FP&A FORUM

Smarter Forecasts, Not Bigger Data: Right-Size Models for Real-World Decisions

By Leisan Galieva

VeraGalieva LLC

What you will learn:

- Why FP&A models feel heavier than ever, and slower to deliver insight
- When more data actually increases risk instead of reducing it
- How to recognize when a model stops supporting decisions
- What the Minimum Effective Model (MEM) really means in practice
- How to right-size models without losing credibility or rigor
- How to move from model maintenance to decision support

Why this matters for me

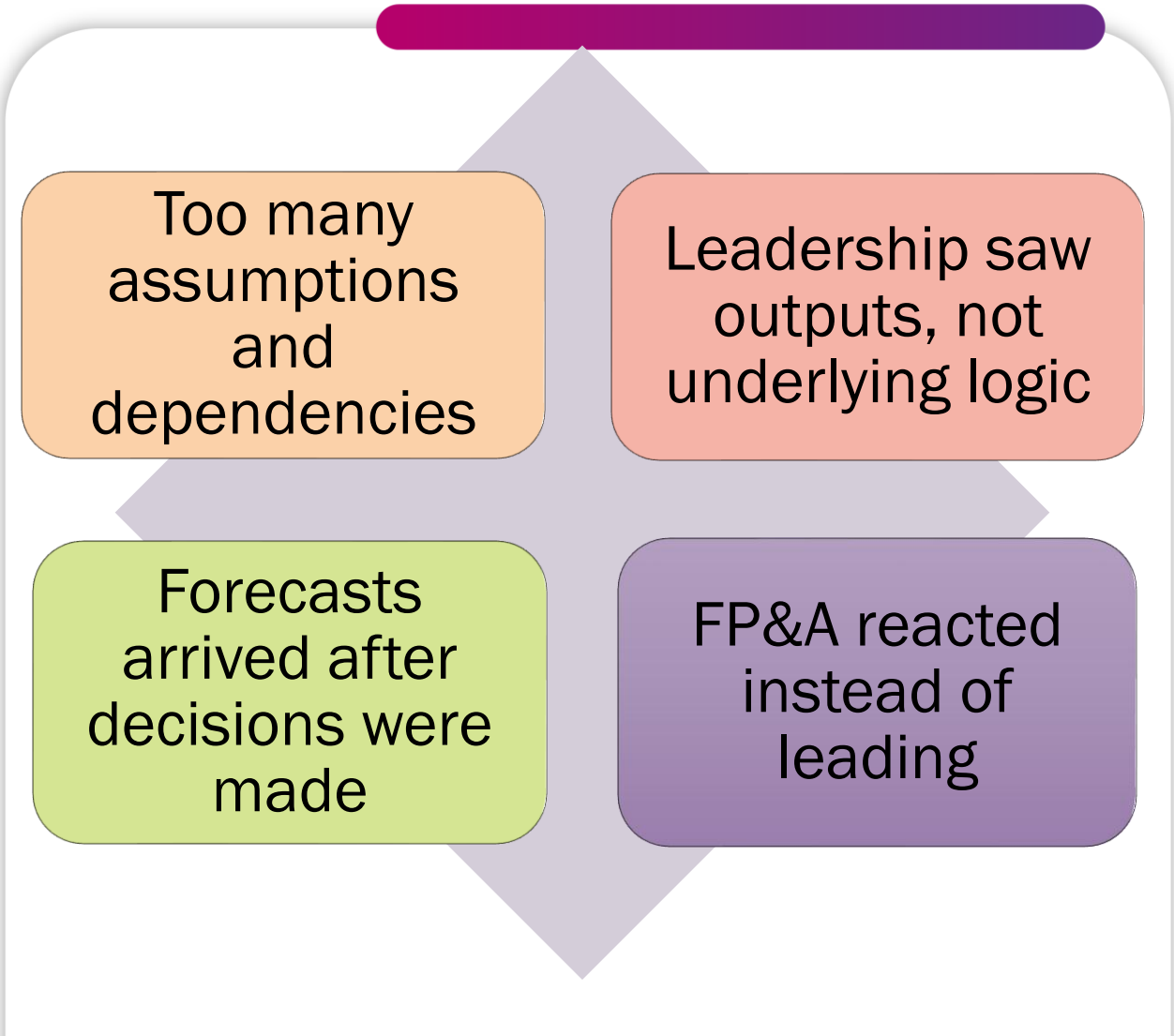
- 16+ years of experience in FP&A, reporting, and forecasting
- Worked with highly detailed models in both stable and volatile environments
- Seen technically correct models fail to support real decisions
- Experienced firsthand how speed and clarity can matter more than precision

www.linkedin.com/in/leisan-galieva-306196280/

When Accuracy Stopped Being Enough:

- Extreme volatility exposed limits of our forecasting approach
- Regulatory liquidity thresholds were at risk
- Full-detail model: thousands of rows, ~48-hour runtime
- Forecast speed suddenly mattered more than perfection

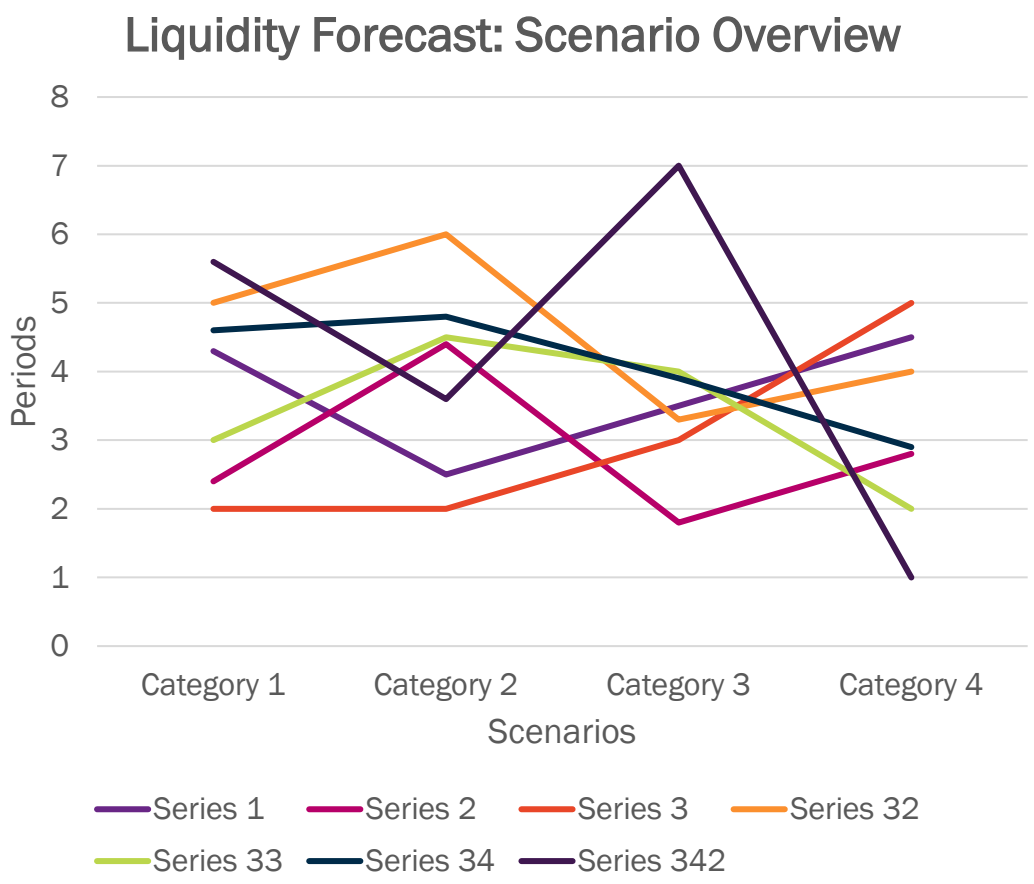
The Model Was Working, But Decisions Were Not



Which of this do you see more often in your company?

- ❑ Models arrive too late
- ❑ Models are too complex to act on
- ❑ Models are hard to explain or defend
- ❑ All of the above

The Belief that Made it Worse



Belief:

- More detail = more accuracy
- More scenarios = better decisions
- More data = less risk

Reality:

- Noise instead of signal
- False precision
- Complexity without clarity

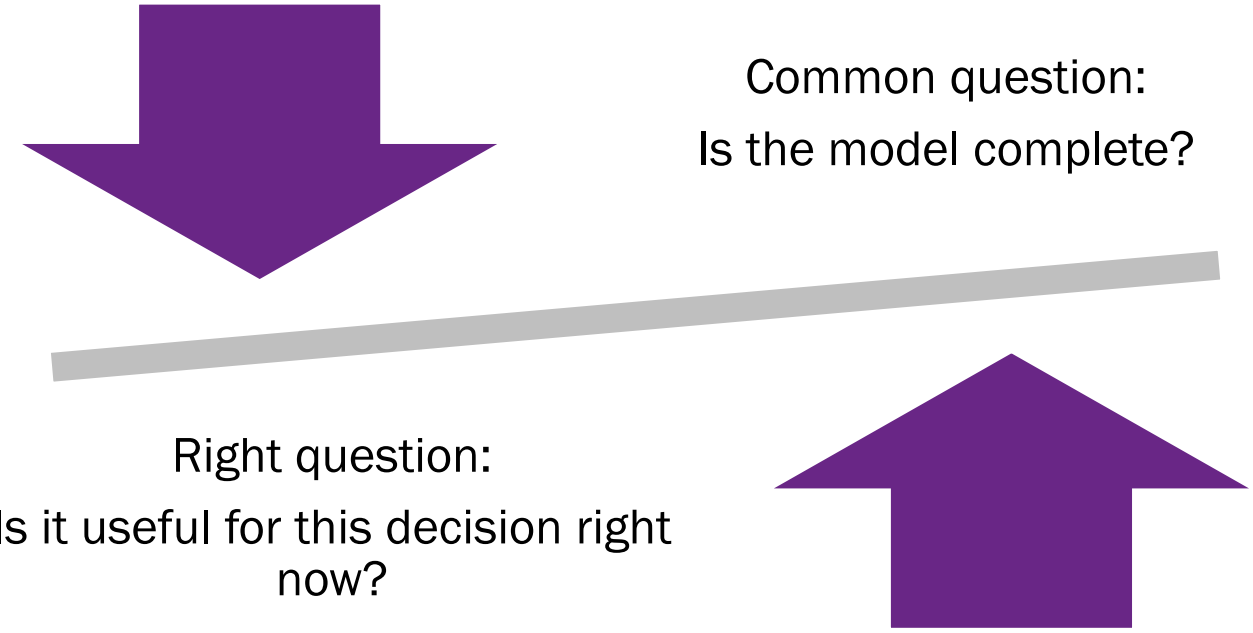
Accurate ≠ Useful

Technically Accurate	Operationally Useless
- Low forecast error	- No decision changed
- High Statistical Precision	- Too slow to act
- Detailed assumptions	- Confidence without insight
- Model validation passed	- Action came too late

“Don’t let the perfection be the enemy of good”.

Leadership Reality Check

- “What decision does this change?”
- “Can you explain this in two minutes?”



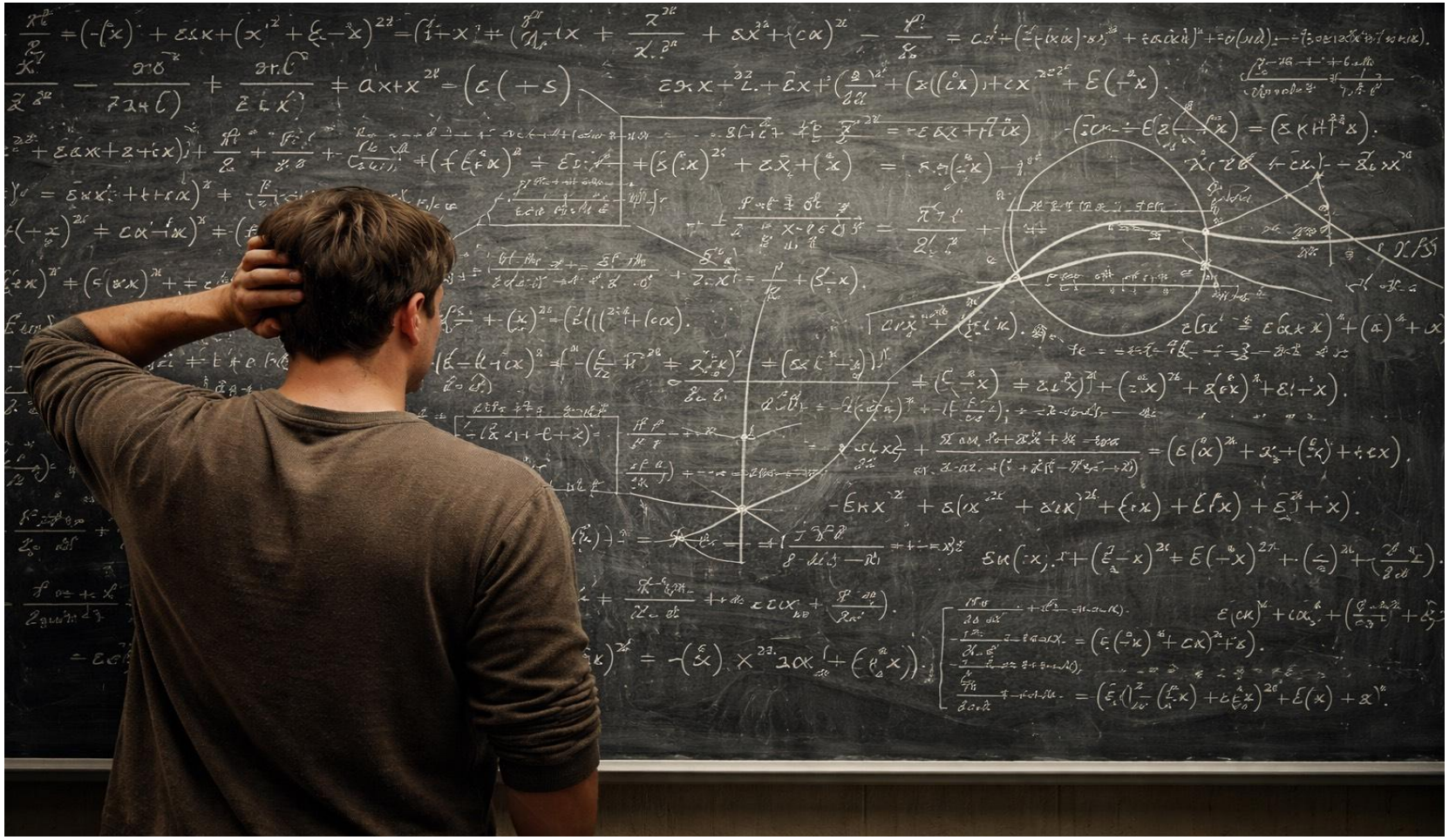
The Hidden Cost of Over-Modeling

- Long build cycles and slow updates
- Fragility, error propagation, key-person risk
- Analysts maintaining models instead of advising
- Slower decisions — and higher risk

Bottom line:

- We didn’t need more detail
- We didn’t need more scenarios
- We needed decisions on time

So... now what?



Introducing the Minimum Effective Model

MEM:

- The smallest model that still supports the decision that matters
- Designed for timeliness, clarity, and decision confidence

What MEM is not:

- Not dumbing down
- Not ignoring data
- Not cutting rigor
- Not “quick and dirty”

MEM Step 1: Define the Decision:

Problem it solves:

→ Models disconnected from decisions

- What decision does this model support?
- When is that decision made?
- Who is accountable for it?

MEM Step 2: Define the Timing of the Decision

Problem it solves:

→ Correct but too late to matter

How quickly do you need the answer?

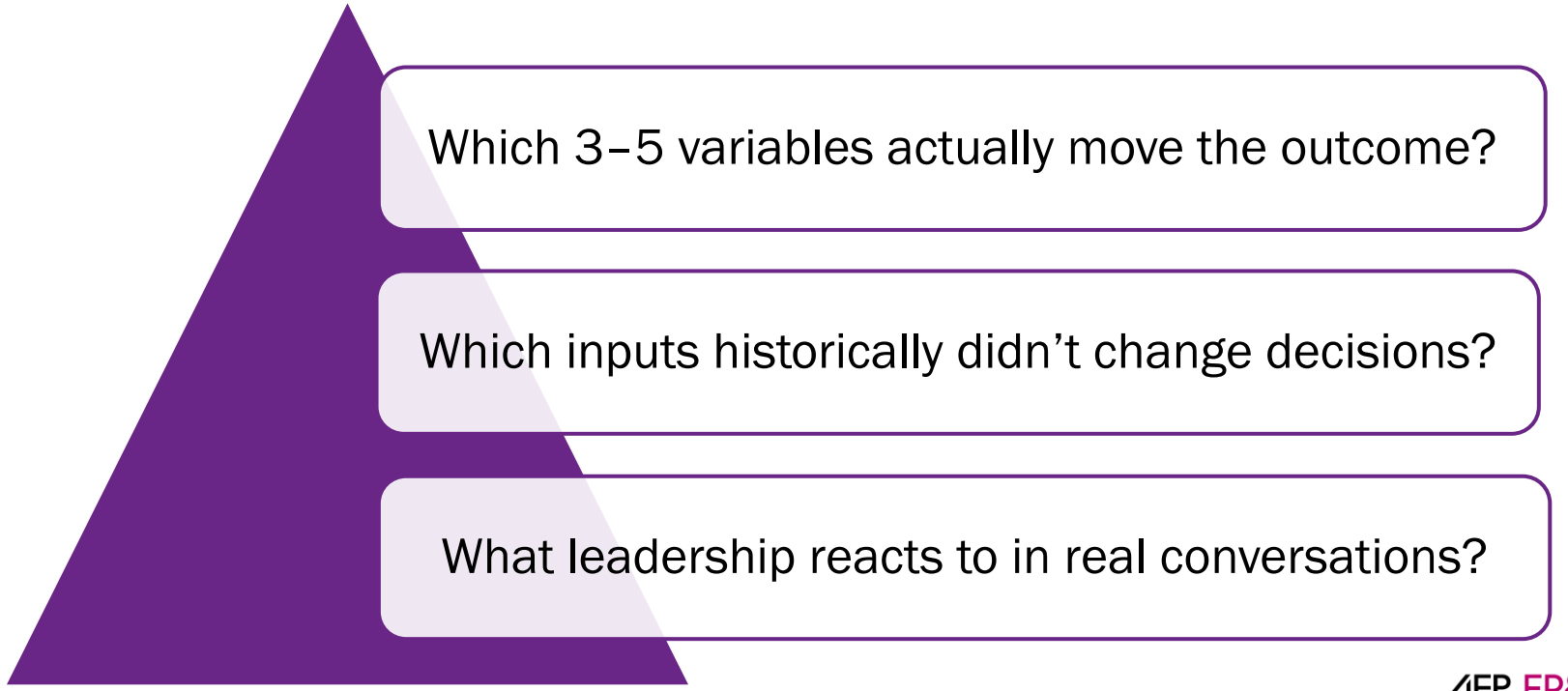
What happens if the model is late?

What delay is acceptable?

MEM Step 3: Identify True Drivers

Problem it solves:

→ Too many assumptions / noise



MEM Step 4: Reduce With Purpose

Problem it solves:

→ Over-modeling and inertia

model opacity

What detail doesn't change the decision?

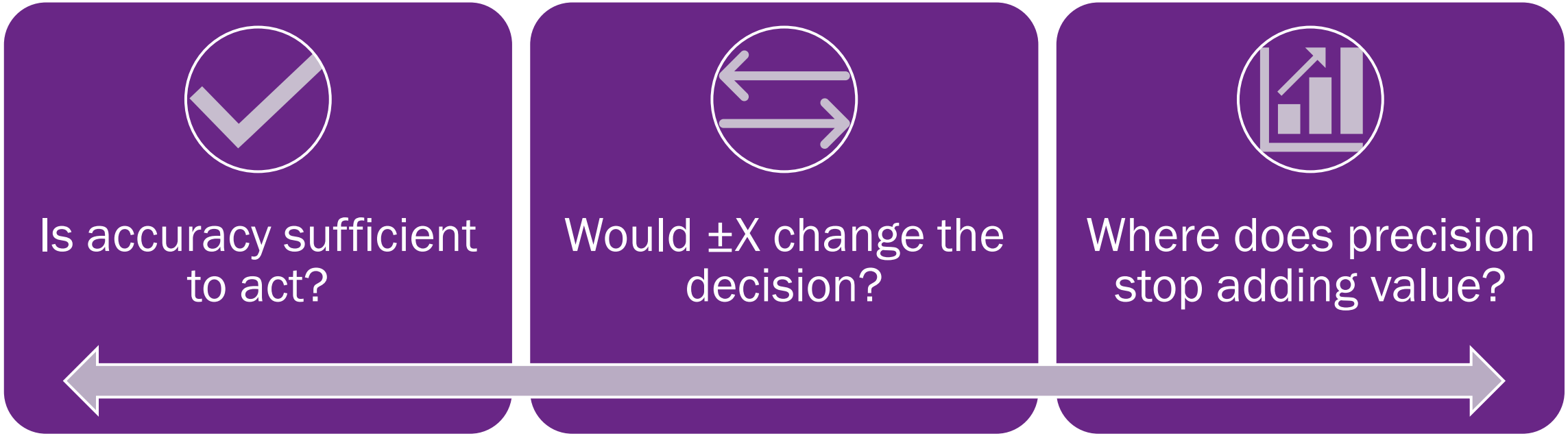
What can be safely aggregated?

What exists only because "it's always been there"?

MEM Step 5: Fit-for-Purpose Accuracy

Problem it solves:

→ False precision



MEM Step 6: Validate Leadership Usability

Problem it solves:

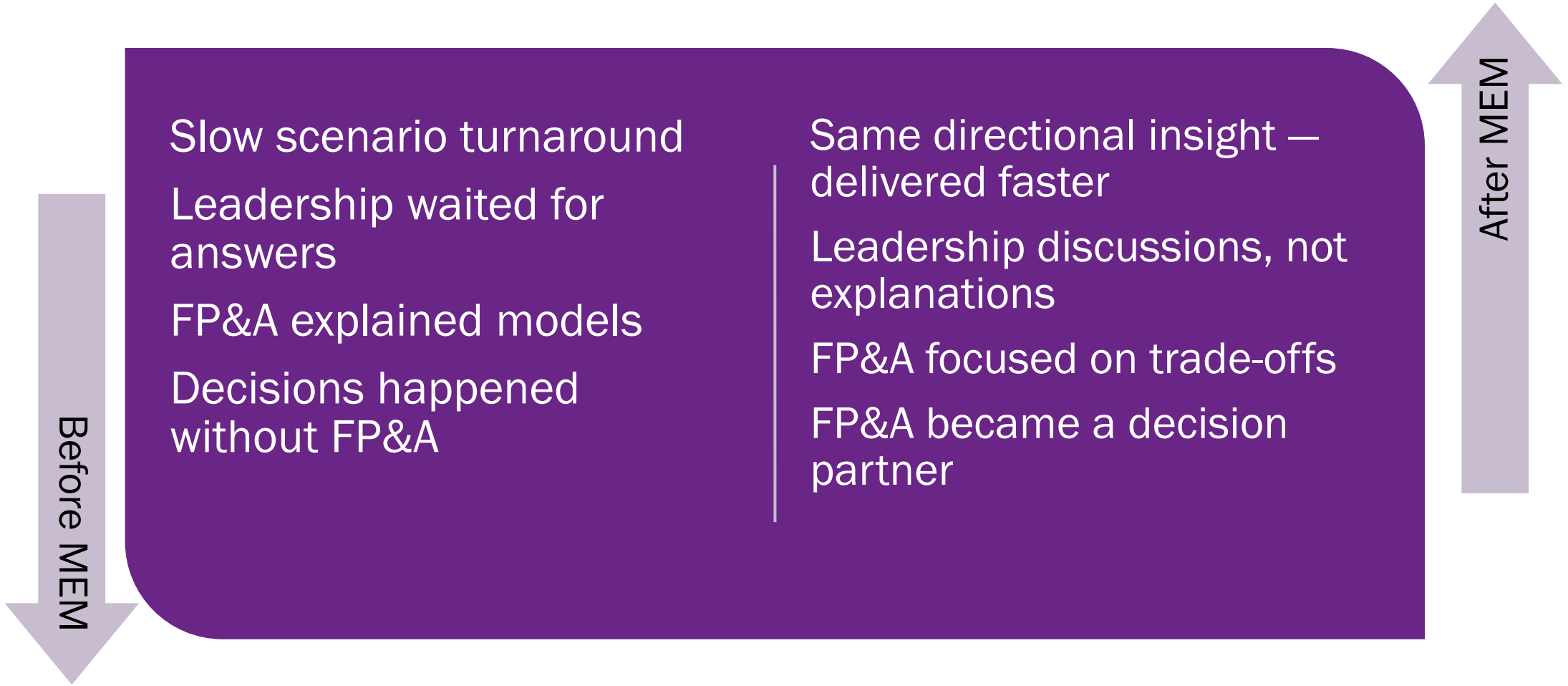
→ Leadership disengagement

- Can the model be explained in two minutes?
- Can leadership ask “what if” questions?
- Can scenarios be run quickly?

MEM Walkthrough: A Normal Operating Business

- Not a crisis, not a turnaround
  → A normal operating company
- Predictable revenue and cost structure
  → But decisions still had real timing pressure
- Decisions made weekly / monthly
  → Not “one big annual forecast”
- Legacy model optimized for detail
  → Not for speed or decision support

What Actually Changed



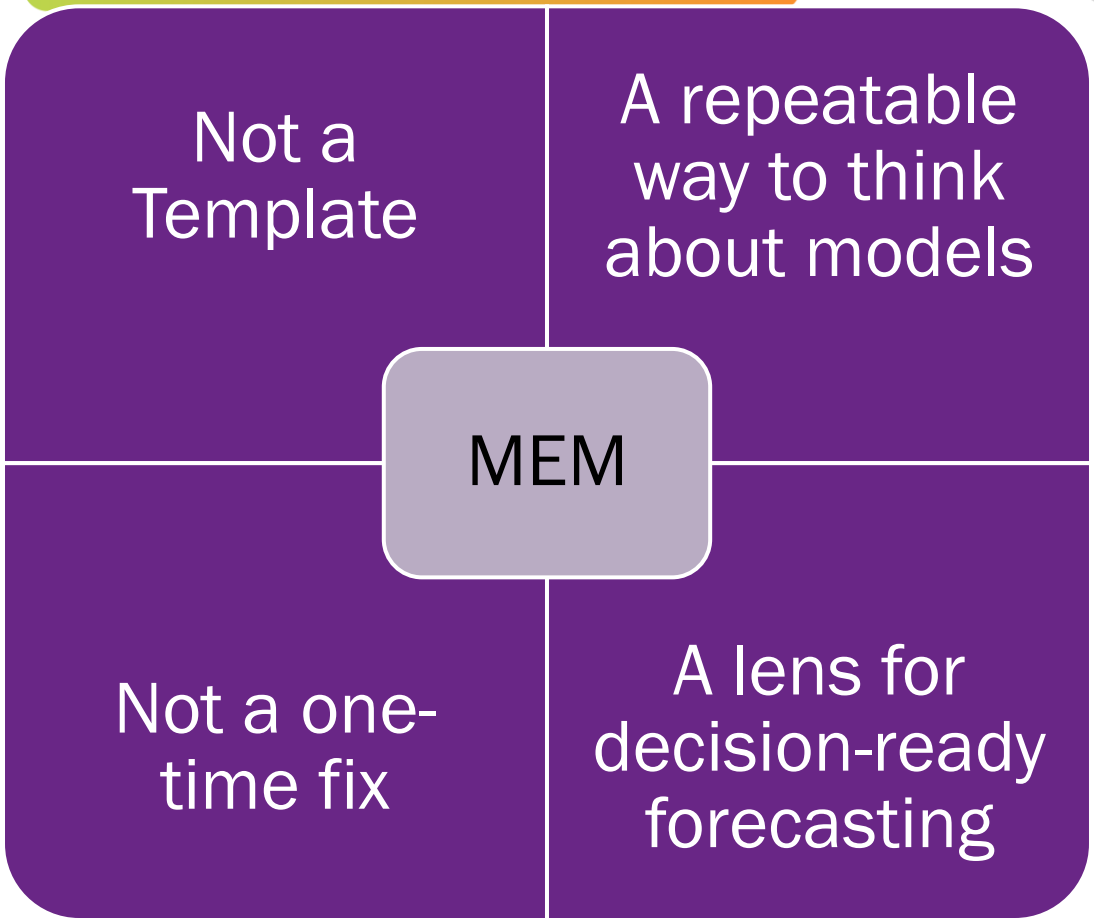
What to do when you are back at the office:

- Identify ***one model*** that currently supports decisions poorly
- Write down ***the decision it is supposed to support***
- Define the ***decision window*** (how late is “too late”)
- Challenge the model: *Which inputs have never changed a decision?*
- Test usability: *Can you explain it in two minutes to leadership?*

MEM as a Thinking Tool

Six steps:

1. Define the decision
2. Define the timing of the decision
3. Identify true drivers
4. Reduce with Purpose
5. Check for fit-for-purpose accuracy
6. Validate leadership usability



THANK YOU!

Let’s discuss!