



FP&A[™]

Certified Corporate
**Financial Planning &
Analysis** Professional

FP&A Exam Updates

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Agenda

Today's webinar will:

- Provide an overview of the new test specifications
- Provide an overview of the new exam format
- Demonstrate a Case Analysis question
- Answer questions submitted by attendees



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New Test Specifications

- Routine Job Task Analysis was conducted in January of 2018
 - Survey sent to nearly 5,000 FP&A professionals worldwide
 - Purpose is to identify and validate the knowledge, skills and abilities needed to perform competently
- Results of survey led to changes in Test Specifications

Changes to Test Specifications

Two KSAs removed:

- Knowledge of implications of tax policies on projections
- 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

Changes to Test Specifications

Twelve KSAs added

- Knowledge of concepts of cash management (working capital, financing options, etc.)
- Knowledge of common financial investments/decision types (go/no go; buy/lease; mergers, acquisitions, and divestitures; etc.)
- Knowledge of the ETL [extraction, transformation, and loading] process in data warehousing
- Knowledge of basic data mining concepts and common algorithms (such as for data clustering)
- Knowledge of information control concerns (internal governance, regulatory issues, accountability, information security standards, etc.)
- Knowledge of FP&A system testing process and tools (testing scripts, test plans, etc.)

Changes to Test Specifications

Twelve KSAs added

- Knowledge of corporate guidance (organizational goals, strategies, etc.) and its impact on planning/projections
- Ability to identify relevant stakeholders for partnering
- Ability to determine when a situation requires intervention (stakeholder involvement, escalation, etc.)
- Ability to identify the interrelationships between business drivers and account for their effects on financial statements
- Ability to develop and evaluate alternatives for business decisions
- Ability to interpret model results

PDFs of the updated test specifications and a list of the KSAs that were added and removed can be found here:

<https://fpacert.afponline.org/preparation/CaseAnalysis>

New Exam Format

Part I – Financial Acumen: Understanding and Managing Financial Information and Business Relationships

- 140 Multiple Choice Questions
 - Task Based Simulations have been removed from this exam

Part II – Financial Analysis and Business Support: Building, Interpreting and Communicating Financial Projections

- 50 Task Based Simulations
- 10 Case Analysis Questions
 - Multiple Choice questions have been removed from this exam

New Exam Format

Exam	Number of Questions	Type of Question	Time (minutes)
Part I			
Section 1	140	Multiple Choice	155
Part II			
Section 1	50	Task-Based Simulations	165
Section 2	10	Case Analysis	80

Case Analysis Questions

- Scenario based, multiple-select multiple-choice questions.
- Assess your ability to analyze situations that may be encountered by an FP&A professional and make appropriate judgements



Case Analysis Example

FPA Part II - Candidate Name

🕒 Time Remaining 139:51

📄 1 of 6

🧮 Calculator

Step 1

A company is embarking on a new premium product launch to extend its existing product portfolio of convenience foods. An FP&A professional has been tasked with coordinating the gross margin projection for the 12 months following the launch of the product.

Which action(s) should the FP&A professional take in preparing the gross margin projection?

- A. Consider the tax implications associated with the launch of the new product.
- B. Gather the projected marketing costs for the launch.
- C. Review the projections for the number of units to be sold.
- D. Gather selling price information.
- E. Determine the raw material cost of production.
- F. Review projections for the number of units to be produced.

Select the **Next** button to continue. You will NOT be able to return to this step.

🔍 Help

Next →

Case Analysis Example

FPA Part II - Candidate Name

🕒 Time Remaining 139:32

📄 2 of 6

🧮 Calculator

Step 1

A company is embarking on a new premium product launch to extend its existing product portfolio of convenience foods. An FP&A professional has been tasked with coordinating the gross margin projection for the 12 months following the launch of the product.

Step 2

Data Set 1

The gross margin projection for the product portfolio has been completed and approved by the board of directors, and the result is provided in Data Set 1. However, due to adverse weather conditions, a severe shortage of the key ingredient required for the new product has occurred.

The procurement manager advises the product manager to expect significant raw material price increases and risk of non-fulfillment of the expected order volume.

The product manager recommends that the financial impact of this development be reflected in the gross margin projection. Senior management instructs the FP&A professional and the product manager to perform a full review of potential options to support management in deciding the best course of action.

Which action(s) should the FP&A professional take in preparing the gross margin projection?

- A. Ask the engineering department for raw material substitution options.
- B. Ask the marketing department for new product launch cost options.
- C. Request that the sales department make market assessments of potential increases in the selling price.
- D. Ask the procurement department to explore sourcing from alternative vendors.
- E. Ask the human resources department to project the potential for headcount increases.
- F. Request that the legal department assess the non-fulfillment obligations from existing orders.

Select the **Next** button to continue. You will NOT be able to return to this step.

🔍 Help

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Case Analysis Example

FPA Part II - Candidate Name

Time Remaining 138:57

2 of 6

Calculator

Step 1

A company is embarking on a new premium product launch to extend its existing product portfolio of convenience foods. An FP&A professional has been tasked with coordinating the gross margin projection for the 12 months following the launch of the product.

Step 2

Data Set 1

Which action(s) should the FP&A professional take in preparing the gross margin projection?

- A. Ask the engineering department for raw material substitution options.
- B. Ask the marketing department for new product launch cost options.
- C. Request that the sales department make market assessments of potential increases in the selling price.
- D. Ask the procurement department to explore sourcing from alternative vendors.

Data Set 1

	A	B	C	D	E	F	G
1							
2		Product Name	Units (#)	Sales (\$)	Margin (%)		
3		<i>Existing Product Lines</i>					
4		Best-value meals	1,300	2,600	28%		
5		Fresh-market servings	250	850	45%		
6		Fine-quality foods	150	750	65%		
7		Total	1,700	4,200	38%		

Case Analysis Example

FPA Part II - Candidate Name

🕒 Time Remaining 137:26

📄 3 of 6

🧮 Calculator

The product manager recommends that the financial impact of this development be reflected in the gross margin projection. Senior management instructs the FP&A professional and the product manager to perform a full review of potential options to support management in deciding the best course of action.

Step 3

The company has received an external report indicating that the key ingredient shortage will last for a considerably longer period than expected. This increases the risk of non-fulfilment of the ingredient orders. Because this ingredient is also required for the existing product range, this situation will have significant implications on the company's current strategy of growing market share.

The FP&A professional also discovered the following information:

- Discovery 1: The key ingredient quantity per unit used in the super premium product is three times the key ingredient quantity per unit used in the best-value meals.
- Discovery 2: Price increases for best-value meals will likely lead to consumers switching to a competitor's product.
- Discovery 3: The second-strongest competitor in the same product range is developing a premium product.
- Discovery 4: After receiving the external report, the company was able to contractually secure 32% of the key ingredient quantity required for the existing sales volume.

Senior management has asked the FP&A professional to analyze the effects of a potential shift from a strategy of growing market share to a premium product strategy.

Which of the FP&A professional's discoveries would support the shift to a premium product strategy?

- A. Discovery 1
- B. Discovery 2
- C. Discovery 3.
- D. Discovery 4

This concludes this case analysis problem. Select the **Next** button to continue. You will NOT be able to return to this problem.

🔗 Help

Next →



Case Analysis Scoring

- Each step is scored independently
- Points are awarded for selecting an appropriate action or avoiding an inappropriate action
- Points may be deducted for selecting an inappropriate action or NOT selecting an appropriate action

Case Analysis Scoring

Scoring Sample:

Q: You have too many apples. What should you do?

Answer options:

- A. Make a pie
- B. Compost them
- C. Make peanut butter
- D. Throw them at passing cars
- E. Ferment the juice for cider

Case Analysis Scoring

Scoring Sample:

Q: You have too many apples. What should you do?

Answer options:

- A. Make a pie - **Correct**
- B. Compost them
- C. Make peanut butter
- D. Throw them at passing cars
- E. Ferment the juice for cider - **Correct**

Select correct answer = +1

Do not select = -1

Case Analysis Scoring

Scoring Sample:

Q: You have too many apples. What should you do?

Answer options:

- A. Make a pie - **Correct**
- B. Compost them
- C. Make peanut butter - **Incorrect**
- D. Throw them at passing cars - **Incorrect**
- E. Ferment the juice for cider - **Correct**

Select incorrect answer = -1

Do not select = +1

Case Analysis Scoring

Scoring Sample:

Q: You have too many apples. What should you do?

Answer options:

- A. Make a pie - **Correct**
- B. Compost them - **Neutral**
- C. Make peanut butter - **Incorrect**
- D. Throw them at passing cars - **Incorrect**
- E. Ferment the juice for cider - **Correct**

No affect on scoring

Select or don't select = 0

Case Analysis Scoring

Scoring Sample:

Q: You have too many apples. What should you do?

Answer options:

- | | |
|----------------------------------|-----------|
| A. Make a pie ✓ | +1 |
| B. Compost them | |
| C. Make peanut butter | +1 |
| D. Throw them at passing cars | +1 |
| E. Ferment the juice for cider ✓ | <u>+1</u> |
| | 4 |

FAQ

- If I've already passed Part I (or Part II) will I need to pass that exam again?
 - No – If you have passed a Part, there is not need to take it again. Everything has been psychometrically equated to ensure everyone is being tested on the same content.
- Where can I see a sample Case Analysis question?
 - The practice spreadsheet has been updated to include a Case Analysis question. <https://fpacert.afponline.org/preparation/fp-a-prep-exam>
- Where can I find more information?
 - Exam Update Summary:
<https://fpacert.afponline.org/preparation/CaseAnalysis>
 - Updated video tutorials coming soon:
<https://fpacert.afponline.org/preparation/tutorial>

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