Defining the Standard of Excellence in Business Planning, Budgeting and Forecasting

AFP FP&A Certification and Training Program
Agenda

1. Program foundation
2. Corporate FP&A team structure
3. Training Program delivery
4. FP&A certification & recertification
5. Building an FP&A community
About AFP

Mission: To be the global resource and advocate for the finance profession.

› Network of 16,000 individual members and 150,000 registered subscribers worldwide
› Not-for-profit, member-directed professional society for corporate finance professionals
› AFP Annual Conference for Finance and Treasury — 6,500+ attendees

AFP’s Experience as Certifying Body

› Sponsor of the Certified Treasury Professional (CTP) and Certified Cash Manager (CCM) credentials
› Earned by more than 30,000 individuals in 54 countries since 1986 with 2,500 exam registrants annually
› 83% of Fortune 500 companies employ CTPs

AFP’s Curriculum

› Live and online instructor-led group training exclusive to your team
› Customized agendas and delivery length

AFP in the News

› AFP Partners with IBM to produce FP&A Benchmarking Survey on key FP&A metrics and policies.
› AFP’s FP&A program featured in the Wall Street Journal: the role AFP’s FP&A Training & Development program is playing in the profession.
What is Included in the FP&A Function?

- Strategic Planning and Budgeting
- Communication and Presentation Techniques
- Report Financial Key Performance/Results Indicators
- Coordination of Deliverables, Deadlines and Expectations
- Build and Maintain Models and Projections
- Knowledge of Common Financial Software/Systems
- Forecasting (demand, cash flow, performance)
- Corporate Reports and Business Analysis
The AFP FP&A Learning System is Built on the Five Knowledge Domains of the Certified Corporate FP&A Professional Exam

FP&A Exam Part I

**Financial Acumen:**
Gathering, Interpreting, Understanding and Communicating Business and Financial Information

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**DOMAIN A**

**Concepts include:** financial ratios, value-at-risk, growth share matrix, SWOT, hedging

**Chapters:**
1. Information and FP&A
2. Strategy
3. Organization
4. Industry
5. Macroenvironment

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**DOMAIN B**

**Concepts include:** cost of capital, rolling forecasts, financial reporting, FP&A project management/communication, fixed & variable cost, zero based budgets, ratio analysis

**Chapters:**
6. Finance Principles and Processes
7. Financial Accounting and Reporting
8. Ratio Analysis
9. Managerial and Cost Accounting
10. Microeconomics
11. Managing FP&A Projects
12. Effective Communication
The AFP FP&A Learning System is Built on the Five Knowledge Domains of the Certified Corporate FP&A Professional Exam

FP&A Exam Part II

Financial Analysis: Building and Interpreting Financial Projections

**DOMAIN A**

**Concepts include:** building & refining financial models, model consistency testing, variance/ratio/competitive analysis

**Chapters:**
1. Specifying Outputs and Getting Inputs
2. Improving the Quality of Information
3. Refining Data, Risks and Opportunities, and Plans
4. Building and Refining Models
5. Using Models and Sensitivities/Scenarios
6. Making Conclusions and Recommendations
7. Analyzing Information and Giving Feedback

**DOMAIN B**

**Concepts include:** cash flow, balance sheet, investment & sensitivity analysis, capital planning, revenue projections, ROI, NPV, “what if” scenarios

**Chapters:**
8. Looking Forward
9. Sales Volume and Revenue Projections
10. Financial Statement Projections
11. Valuing Projects, Customers, Deals and Products
12. Risk Analysis

**DOMAIN C**

**Concepts include:** financial functions, macros, pivot tables, v lookups, regression, expected value, standard deviation

**Chapters:**
13. Applying Best Practices to FP&A Technology/Software
14. Using Worksheets and Worksheet Functions
15. Working with Databases, ERP/GL and BI Systems
The total comfort score by section was calculated by converting the pre-test score to a 1-5 scale, adding it to the comfort level experience score, and dividing by 2.

<table>
<thead>
<tr>
<th>STUDY TASK</th>
<th>ESTIMATED TIME</th>
<th>COMFORT LEVEL (1-5)</th>
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<tbody>
<tr>
<td>Complete Pre-test from The AFP FP&amp;A Learning System to gauge your knowledge.</td>
<td>50 min</td>
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<tr>
<td>*If studying Part II before Part I, please review Part I Chapters 7-10, as you will be tested on those concepts as part of the Part II exam as well.</td>
<td>9 hours, 40 min</td>
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<tr>
<td><strong>STUDY DOMAIN A: ANALYZING INFORMATION READING MATERIAL 35%</strong></td>
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<td>Chapter 1: Specifying Outputs and Getting Inputs (53 pages)</td>
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<td>Chapter 6: Making Conclusions and Recommendations (22 pages)</td>
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<td>Chapter 6: Making Conclusions and Recommendations (8 questions)</td>
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<td>Chapter 7: Analyzing Information and Giving Feedback (15 questions)</td>
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<td>Review Domain A: Analyzing Information quick quiz</td>
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<td>Review Domain A: Analyzing Information case study</td>
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<tr>
<td>Review Domain A: Analyzing Information flashcards</td>
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<td><strong>STUDY DOMAIN B: BUILDING FINANCIAL PROJECTIONS READING MATERIAL 35%</strong></td>
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<td>Chapter 8: Looking Forward (10 pages)</td>
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<td>Chapter 9: Sales Volume and Revenue Projections (39 pages)</td>
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<td>Chapter 10: Financial Statement Projections (58 pages)</td>
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<td>Chapter 11: Valuing Projects, Customers, Deals and Products (27 pages)</td>
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<td>Chapter 12: Risk Analysis (24 pages)</td>
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<td>Chapter 12: Risk Analysis (18 questions)</td>
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<td>Review Domain B: Building Financial Projections quick quiz</td>
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<td><strong>STUDY DOMAIN C: USING TECHNOLOGY/SOFTWARE READING MATERIAL 30%</strong></td>
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<td>Chapter 13: Applying Best Practices to FP&amp;A Technology/Software (20 pages)</td>
<td>40 min</td>
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<td>Chapter 14: Using Worksheets and Worksheet Functions (108 pages)</td>
<td>3 hours, 40 min</td>
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<td>Chapter 15: Working with Databases, ERP/GL, and Business Intelligence Systems (28 pages)</td>
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<td>Chapter 16: Applying Best Practices to FP&amp;A Technology/Software (12 questions)</td>
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<td>Chapter 17: Using Worksheets and Worksheet Functions (58 questions)</td>
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<td>Chapter 18: Working with Databases, ERP/GL, and Business Intelligence Systems (15 questions)</td>
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<td>Review Domain C: Using Technology/Software quick quiz</td>
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<td>Review Domain C: Using Technology/Software flashcards</td>
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<tr>
<td>Complete Post-test to measure learning gain (50 questions)</td>
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<td>Visit online resource center</td>
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<td><strong>SUBTOTAL MINIMUM STUDY HOURS:</strong></td>
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<tr>
<td>Complete Practice Exam - Section 1 (30 questions)</td>
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<tr>
<td>Complete Practice Exam - Section 2 (35 questions)</td>
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<tr>
<td><strong>Total Minimum Study Hours:</strong></td>
<td>37 - 47 hours</td>
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Turn-Key Training

The AFP FP&A Learning System combines both reading materials and online learning tools.

**Pre-Evaluation:** Assess your team’s current skill set.

**SmartStudy Tools:** Access a development plan customized for each team member.

**Chapter quizzes:** Test comprehension, retention and ability to apply concepts.

**Case Studies:** Apply concepts learned to real-world scenarios using Excel spreadsheets. Case study topics include:

› FP&A strategy
› Managing FP&A projects
› Budget variance analysis
› Financial statement projections
› Financial model corrections

**Post-Evaluation and Practice Exams:**
Gauge the skills gained and identify further gaps that need development.

**Progress Reports:** Track your team’s activities and scores.

**Resource Center:** Access Ask the Expert, test-taking tips and more.
Assess Your Team’s Progress

› Learner progress reports
› Manage course enrollments
› Aggregate group competency scores
› Investment protection
Finance teams from these industry leading corporations have adopted the AFP FP&A Certification and Training Program into their corporate training curriculum:
AFP Annual Conference

The 2016 AFP Annual Conference will feature tracks for both FP&A and corporate finance. Sessions for FP&A are available at every time slot across the three days of sessions.

17 Sessions in the FP&A Track, including:
› Driving Finance Transformation through Integrated Business Planning
› Transforming Business units: FP&A Leadership within the BUs
› How Activity Based Costing Can Drive Enterprise Value
› Using KPIs to Monitor Your Strategy
› The Year Ahead for the U.S. Economy: Opportunities and Risks
› He Said, We Said: Accountability and ERP
› Expediting the Planning Cycle
› How to Measure What Matters
› Building FP&A’s Analytics Capability
› More Efficient Planning Processes in the Cloud
› Visually Presenting the Messages from Analysis
› Presenting Data: Strategies for Executive and Board Presentations

7 Sessions in the Corporate Finance Track, including:
› Activist Investors: Translating risk into resilience
› Equipment Leasing Strategy & Best Practices
› Linking Your Performance Measures to DCF Value

Meet with over 6,500 treasury and finance professionals on October 23-26, 2016 at the AFP Annual Conference in Orlando and Break Boundaries.
FP&A Community

Be part of the FP&A community – access unbiased news, research and networking events to keep your team up-to-date and relevant in the FP&A profession.

FP&A Newsletter: FP&A In Focus

Subscribe to FP&A In Focus for best practices and unbiased news for FP&A professionals. Published monthly, the newsletter has more than 27,000 subscribers from over 110 countries.

FP&A Guides

AFP offers quarterly guides covering a range of topics related to FP&A. Each guide includes interviews with corporate practitioners and shares peer-tested ideas and leading edge thinking on critical topics. Past guides include Data Visualization and Making Capital Allocation Decisions and Shortening the Budget Cycle.

AFP Annual Conference

Meet with over 6,500 treasury and finance professionals on October 23-26, 2016. Break Boundaries with FP&A educational sessions, finance focused speakers, and exclusive FP&A networking opportunities. Approved for FP&A continuing education credits.

FP&A LinkedIn Group

Join the FP&A LinkedIn Group, Certified Corporate FP&A Professionals, to stay up to date on FP&A topics. The LinkedIn Group features open discussions on challenges and solutions in a peer-to-peer environment of up to 4,900 members.

Find out more at www.AFPonline.org/FPAresources
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FP&A Exam Part I

Financial Acumen:
Gathering, Interpreting, Understanding and Communicating Business and Financial Information

DOMAIN A

Gathering and Interpreting Information: 40% of Exam Part I
Content Areas (Knowledge, Skills and Abilities)

I.A.1 Knowledge of sources of historical information and historical financial data about an organization and its industry
I.A.2 Ability to understand corporate structure and functions (e.g., hierarchy, corporate groups, the value of the group to the organization, etc.)
I.A.3 Knowledge of sources of information about a company’s business environment, including sources of tax policies, economic indicators, business models, financial ratios, and industry metrics
I.A.4 Ability to read and interpret corporate annual reports
I.A.5 Ability to determine peer groups and competitors
I.A.6 Knowledge of basic macro-economic concepts used in financial planning (e.g., consumer price index, gross domestic product, exchange rates, interest rates, inflation rates, economic indicators, etc.)
I.A.7 Knowledge of implications of tax policies on projections
I.A.8 Knowledge of risk factors and risk management concepts (e.g., value at risk, hedging, insurance, interest rate risk, diversification, etc.)
I.A.9 Ability to define, incorporate, and report on financial and/or non-financial key performance/results indicators
I.A.10 Knowledge of strategic planning concepts and frameworks (e.g., SWOT [strength, weakness, opportunity, threat] analysis, Porter’s five forces model, growth share matrix, etc.)
I.A.11 Ability to determine information needs of and gather information from internal/external stakeholders and business partners (e.g., operations, sales, and marketing departments; senior management; customers; etc.)
I.A.12 Ability to create and maintain tools for information gathering (e.g., templates, surveys, etc.)
FP&A Exam Part I  *Continued*

**Financial Acumen:**
Gathering, Interpreting, Understanding and Communicating Business and Financial Information

**DOMAIN B**

Understanding Financial Concepts and Communicating/Coordinating Work with Other Professionals: 60% of Exam Part I
Content Areas (Knowledge, Skills and Abilities)

**I.B.1** Knowledge of finance principles and processes (e.g., financial management concepts, corporate finance activities, etc.)

**I.B.2** Knowledge of general financial concepts and common financial formulas (e.g., time value, opportunity costs, debt structures and covenants, earnings per share, cost of capital, etc.)

**I.B.3** Knowledge of financial accounting concepts, principles, and practices

**I.B.4** Knowledge of the interactions/interrelationships of common financial statements

**I.B.5** Knowledge of basic micro-economics (e.g., marginal costs, pricing, price elasticity of supply and demand, etc.)

**I.B.6** Knowledge of managerial accounting/reporting and cost accounting concepts (e.g., costs throughout the production process, fixed and variable costs, cost allocation, contribution margins, etc.)

**I.B.7** Knowledge of types of budgets/forecasts (e.g., zero-based budgets, annual budgets, rolling forecasts, etc.) and their application

**I.B.8** Knowledge of the financial close process, including the resulting financial reporting activities, and the role of the FP&A function in the close/reporting process

**I.B.9** Knowledge of general business terminology, practices, and processes (e.g., compensation structures, performance management, stock options, etc.)

**I.B.10** Ability to define, coordinate, and communicate project/work flow elements (e.g., deadlines, deliverables, expectations, etc.)

**I.B.11** Knowledge of effective communication and presentation techniques (e.g., building alliances with internal/external stakeholders and business partners, resolving communication issues, determining appropriate presentation techniques for various audiences, preparing reports, using charts/graphs, etc.)
FP&A Exam Part II

Financial Analysis:
Building and Interpreting Financial Projections

DOMAIN A

Analyzing Information: 30% of Exam Part II
Content Areas (Knowledge, Skills and Abilities)

II.A.1 Ability to determine the applicability/acceptability of tools, processes, models, etc.
II.A.2 Ability to test and validate a model (e.g., cross-footing, consistency testing, reasonableness assessment, etc.)
II.A.3 Ability to determine the information that is needed to complete a task
II.A.4 Ability to identify outliers in data and determine the causes
II.A.5 Ability to develop assumptions, draw conclusions, assess the reasonableness of assumptions/conclusions, and test conclusions against various scenarios
II.A.6 Ability to perform a financial ratio analysis (e.g., debt/equity, accounts receivable days, liquidity ratios, etc.)
II.A.7 Ability to perform variance analysis and reporting (e.g., actuals versus prior periods, actuals versus plan, actuals versus forecast, etc.)
II.A.8 Ability to perform competitive analysis (e.g., benchmarking, peer group analysis, ratios, etc.)
II.A.9 Ability to determine and assess the seasonality of an industry or business
II.A.10 Knowledge of common statistical concepts
FP&A Exam Part II  Continued

Financial Analysis:
Building and Interpreting Financial Projections

DOMAIN B

Building Financial Projections: 35% of Exam Part II
Content Areas (Knowledge, Skills and Abilities)

II.B.1 Ability to create financial statement projections (e.g., income statement, cash flow statement, balance sheet, etc.)
II.B.2 Ability to create a capital expenditure/investment analysis (e.g., discounted cash flow analysis, return on investment projections, net present value projections, etc.)
II.B.3 Ability to create sales volume/revenue projections
II.B.4 Ability to create expense and head count (staffing) projections
II.B.5 Ability to create specific customer/deal/product projections
II.B.6 Ability to create “what-if” scenarios
II.B.7 Ability to perform a sensitivity analysis
II.B.8 Ability to perform a risk analysis

DOMAIN C

Using Technology/Software: 30% of Exam Part II
Content Areas (Knowledge, Skills and Abilities)

II.C.1 Ability to use basic spreadsheet functions
II.C.2 Ability to use advanced spreadsheet functions (e.g., financial functions, pivot tables, value lookups, macros, integration with other common software, etc.)
II.C.3 Ability to perform common statistical calculations (e.g., standard deviation, expected value, correlation, regression, means, modes, etc.) using a spreadsheet
II.C.4 Ability to document and maintain models (e.g., understand documentation concepts, document assumptions, create supporting information and protocols, document functionality and structure, use software/data version control concepts and techniques, etc.)
II.C.5 Knowledge of common database structures, common database functions, and structure/functions of common financial software/systems (e.g., business intelligence software, enterprise resource planning systems, general ledger systems, etc.)

For more information, visit www.FPACert.org
About AFP

Headquartered outside Washington, D.C., the Association for Financial Professionals (AFP) is the professional society that represents finance executives globally. AFP established and administers the Certified Treasury Professional and Certified Corporate FP&A Professional credentials, which set standards of excellence in finance. The quarterly AFP Corporate Cash Indicators serve as a bellwether of economic growth. The AFP Annual Conference is the largest networking event for corporate finance professionals in the world.

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