

# 9 Reasons Why Spreadsheet-Based Planning Is Risky For Your Business

# This ebook at a glance

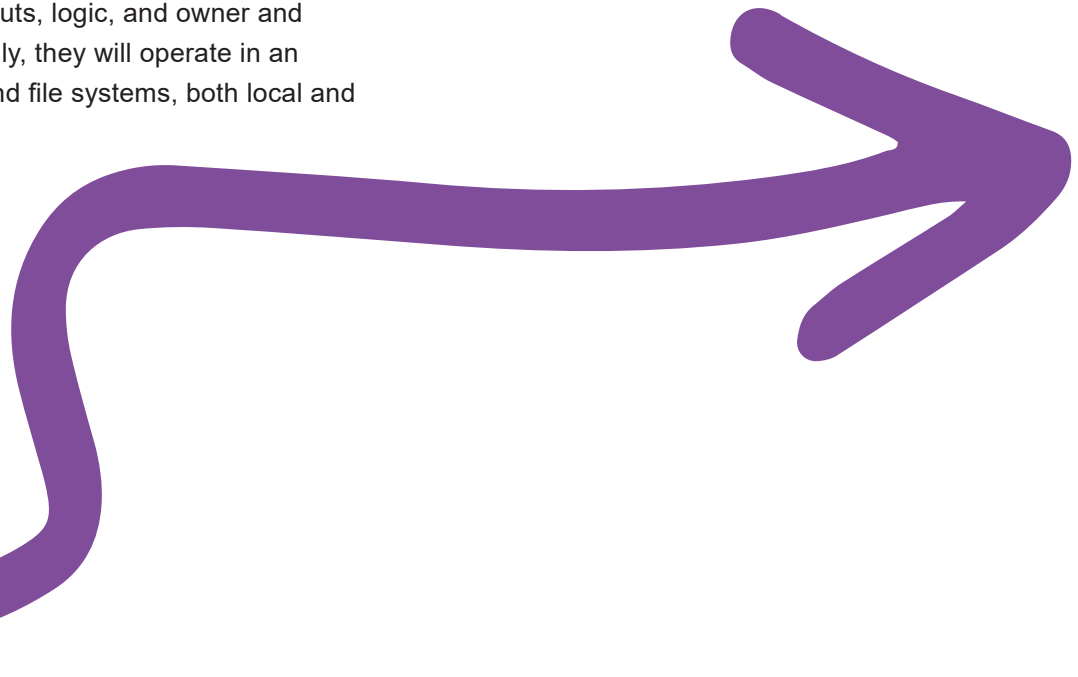
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# Introduction

It's no secret that spreadsheets are one of the most versatile and user-friendly tools around. They are the tool of choice for many operational and finance teams with a perceived ease of use and suitability for a range of planning, tracking, budgeting, reporting and other tasks. Consequently, many businesses rely on spreadsheets for some of their processes and have many use cases. Everyone can relate to the statement, "we have our applications AND spreadsheets."

This makes it sound like it is the norm, but it hides the fact that there are many use cases within a business. Many use spreadsheets as a valuable tool to improve personal productivity as well as other practical uses. However, in this document we focus on spreadsheet applications which drive formalised processes such as business planning and reporting and the risk this introduces for the business. Each application will have its own security (little or none), it's unique design of user interface, procedural know how, data sources, outputs, logic, and owner and user community. Typically, they will operate in an eco-system of emails and file systems, both local and corporate.

However, as more and richer data becomes available, there is a growing appetite for business planning to evolve in a manner beyond the capability of spreadsheets. Executives and decision makers increasingly demand integrated business intelligence that incorporates real time data, rich insights and compelling visualisation. Spreadsheets not only fall short on meeting these requirements, but also create significant risks in the business planning process.



# 1 High Risk Of Errors



## **DATA ERRORS AND BROKEN LOGIC:**

It's easy to accidentally enter a wrong value or slip up in the logic of a formula. Spreadsheet users know this, so many of them protect themselves by building countless checks and balances into their workbook. Ironically, this behavior can increase data integrity issues by making spreadsheets unwieldy and complex. This is a worry considering spreadsheets may be the basis for making business decisions such as directing capital investment, inventory planning, pricing decisions, resource allocation, etc. All this may be based on unidentified broken logic.



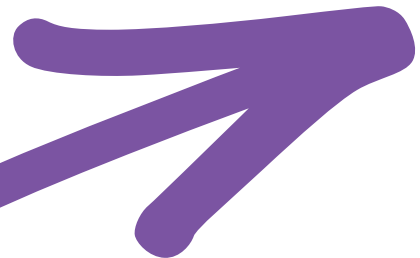
## **SINGLE POINT OF FAILURE:**

Given the complexity of large spreadsheets, companies often depend on a single analyst to own critical business planning workbooks. Whilst having a single owner facilitates consistency in spreadsheet management, it creates a substantial risk if the owner becomes unavailable. If companies can't access, interpret or use their business planning spreadsheets, it can spell disaster for performance, productivity and achievement of goals. Many times, the solution is for a new owner to start a new spreadsheet and the cycle repeats.



## **COLLABORATION BREAKDOWN:**

Frequently, spreadsheets are used as collaboration tools to share data between teams, departments or other business silos. Data is then reorganized, formatted and sometimes re-keyed once more, with the risk of unintentional or inaccurate changes. Worse, given spreadsheets provide little audit or process visibility, these errors can exist unnoticed for extended periods. One must also weigh in on the confidentiality risk factor when spreadsheets are shared via email.



# 2 Poor Productivity

Many companies start using spreadsheets because they are accessible, familiar and don't require additional license costs or software investment. When spreadsheets are used for business planning, it is difficult to realize a productivity dividend. Even if an idea takes off using spreadsheets as the tool of choice, it is critical to acknowledge when the business has outgrown them and therefore needs to source the right tool that is fit for purpose.

## WHAT CAN GO WRONG WITH SPREADSHEET-BASED BUSINESS PLANNING FROM A PRODUCTIVITY PERSPECTIVE?



Relatively straightforward processes can take days, weeks or months given the need to build and run macros, perform complex modelling and enable data matching.



With limited audit trails and no version control, it's hard to know the status of a document.



When further analysis is required or specific questions need to be answered, hours are spent gathering more data to prove a plan, recheck data or make sure that everyone is indeed looking at the latest version of the file.



Teams may avoid important tasks such as rolling forecasts, simply because the limitations posed by spreadsheet-based planning makes the task too challenging.

The worry is that for many businesses, the productivity lost in working around the limitations of spreadsheet-based planning is hidden in the normal day to day business processes and the issue may remain unnoticed. Roles may have been created over time to work around these challenges.

When businesses tackle the productivity losses associated with business planning with spreadsheets by investing in fit-for-purpose tools, they realize enormous improvements in decision making, data quality and organizational productivity.

**41% of decision makers wish management reports gave them information more relevant to their part of the business.**

Source: 2019 Gartner Panel Survey of Decision Makers on Data Management Practices

# 3 Poor Process

Planning is a structured process that involves coordinated activities, review points, workflows, interaction and collaboration. Given spreadsheets provide users with great flexibility in how they format, name, organize and analyze data, it's not particularly conducive to effective planning.

## WHAT ARE THE CHALLENGES ASSOCIATED WITH SPREADSHEET-BASED BUSINESS PLANNING FROM A PROCESS PERSPECTIVE?



Spreadsheets can be saved anywhere on shared or local drives (or even in inboxes), so planning information can be hard to source.



Planning regimes should share a common view of organization objectives, product, cost center, pricing etc. to increase their chances of effective planning. Because spreadsheets allow all planning stakeholders to create their own versions of planning workbooks with different layouts, design and data sources, such fundamental differences between teams make it tough to form a single and complete organizational view.

Often, spreadsheet-based planning leads to disconnected processes and organizational breakpoints that lack visibility of overall business plans. The impact of such performance is increased risk and poor productivity.

# 4 Inability To Scale

File limits on how much data can be processed means spreadsheets don't scale well. Spreadsheets often become their own data repositories. This is inefficient, risky and creates issues like files crashing or corrupting because of their size.

## WHAT ARE THE TELL-TALE SIGNS THAT YOU HAVE OUTGROWN YOUR SPREADSHEETS?



Users start looking for ways to simplify calculations, divide data between more spreadsheets and divide logic.



It becomes impossible to drill down into transaction level data. Data interrogation is done in a separate spreadsheet - yet another band aid.



Team collaboration is achieved by emailing spreadsheets. Someone's job description is to consolidate these spreadsheets into one version to identify gaps between the plans and the organization's objectives.

78% of respondents were either overwhelmed by too much poorly managed data, constrained by the access to the right data, or hamstrung by a lack of technology to use to generate insight.

Source: FSNs Global Survey Future of Business Partnering 2019

# 5 Lack Of Reporting Analytics

## IN WHAT WAYS DO SPREADSHEETS FALL SHORT OF SUPPORTING EFFICIENT REPORTING ANALYTICS?



Planning software tools allow for predictive forecasts, analysis and simulation. They support the planning process along the way, not just for the final output.



Proper integration between the planning process and reporting analytics allows users to identify business areas of uncertainty and use data to support their view and model and optimize different scenarios.



When spreadsheets are used for planning, very often businesses analyze data in one place and plan in another. This fragmented pattern of events leads to poor productivity and impacts the quality of planning results.

With the inability of spreadsheets to integrate real time data insights, they are not equipped to support best practice business planning.

87 percent of organizations are classified as having low business intelligence (BI) and analytics maturity.

Source: Gartner's ITScore for Data and Analytics



# 6 Lack Of Engagement Due To Poor User Experience

Spreadsheets are looked on fondly by finance teams, analysts and operational staff who use them regularly, but it's a different story when it comes to executives and decision makers. For operational stakeholders, spreadsheets lack the ability to drill down in to data. It is easy to break a model or accidentally modify a cell; it takes time and effort to interpret large or complex workbooks; and it is easy to encounter version control issues.

## HOW DOES THE USER EXPERIENCE OF SPREADSHEET-BASED PLANNING IMPACT ON THE PLANNING EFFORTS?



A common challenge is the lack of participation in the planning process by the respective teams. The perception is that finance owns the spreadsheets and since these do not reflect each team's planning requirements, teams start to plan in silos.



The lack of drill down into data sources weakens users' confidence in data and a lot of time is wasted in double checking data or discussions about which data is correct.

When it comes to planning – which is, by nature, a collaborative and cross-team process – it is essential to use a tool that's easily understood and managed by all key audiences.

“In order to be the best company that you can be, you need the best data and you need that to be real time data. You can't get stale, you need to react to things that are around you and being able to do that quickly and with good, reliable real time information is really important for a company's success.”

Karen Mann, Chief Financial Officer  
Ian Martin Limited

# 7 Limited Planning Features

Although spreadsheets support a wide array of calculations and other aids to assist planning, they fall short in key areas. These include:

- ✘ Top-down budget planning
- ✘ Reverse algorithms
- ✘ Advanced data entry and planning logic
- ✘ Pattern based allocations
- ✘ Rolling time series logic
- ✘ Applying timing rules and relationships
- ✘ Applying allocations and distributions
- ✘ Driver based logic
- ✘ Applying constraints and tolerances
- ✘ Applying dynamic rules

In addition, a specialized planning tool supports process tracking, business workflows and master data management, and provides adequate security and modeling scenarios. The list is quite comprehensive.

It is possible to get around the limitations of spreadsheets, but it requires significant and complex effort on the part of users. The risk is for the business to become reliant on ingenious spreadsheet gurus to work through intricate formulae and structures. This is akin to relying heavily on internal IT for report customization when the way forward is to empower users to discover their own data.

“Planning gave us the ability to pull data from multiple databases and we have multiple databases.

We have our ERP system, 1Staff Back Office, Webtime, we have our front office system Bullhorn, and we also have other databases which eventually we would like to link to as well and pull information from. Being able to pull information from multiple systems and report that all on one dashboard and put that information together to analyze the information from is really powerful.”

Karen Mann, Chief Financial Officer  
Ian Martin Limited

# 8 Lack Of Integration

Effective business planning takes a whole-of-organization view of strategy, finance and operations. It draws data and insights from across core systems which typically span HR, payroll, ERP, industry specific applications, CRM and more. This also involves a mix of on-premise, cloud, in house bespoke systems and may also involve integration of vendor or customer data. The right tools effectively integrate transactional and planning systems by allowing data write-back of outcomes.

## POOR DATA INTEGRATION CAPABILITIES IN THE PLANNING PROCESS TYPICALLY MANIFEST IN:



Inaccurate or missing data leading to incorrect reports which may be used as the basis for decision making.



Data latency that impacts the business' ability to quickly respond to changing market conditions.



Reduced workplace productivity as users spend hours collating, verifying and interpreting data.

Spreadsheets simply don't have the capability to integrate and analyze data across systems without relying on a separate, often deeply technical and bespoke back-end application. In contrast, modern planning tools have an array of cloud and data plugins, data modeling and master data management necessary to make integrated business planning a breeze.

26% were data constrained, meaning they cannot get hold of the data they need to drive insight and decision-making.

Source: FSNs Global Survey Future of Business Partnering 2019

# 9 Reduced Business Agility To Respond To Changes



Spreadsheets are suited to a 'rows and columns' financial budget, completed once a year by finance, where circumstances allow for a long consolidation and report tail. This is because the time frames allow for the associated manual handling, checks and balances. Today, this approach is no longer acceptable. Contemporary planning approaches emphasize integrated budget and operational planning, driver based planning, rolling forecasts, integrated business intelligence, rich data visualization, and the ability to drill down to understand events and trends. These capabilities are increasingly beyond the reach of spreadsheets.

# The Way Forward

For staffing organizations that are struggling with spreadsheet-based business planning, there's a clear path to realize improved processes and outcomes. If you can see the signs and symptoms of flawed business planning, it's time to act.

Contact Professional Advantage and let us discuss an approach tailored to you and start the journey of improvement. We have a variety of activities that can fast track your improvement. These include:



## STATUS ASSESSMENT:

Start by understanding the current state of business planning and the role that spreadsheets play in the process. This will help you uncover the impact that spreadsheet-based planning is having on your business.



## STRATEGIC ASSESSMENT:

At the same time, identify the bigger picture issues around business performance that may be a side effect of your business planning process such as losing contracts, oversupplying the market or stretched resources due to unforeseen demand.



## AGREE ON A VISION FOR CHANGE:

Define and articulate the future state of business planning that will deliver tangible benefits to your organization.



## CREATE A ROADMAP FOR IMPROVEMENT:

Identify the specific actions that need to be taken over time to achieve the vision.



## EMBRACE THE RIGHT TECHNOLOGY:

Select a suitable enabling technology that will meet your organization's needs.



## DELIVER:

Demonstrate one cross-functional win at a time and progressively scale out with a purpose and a track record of success.

## INTRODUCING 1STAFF PLANNING

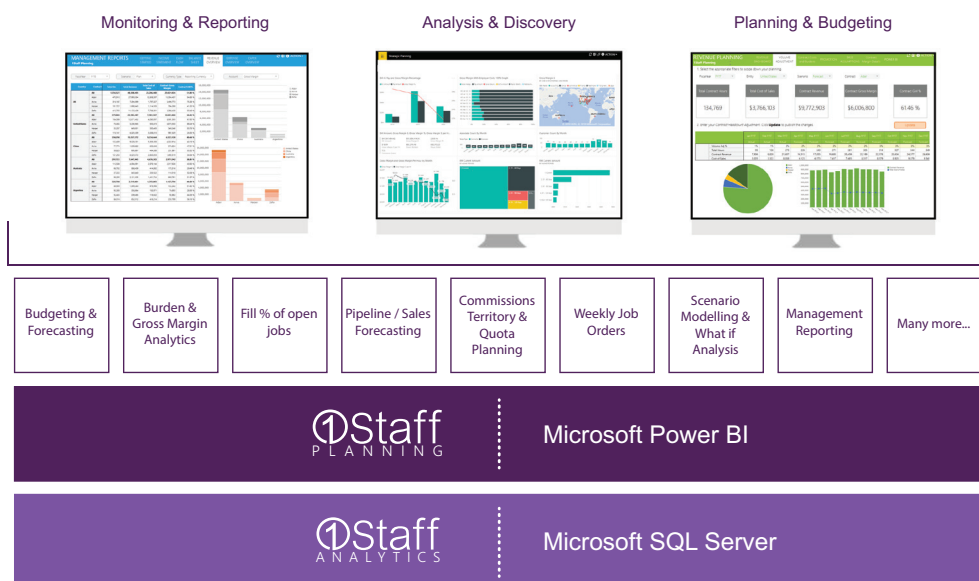


1Staff Planning will evolve your strategic, driver-based budgeting and forecasting, "what if" scenario planning, management and financial reporting to the next level. This solution resolves the weak, disparate, disconnected processes, file systems and spreadsheets that typically deliver plans, budgets and forecasts too late and too unwieldy to rely on. 1Staff Planning also works real time with Power BI to give actionable insights beyond the dashboard.

# Client Benefits 1Staff Planning

- Radically shortened budget cycle from weeks and months to days and hours.
- Rolling budgets and forecasts without impacting on productivity.
- Top-down and bottom-up plans aligning goals and targets while driving accountability and ownership.
- Leveraging your Front Office data to drive more holistic plans.
- Replacing risky spreadsheets with a single-source-of-truth.
- Eliminating lengthy and untimely consolidations and updates from users and source systems.
- Empower the business with a secure, robust self-service experience.
- Much improved value added analysis e.g. “Why has margin dropped?”
- Introduce what-if, scenario modelling with drill down on cause and effect, to assess risk and opportunity.
- Provide tracking and visibility to your processes
- The flow-through benefit of Management Reporting and comparative analysis in a single integrated solution.

## Achieve your single platform with Professional Advantage



# Let's Talk

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## About 1Staff by Professional Advantage

1Staff is the leading enterprise staffing solution designed to fully leverage the Microsoft platform. Built to fit the unique needs of the staffing industry, 1Staff Front Office is powered by Dynamics 365, an intelligent CRM and ERP platform used by millions around the world. 1Staff Front Office will help your sales people find and service clients, help your recruiters manage candidates and fill jobs quicker and help your compliance team drive efficiencies and de-risk the onboarding process.

1Staff Back Office is built on Microsoft Dynamics GP, a powerful pay/bill and financial (GL/AP) system. 1Staff Back Office will help your workforce capture their time, help finance smooth the pay/bill process and help the executive control and grow the business.

Professional Advantage's knowledge of the staffing industry helps businesses achieve more from your Business Intelligence and Corporate Performance strategy. With 1Staff Analytics, Microsoft Power BI and 1Staff Planning Professional Advantage will integrate your operational and financial planning and analysis perspectives and give you a complete view of performance, now and future, driving your growth and acquisition strategies.

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