



# How to break into **FP&A** from **Accounting**



Josh Aharonoff &  
Paul Barnhurst

# About this guide

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In this guide you'll learn

How you can break into  
**FP&A** from your current  
role in **accounting**

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# Why you need to learn FP&A

Accounting



FP&A

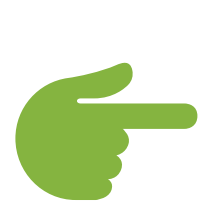
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**Your career options will be  
limited**

**if you only know  
the accounting side  
of things**

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# The strongest opportunities go to those who can



(Accounting)

Tell what's **CURRENTLY** happening



Actual	Actual	Actual	Projected	Projected	Projected
May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22

## Profit & Loss

Revenue	-	\$	-	\$	31,307	\$	72,745	\$	59,582	\$	75,498
COGS	13,570	\$	15,095	\$	17,359	\$	19,963	\$	22,958	\$	26,401
Gross Profit	(13,570)	\$	(15,095)	\$	13,947	\$	52,782	\$	36,624	\$	49,096
Operating Expenses	752,855	\$	459,314	\$	674,101	\$	512,268	\$	687,056	\$	619,792
Customer Success	642,415	\$	316,179		409,501		407,353		551,810		551,792
Sales	24,919	\$	45,613		37,000		40,000		38,000		43,000
Marketing	221	\$	207		9,100		9,415		9,746		-
Engineering	77,512	\$	84,765		215,000		52,000		84,000		25,000
General & Administrative	7,788	\$	12,549		3,500		3,500		3,500		-



(FP&A)

Tell what's **GOING** to happen

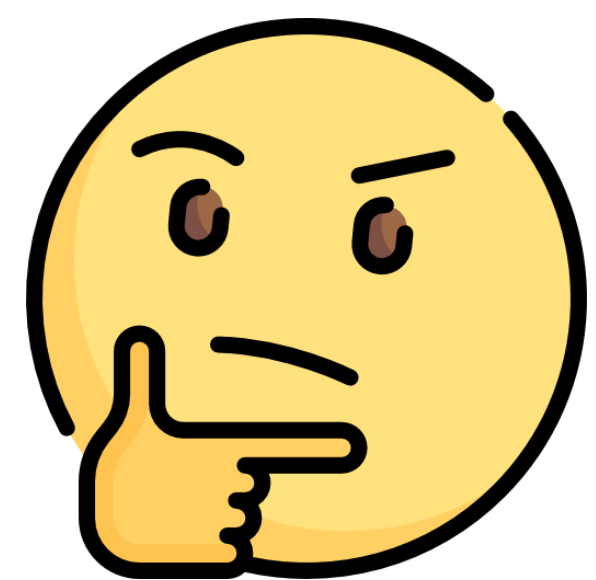
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When you understand **both sides** deeply

- The value you create **exponentially increases**



- You deeply understand **how things are operating**



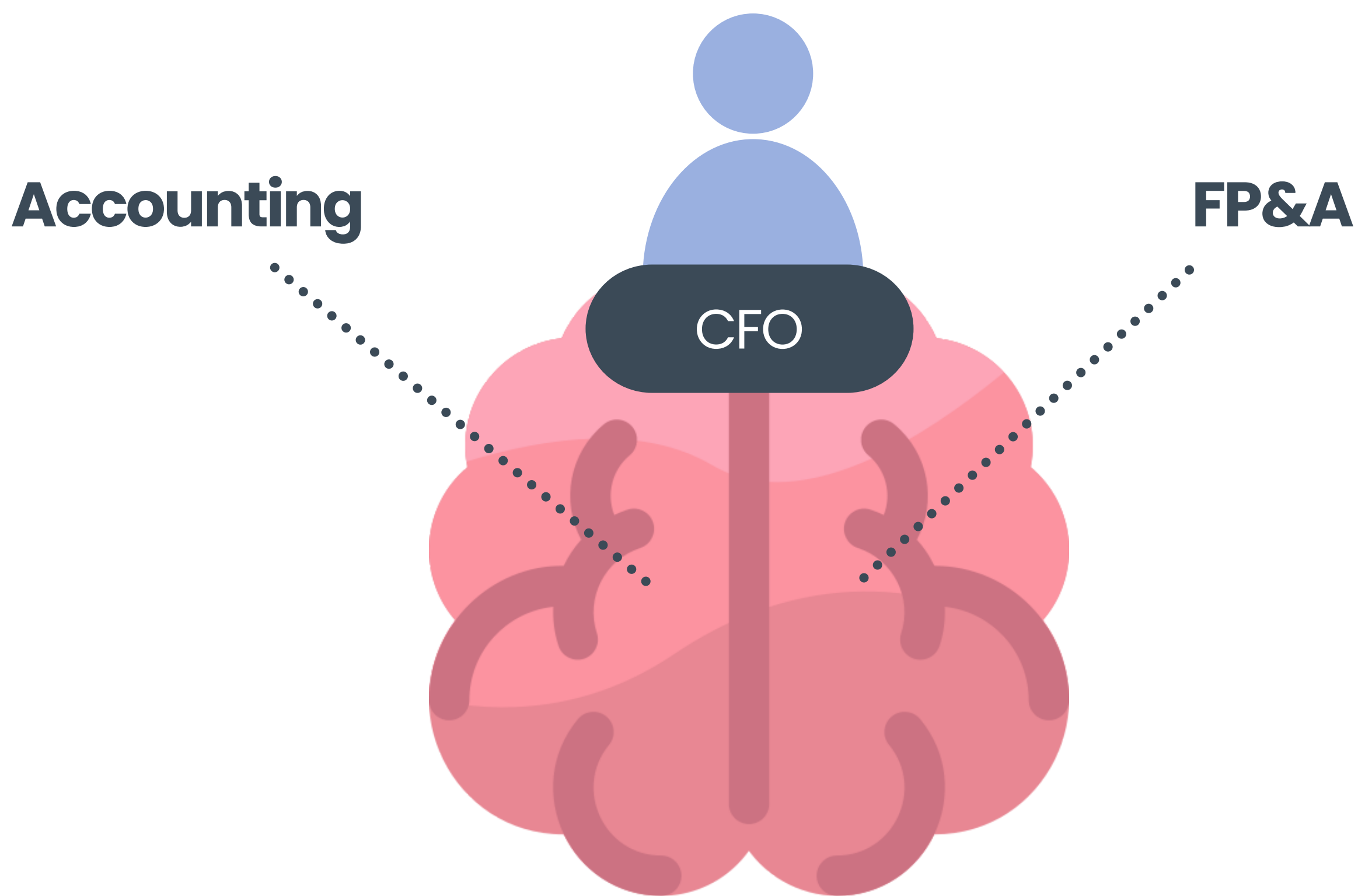
- And can make a fairly educated guess on what **the future** will look like



Accountants who don't learn  
**FP&A** will face great resistance  
on their path to **CFO**

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**A great CFO unites the entire  
Finance & Accounting function**



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# Build a basic model



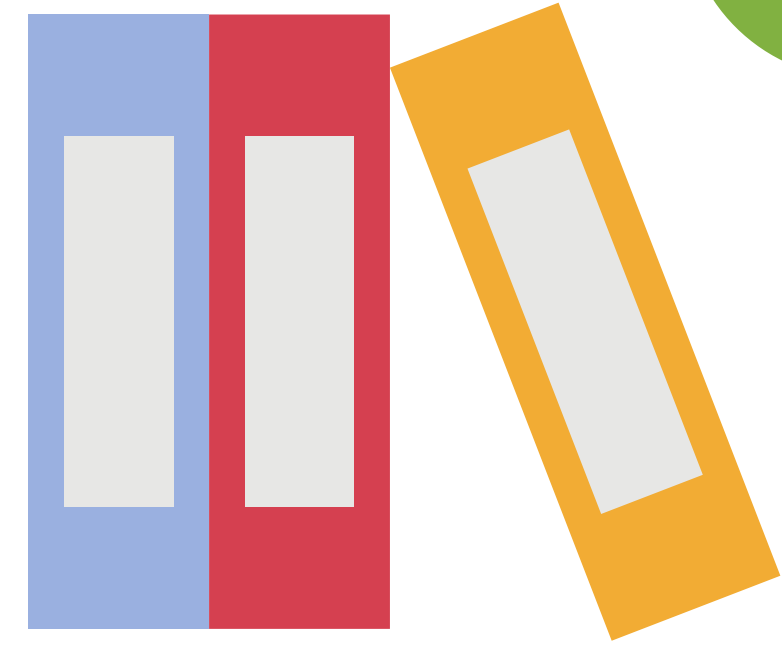
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The biggest thing you can do

**RIGHT NOW**

**Is learn how to  
build a basic  
financial model**

Understand the  
**3 statements**, and  
how they all flow  
into one another



## **Income Statement**



## **Balance Sheet**



## **Cash Flows**

# Start by connecting net income + retained earnings on the balance sheet to the income statement

**retained earnings =**  
last month retained earnings  
+ last month net income

## Equity

Opening Balance Equity	(9,338)		(9,338)
Retained Earnings	(14,617)		(605,446)
Net Income	(590,829)		(843,392)
<b>Total Equity</b>	<b>614,783</b>	<b>-\$</b>	<b>1,458,175</b>

**net income =** This month's net income on the income statement

# Create a cash flows statement using the indirect method



## Cash Flow from Assets =

▲ in prior period - current period figures on the balance sheet

AD29    = 'Balance Sheet'!AA24 - 'Balance Sheet'!AB24

		Monthly	Actual Jan-19	Actual Feb-19	Actual Mar-19	Actual Apr-19
1	Mighty Digits					
2	Cash Flows					
3	Model Functioning Properly					
7						
20	Mastercard	\$	-	\$	-	\$
21	Arizona Dept. of Revenue Payable	\$	-	\$	-	\$
22	Board of Equalization Payable	\$	11	\$	22	\$
23	Loan Payable	\$	-	\$	-	\$
24						
25	<b>Cash Flows from Operating Activities</b>	\$	-	\$	(125)	\$
26						
27	<b>Investing Activities</b>					
28	Truck	\$	-	\$	-	\$
29	Original Cost	\$	-	\$	-	\$
30						
31	<b>Cash Flows from Investing Activities</b>	\$	-	\$	-	\$
32						
33	<b>Financing Activities</b>					
34	Notes Payable	\$	-	\$	-	\$
35	Opening Balance Equity	\$	-	\$	-	\$
36						
37	<b>Cash Flows from Financing Activities</b>	\$	-	\$	-	\$

## Cash flows from Liabilities & Equity =

▲ in current period - prior period figures on the balance sheet

= 'Balance Sheet'!AB48 - 'Balance Sheet'!AA48

		Monthly	Actual Jan-19	Actual Feb-19	Actual Mar-19	Actual Apr-19	Actual May-19
1	Mighty Digits						
2	Cash Flows						
3	Model Functioning Properly						
7							
20	Mastercard	\$	-	\$	-	\$	158
21	Arizona Dept. of Revenue Payable	\$	-	\$	-	\$	-
22	Board of Equalization Payable	\$	11	\$	22	\$	(33)
23	Loan Payable	\$	-	\$	-	\$	-
24							
25	<b>Cash Flows from Operating Activities</b>	\$	-	\$	(125)	\$	(381)
26							
27	<b>Investing Activities</b>						
28	Truck	\$	-	\$	-	\$	-
29	Original Cost	\$	-	\$	-	\$	(13,495)
30							
31	<b>Cash Flows from Investing Activities</b>	\$	-	\$	-	\$	(13,495)
32							
33	<b>Financing Activities</b>						
34	Notes Payable	\$	-	\$	-	\$	-
35	Opening Balance Equity	\$	-	\$	-	\$	13,495
36							
37	<b>Cash Flows from Financing Activities</b>	\$	-	\$	-	\$	13,495

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# Separate cash flows by

- Cash from **Operating** activities
- Cash from **Investing** activities
- Cash from **Financing** activities

	Monthly			
	Actual Jun-22	Actual Jul-22	Projected Aug-22	Project Sep-22
<b>Cash</b>				
Beginning Cash	\$ 4,661,151	\$ 4,657,946	\$ 4,584,685	\$ 4,471,208
Cash Flows	\$ (3,205)	\$ (73,260)	\$ (113,478)	\$ (87,260)
Cash from Operating Activities	(47,231)	(31,682)	(85,792)	(73,260)
Cash from Investing Activities	(21,506)	(41,578)	(27,685)	(14,260)
Cash from Financing Activities	65,532	-	-	-
Ending Cash	\$ 4,657,946	\$ 4,584,685	\$ 4,471,208	\$ 4,383,948
Cash Burn	\$ (539,199)	\$ (632,795)	\$ (537,659)	\$ (719,260)

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This isn't as scary  
as it sounds

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**You already  
know a lot of this!**



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# Connect with the audience





**CEO**

**What is the CEO's vision for the future?**



**Board of Directors**

**What information does the board Want to see?**



**Department Heads**

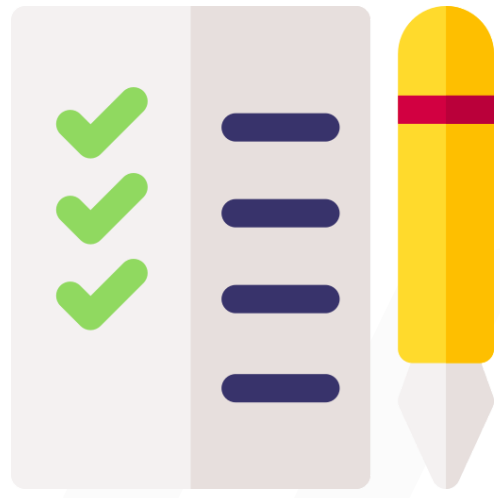
**What projections does each department head have?**



**Investors**

**What metrics excites investors?**

1



## Who is requesting what?

Understand what are the frequent requests by stakeholders

2



## What's the significance?

Why are these important to them?

Accounting



FP&A

4

# Build a relationship



**Accounting & FP&A need to  
work in unison with each  
other**

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Be the one to offer value



**Accounting**

**FP&A**



Can you help with a forecast?

More timely reporting?



# When **Accounting & FP&A** work together

There are **no limits** on what can be accomplished

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# Bonus: How to start now

1

**Take over the analysis of one topic:**

**For example Cash**

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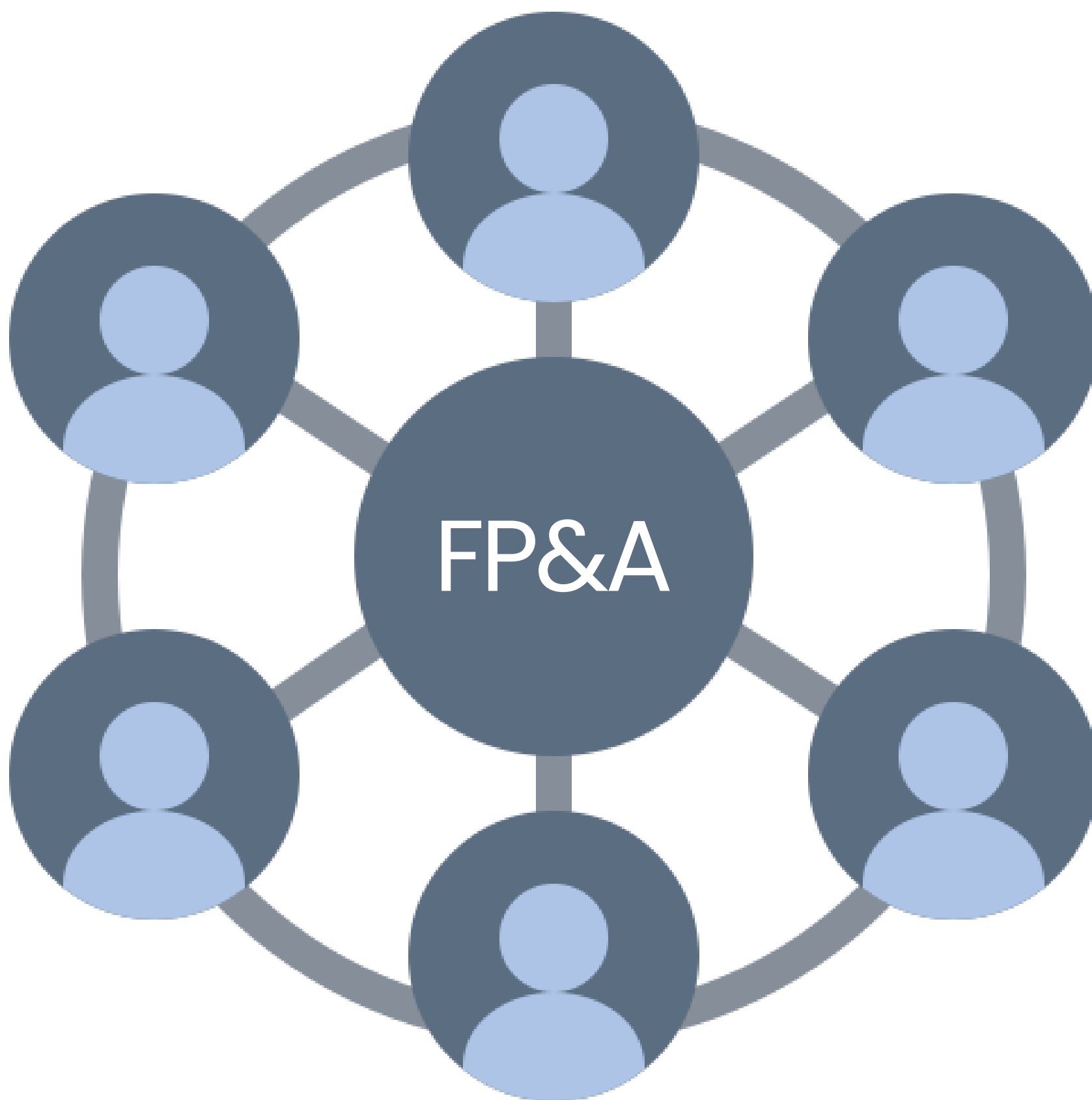
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# 2

## Participate to a team project with **FP&A**

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3

# Shadow one day the FP&A team

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4

# Understand how are the **FP&A colleagues** using the **information** you provide to them

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# Start **building** your first model

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# Thanks for reading!

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Did you enjoy this content?  
Do you have anything to add?  
Questions?





# About the Authors



## **Josh Aharonoff**

I help Startups Scale with Proper Finance & Accounting



## **Paul Barnhurst**

Sharing daily insights for FP&A teams to get ahead