flexible by Design

- › Operating model flex + scenario library
- › Pre-auth governance + data infrastructure
- › Asset-light structure — bias flex over ownership
- › Variable cost base sized to survive a 20% revenue drop

04 ACT

Move Before You Have To

- › Anticipate: pre-position capital
- › Cushion: flexible cost structure
- › Adapt: portfolio reallocation
- › Shape: set new competitive baseline



02 SENSE

Read the Signals

- › Rolling forecasts (18-month)
- › Scenario infrastructure on the shelf
- › Embedded analytics in business units
- › AI-driven leading indicators

Source: McKinsey

03 DECIDE

Finance at the Table

- › Trusted data + pre-authorized thresholds
- › Finance embedded in the business
- › Pre-authorized spending bands — no special board meeting
- › Finance BPs embedded in each major business unit

Source: BCG

Operating Model Flexibility

Flexible Assets

- › Asset-light over ownership — easier to resize
- › Finance models cost of rigidity vs. flexibility

Insource / Outsource Mix

- › Volume flex + second-source options in every contract
- › Finance quantifies the option value of each structure

Flexible Capacity

- › Variable cost base = strategic asset
- › Size the flex pool by modelling break-even scenarios

Cross-Training

- › Staff cross-trained — flex as demand shifts
- › Reduces reliance on hiring/firing cycles

FINANCE'S ROLE IN BUILD

Where Finance Leads

Quantify the Option Value

- › Model the cost of NOT having options
- › Pre-negotiated credit line: \$0 value — until you need it

Govern the Investment Portfolio

- › Business cases built under scenarios, not base-case NPV
- › Capital allocation stress-tested to a 20% revenue drop
- › Pre-authorized thresholds: Board-approved in advance

Lead the Data & Analytics Investment

- › Rolling forecasts + AI models need infrastructure now
- › Build before the shock — outperformers do

Finance Sensing Capabilities

Rolling Forecasts

- › 18-month, driver-based, updated monthly
- › Replace the annual freeze

Scenario Infrastructure

- › 5–8 disruption scenarios on the shelf
- › Pre-written with activation triggers and response owners

Embedded Analytics

- › Finance people sitting in business units
- › Hear about disruptions before they show in numbers

AI-Assisted Forecasting

- › 18-month rolling with confidence intervals
- › Organizations building this now have a meaningful lead

McKinsey: Agile Organization Five Trademarks — Finance Lens

1. Strategy

Shared purpose and clear direction

2. Structure

Network of empowered teams

3. Process

Info transparency → Finance sees signals first

4. People

Trusted teams → SENSE enables fast DECIDE

5. Technology

Next-gen enabling tools

Data Trust***Credible models and forecasts***

- › Single source of truth — no board table debates
- › Driver-based models: re-run in hours, not weeks
- › C-suite relies on the same numbers

Build your data single-source before the next crisis

Pre-Authorized Thresholds***Board-approved decision triggers***

- › Credit facility: activates at defined covenant levels
- › Headcount bands: pre-approved up/down flex
- › Capital reallocation: no special board meetings

Get Board pre-approval on 3 authorities now

Finance Presence***Embedded partnering — not reporting***

- › Finance BPs in each major business unit
- › Co-located with operators — not in a Finance tower
- › In operational meetings before the crisis hits

Deploy Finance BPs in top 3 BUs this year

ANTICIPATE

01

- › Pre-position capital before the crisis
- › Build cash buffers when markets are calm
- › Model exposure; put hedges in place

→ Lower shock impact

CUSHION

02

- › Clean balance sheet going in
- › Revolving credit fully negotiated in advance
- › Flexible cost structure — not just-in-time

→ Sustained flexibility

ADAPT

03

- › Change portfolio mix faster than competitors
- › Pre-built capital allocation framework
- › Analytical work done → fast, credible decisions

→ Faster recovery

SHAPE

04

- › Don't just respond — define the new baseline
- › Kroger: \$2B digital investment while others scrambled
- › Move from defensive to offensive mid-disruption

→ Greater outperformance

Evidence from the Field — How it looks in Practice





SENSE / ANTICIPATE

Pre-Positioned for the Next Wave

- › Cloud & DC revenue grew from 27% to 40%+ of total sales in 2020
- › R&D intensity was 1.5× the industry average pre-COVID
- › Outperformed peers by 11pp through the COVID recovery
- › Finance inference: protected R&D under scenario-tested capital allocation



ACT / ADAPT

Omnichannel Investment Before the Shock

- › Built omnichannel capability 3 years before COVID hit
- › Ranked #3 in U.S. online grocery before the pandemic
- › Online sales doubled in Q1 2020 — infrastructure was already in place
- › Revenue outperformed sector peers by 7pp during COVID

StanleyBlack&Decker

LEARN / ADAPT

Fast Response Under Pressure, 2022

- › \$4.1B in security business divestitures funded the restructuring
- › Cost inflation + 2–4% FX headwind + 10–13% volume decline
- › \$1B+ cost-reduction programme launched under simultaneous pressures
- › Finance inference: scenario models drove the divestiture sequencing

Three Horizons Toward Agile Finance

HORIZON 1

Now — 6 Months

Stop the Bleeding

1. Shift to rolling quarterly forecasts
2. Identify 3–5 key business drivers — track in real time
3. Run one cross-functional scenario exercise this quarter
4. Audit decision authority: what needs pre-approval now?

HORIZON 2

6 – 18 Months

Build the Infrastructure

1. Embed Finance BPs in major business units
2. Build scenario library: 5–8 disruptions + triggers
3. Upgrade to driver-based models — re-runnable in hours
4. Scenario-first reporting at every Board meeting

HORIZON 3

18 – 36 Months

Become the Organism

1. AI-assisted forecasting: 18-mo. rolling + confidence intervals
2. Continuous risk monitoring as permanent operating rhythm
3. Pre-authorized thresholds formalized with Board
4. Clean, trusted, real-time data foundation in place

The CFO you want to be is the one who already called the meeting.

The organizations that thrive in uncertainty aren't better at reacting. They're better at being ready.

BUILD

Invest in ops. model flexibility before the next shock

SENSE

Start rolling forecast + scenario library this quarter

DECIDE

Get Board pre-approvals on decision authorities now

ACT

Embed Finance in the business now — trust takes time

Build / Sense / Decide / Act



BUILD

Invest in flexibility.
Ops. model. Governance.
Scenarios. Data.

SENSE

Read signals first.
Scenarios. Rolling forecasts.
Embedded analytics.

DECIDE

Finance at the table.
Trusted data. Pre-authorized
decision thresholds.

ACT

Move first.
Anticipate. Cushion. Adapt.
Shape the environment.

LET'S TURN TO OUR PANEL

From Framework to the Front Lines

How are Finance leaders applying Build / Sense / Decide / Act in practice?

DISCUSSION QUESTIONS

- What does uncertainty actually look like in your organization today?
- Of Build, Sense, Decide, Act — which has been hardest to develop in your org, and why?
- What does scenario planning actually look like in practice? Is it a live capability or something that gets dusted off once a year?
- How do you avoid being “the team that says no”? What does Finance at the table actually look like?
- One practical step someone in the room could take in the next 3–6 months — what would you tell them to do?