

The Aerospace Steering Problem

From Cockpit to Boardroom

Planning & Reporting Challenges in the Aerospace & Military Industry

Setting the Scene

Nowadays our world is turning into a turmoil of events in the geopolitical situation that creates instability which affects demand and pressure. This is clearly a turning point in many industries and, obviously, the military and aerospace sector are highly impacted. War in Ukraine and in the Middle East have forced many governments and alliances to reconsider their defence strategy such as increasing their expenses in the sector in order to expand the armament capacity of these nations, thus augmenting their budget for defence.

Europe is rearming. After decades of declining defence budgets, governments across NATO are now committing historic levels of spending to rebuild military capacity. Germany alone approved a €100 billion fund in 2022, with annual defence expenditure now exceeding 2% of GDP for the first time since reunification.

For aerospace and defence companies, this should be good news. And in many ways, it is. Airbus is managing the largest commercial backlog in its history, while Rheinmetall has transformed itself from an automotive supplier into one of Europe's most strategically critical defence manufacturers almost overnight. But they are also experiencing some pressure given their historic backlog or delays in deliveries. They are now required to produce and deliver in record time while facing the same challenges that they've had during the last decade. Their planning and reporting structures were never designed for this pace of growth and now they face their problem: steering the business through this new reality.

How Planning & Reporting Works in Aerospace

Given the nature of the sector and its many complexities, the planning & reporting processes of this industry differ from any other conventional model. Structural features such as long-term contracts or fragmented data across programmes, among others, make it a highly complex environment which standard tools or methodologies struggle to cope with.

The fundamental difference comes from the starting point. In aerospace and defence, the planning does not come from the business itself. It comes from the contracts. A single program can last 10-20 years. This affects everything: how revenue is recognised, how cash is monitored, how performance is measured.

This creates one of the sector's most defining structural tensions: companies plan and operate by programme, but report and are held accountable by corporate structure. Airbus does not run one business, it runs hundreds of programmes simultaneously, each with its own cost structure, timeline, and risk profile. Consolidating that into an efficient management view is an exercise of data engineering rather than finance. Programme managers think in milestones and deliverables, CFOs think in quarters and variances. Bridging that gap is not a reporting problem, it is a steering problem.

Another layer of complexity comes from cash flow monitoring. In many industries, revenue and cash follow a logical and timely sequence. In aerospace and defence, they do not. Payments are tied to milestones, government approvals and internal procedures, all of which can vary for reasons out of reach of the company. A delayed parliamentary vote, a change in foreign policy, or a renegotiated delivery schedule can change an entire annual forecast from one day to the next. Rheinmetall knows this well: as it has scaled its defence production at incredible speed, the gap between operational output and actual cash collection has become one of its most critical management challenges. Forecasting liquidity in this sector is not a finance exercise; it is a political one.

Underlying all these challenges is a data problem. SAP is the most used ERP in the sector; every major aerospace and defence company runs on it. But having the same ERP does not mean having integrated data. Programme offices, joint ventures, subcontractors and divisions each maintain their own version of the truth. The CFO of a major aerospace programme often receives a consolidated view that was assembled manually, from multiple sources, by someone who will spend the next week explaining the reconciliation differences. The tools are there. The data architecture is not.

These are not isolated issues. They are structural features of an industry that was never designed with modern steering in mind. And they do not disappear with a new tool or a new dashboard. They require an approach built around the realities of the sector.

The Key Challenges

Forecast accuracy in long cycles

To be accurate in long cycle programs could be the most difficult challenge in the industry. When a program lasts a decade or more, the original assumptions rarely survive beyond the first budget cycle. Markets shift, governments change, priorities change... And yet it is expected that companies keep a meaningful forecast.

The problem is not that finance teams lack the skills to forecast. It is that the variables they depend on are largely outside their control. A subcontractor delay or a government decision can invalidate months of planning work overnight. In this environment, forecast accuracy is not purely a finance discipline, it is a cross-functional challenge that requires programme managers, procurement, and finance to work from the same assumptions and to be aligned at the same time.

Consolidation across joint ventures and programme offices

Consolidation in aerospace and defence is not a reporting task, but a negotiation. Large programmes are rarely owned by a single entity. Joint ventures, consortiums and subcontractor arrangements mean that the financial picture of any major programme is distributed across multiple organisations. This adds complexity, bearing in mind that each organisation has its own accounting policies, planning calendars and methodology. Getting to a single consolidated view requires not just technical integration, but organisational alignment.

Airbus is a clear example. Three divisions, hundreds of active programmes, and a web of industrial partnerships across Europe. The challenge is not the consolidation tool. It is the many conversations that need to happen before the output is accepted and trusted by all the stakeholders.

Headcount and cost planning under rapid scaling

Rheinmetall is a clear example of facing the scaling challenge in these last years. The new guidelines given by the European governments brought a huge demand for defence and, therefore, the company needed to expand its production capacity, hiring at scale and managing capital expenditure programs at a fast pace which its planning capacity and processes were never programmed to cope with. What was once a relatively stable automotive planning cycle, became a dynamic and highly uncertain exercise in capacity management.

Scaling fast creates a specific planning problem: the assumptions that headcount and cost models are built on will become obsolete the moment these are endorsed. Hiring plans change weekly and the cost base evolves faster than any annual budget can capture. In this environment, rigid planning models become a liability. The organisations that manage it best are those that have moved to rolling models that can absorb change without requiring a full replanning cycle every time the business changes.

Reporting to multiple stakeholders with conflicting needs

In most industries, the final stakeholders are the board and the management team, while in aerospace and defence, the audience is much wider and considerably more demanding. Governments are customers, shareholders, and regulators simultaneously. Alliances like NATO set their own reporting requirements. And inside the organisation, programme managers, divisional CFOs and group finance all need different cuts of the same data.

The problem is not the lack of information, on the contrary, the same data needs to tell different stories to very different audiences. A government customer wants milestone progress and cost traceability. A programme manager wants variance to budget at activity level. Building a reporting architecture that serves all of these without multiplying manual effort is one of the most underestimated challenges in the sector.

What Works and Why

The organisations that want to manage planning and reporting best in this sector must understand one thing: they must stop trying to apply conventional finance logic to an unconventional industry. They have to build their planning architectures around the realities of long-cycle programmes, fragmented data, and multiple stakeholders. The mistake would be to force those realities into a standard budgeting and reporting framework that was never designed for them.

Finance departments must move away from static annual budgets towards rolling forecasts that can absorb change. They need to invest in data architecture (not just reporting tools), because the quality of any forecast is only as good as the data feeding it. And they must break down the wall between programme management and finance, creating shared planning processes where both speak the same language and work from the same numbers.

Governance also plays a key role. The best planning processes in the sector are not necessarily the most sophisticated, but the most disciplined. Clear ownership of data, structured review cycles and a culture where numbers are challenged rather than accepted are what separate organisations that steer effectively from those that simply report. Tools can be bought, but that discipline has to be built.

Finally, the cultural dimension must be addressed. Planning and reporting transformations in this sector fail not because the models are wrong or the tools are inadequate, but because the organisation does not adopt them. Programme managers work with their own spreadsheets and do not abandon them because a new system has been implemented. Finance teams that have never sat in a programme review do not suddenly become strategic partners overnight. The technical solution is only half the work, and the other half is people.

What is missing is the management foundation to steer through it. That is the real challenge and the real opportunity.

How We Can Help

Planning and reporting in aerospace and defence is not a problem that solves itself. The complexity is structural, the pace of change is accelerating, and the cost of steering badly has never been higher. The organisations that get this right will not be those that wait for the perfect moment, but those that start building the right foundation now.

At Centida, we work with finance and management teams in industrial organisations that face exactly these challenges. We bring something that most consulting firms cannot: a genuine understanding of how planning and reporting works inside aerospace and defence. Not from the outside looking in, but from years of experience within the sector itself. That background is what allows us to design solutions that work in practice, not just on paper.

If your organisation is navigating this environment and looking for a partner that understands the industry as well as the discipline, we would be happy to help you build the foundation to steer through it.

About the Author

Jaime Andreo

Jaime Andreo is a Senior Consultant and Project Manager at Centida, where he leads finance transformation and planning & reporting projects for CFOs and senior finance teams across industrial organisations. His work combines analytical depth with a focus on delivery, from solution design through to implementation and stakeholder advisory.

Before joining Centida, Jaime spent eight years in finance roles within the aerospace and defence sector, including leadership of FP&A functions at Eurofighter, where he was responsible for financial planning, budgeting and forecasting across one of Europe's most complex defence programmes. That experience, working inside the planning and reporting structures he now helps others redesign, is what informs much of the thinking in this article.

Jaime holds a bachelor's degree in Business Statistics and has worked across finance functions at companies including Eurofighter, Orange and Airbus.