



How to meet top management reporting expectations?

March 2016



Preface

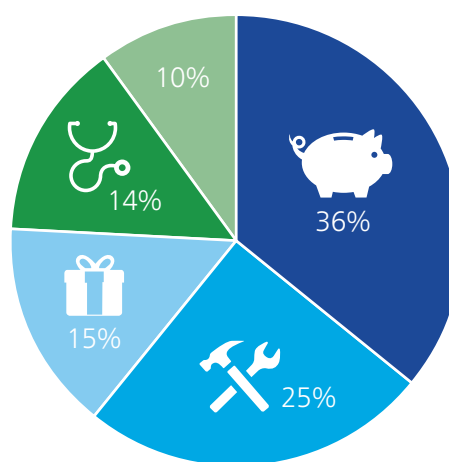
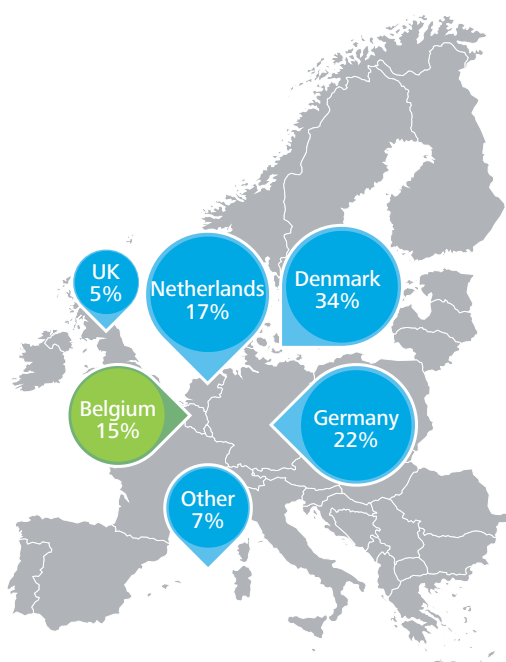
Top management reporting is expected to drive decision making and strategy execution through providing transparency and early warning.

Results from our European survey show that expectations with regards to management reporting are changing.

Today's top managers are no longer satisfied with pure figures, they are also looking for insights which enable them to drive performance. They expect Finance to play a key role in the delivery of these insights and become a true business partner that is able to provide transparency and early warning, so as to better contribute to decision making and strategy execution.

In order to assess changing expectations, identify challenges and forecast trends in this domain, Deloitte performed a survey among more than 160 companies covering 8 industries & 15 countries with a clear focus on Belgium, Denmark, Germany & the Netherlands. Besides clearly showing the changing expectations towards top management reporting, the survey also highlighted the main challenges that will need to be met in order for the organization to deliver on these expectations.

This point of view aims at presenting the conclusions that we drew from the results of this survey and at providing you with food for thought on how to meet the identified challenges by presenting best practices in terms of reporting content, governance and systems.



- Financial Services
- Manufacturing
- Consumer Business & Transp.
- Life Sciences & Healthcare
- Other*

* Other include: Energy & Resources, Public Sector, TMT, Real Estate

Thirst for insight

The value of reporting is its relevance and support for the decision making process. A good insight will help to take the right decisions and to take them fast.

The survey highlights that top management expects the role of the finance function to evolve from providing pure financial information towards providing real insight based on an appropriate gathering and analysis of credible internal & external, finance & business information.

Need for more business information

The survey reveals that today's reporting is very much focused on financial information, with about 45% of the reported information being related to the company's financials and financial ratios. However, top management expects its reports to go more and more beyond the pure financial information by significantly increasing the share of business related information over the next 3 years. This shift in content enables top managers to be better aware of the context and the main business drivers behind the financial results which is essential to steer decisions.

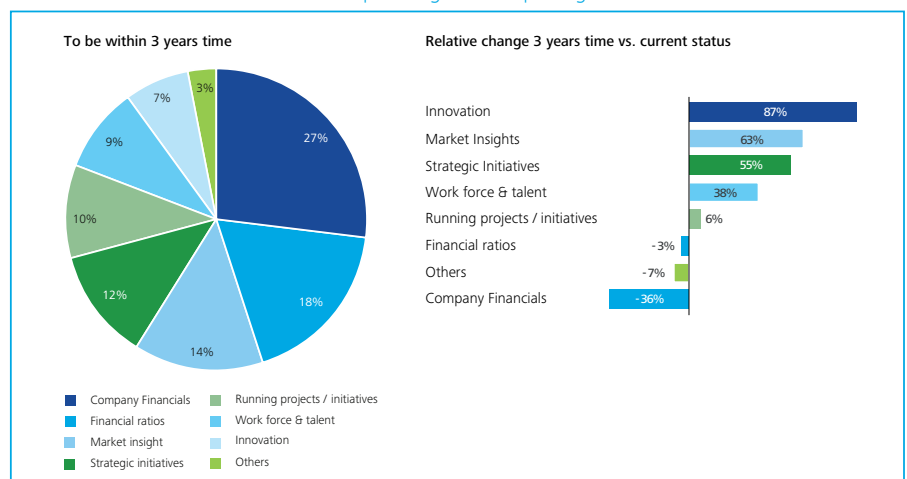
Need for more external information

Besides the internal information that should be reported, top management also expects its reports to contain additional relevant information on the external environment which impacts the company's performance (e.g. related to customers or regions) in order to provide them with a comprehensive view of the business.

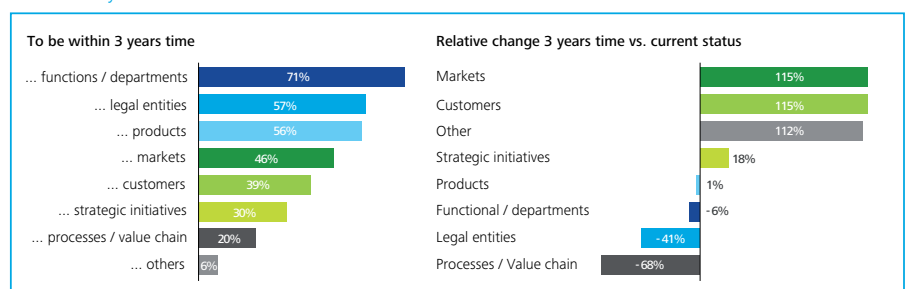
Strategic initiatives

Surprisingly, the survey respondents did not identify reporting on strategic initiatives as one of their priorities for the next 3 years. However, all will agree that strategic initiatives are key for a company to achieve its objectives.

Share of information areas covered in Top Management Reporting



Use of analysis views



Delivering insight

To be relevant, reports need to be delivered at the right time with the appropriate information.

The survey reveals that only 24% of time is spent on analysis of reports and taking the necessary actions. The reason for this is that companies today still need to spend too much time on low value added activities, like creating reports.

The lack of time available for report analysis is a hurdle for Finance to provide real insight to the business.

Hence, it is crucial to increase time spent on analysis in order to meet top management expectations. The only way to do so without increasing the cost of reporting is to improve efficiency by reducing the time spent on report creation and quality assurance.

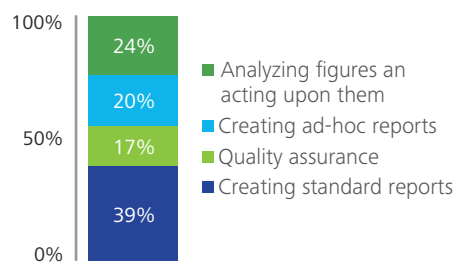
Based on the survey results, we were able to identify 3 levers that should help companies address this challenge.

1. Content flexibility

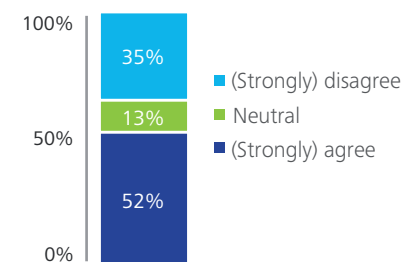
Finance functions will need to find the right balance between standardized reports, that will be published at well defined moments of time and certified by finance reporting responsible, and non-standardized reports that will provide a detailed insight upon request of top management.

Flexibility will also enable the reporting to be more reactive to changing business environments, which about half of the respondents acknowledged to be struggling with.

Time spent on activities for management reporting



Reporting reacts to a changing business environment



2. Effective governance

Besides the issues related to the speed of delivery of the management reports and to their quality, over half of the respondents have delivery departments that need to deliver the same set of data several times. Hence, defining an appropriate governance model is crucial in order to optimize the time spent on report creation and to increase the quality of the reports produced.

An effective governance model should define clear roles and responsibilities in the production and analysis of the reports and find the right balance between centralized governance, which fosters the unity, harmonization, standardization, speed of delivery and quality of the reporting, and decentralized governance, which is favoring the flexibility described here above.

3. Systems

The survey revealed that about half of the respondents still compile most of their reports manually, whereas automating the creation of the reports would benefit both the speed of delivery and the quality of the reported information. Indeed, manual report compilation increases the risk of errors linked to the human factor and fosters the emergence of various interpretations and definition of a given concept.

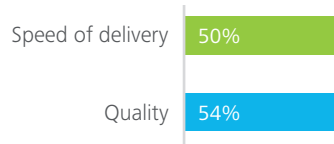
The implementation of a state of the art reporting system starts with the definition of a reporting data model, in which reporting dimensions and views will be clearly defined. Next, an assessment of the new data warehouse and available relevant reporting tools will be required. An appropriate tool will also enable you to leverage on transactional data to offer insightful & BI oriented information.



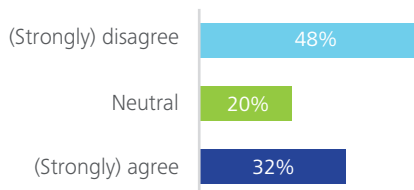
These recommendations are in line with the perception of the respondents on their main improvement areas. We can also observe that these improvement areas are mainly focused on the basics, namely delivering insightful information, regardless of the format, presentation quality and delivery date, which are likely to become the main improvement areas once the basics will have been implemented.

51% of the delivery departments have to deliver the same set of data several times

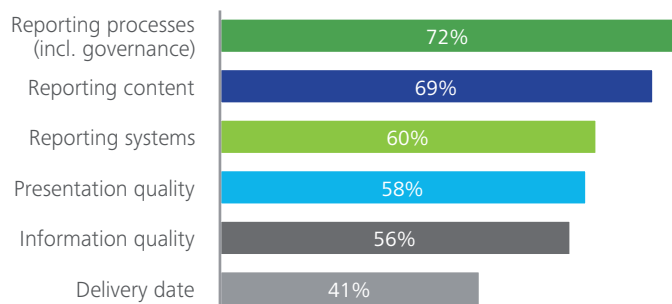
Percentage of people who were unsatisfied with the speed of delivery and the quality of their Top Management Reporting (TMR):






Our TMR are automatically generated and not compiled manually



Most frequently seen improvement areas:

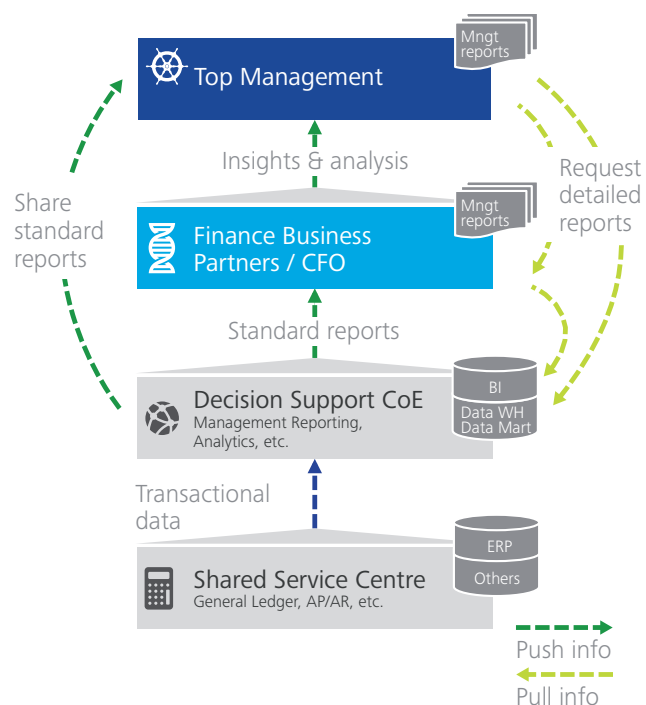


Find the right balance to maximize insights for your Top Management

 What	Finance vs Business Perspective	Do your stakeholders require business perspectives next to financial details ? How much business perspective?
	Internal vs External Information	Does adding external information in reports trigger new insights and steer decisions ?
 Who	Centralized vs Decentralized Governance (Push vs Pull)	Would centralization (e.g. a Reporting Center of Excellence) bring a lot of value to your business ?
 How	Report Standardization vs Non-standardized reports	To what extent do reports need to be adjustable to a changing business environment ?
	Transactional Data vs Business Intelligence Driven	Can insight be generated from transactional data or should BI functionalities be used?

The Deloitte Reporting Framework







By activating the 3 levers previously discussed, namely content flexibility, governance & systems, the Deloitte reporting framework enables an organization to maximize insights from both its transactional & BI data. While the integration of a Center of Excellence (CoE) will offer the required centralization & uniformization through the organization, Finance Business Partners will analyze the reports and confront them with the reality of the business & the industry. Ideally, this will be coupled with Push & Pull capabilities, in order to tailor reports to Top Management needs & thirst for insights, and will be made available through various means (e.g.: mobile functionalities, dashboards).



How Deloitte can help

Deloitte can support organizations facing reporting challenges and assist defining these reporting balances, by offering tailor-made approaches, methodologies & tools.

Related Deloitte offerings

-  Definition of the reporting strategy & implementation roadmap
-  Design & implementation of a state-of-the-art Integrated Performance Management platform
-  Optimization of the reporting processes, within a lean environment
-  Definition of the reporting governance
-  Design of the data model & information management
-  Establishment of an industry benchmark

Contacts & contributors

Key contacts



Eric Callewaert
Strategy & Operations
Partner
ercallewaert@deloitte.com
+ 32 495 59 49 41



Nicolas Van Houtryve
Finance Transformation
Partner
nvanhoutryve@deloitte.com
+32 473 94 02 40

Key contributors



Melinda Strébely
Finance Transformation
Senior consultant



Arnaud Leplat
Finance Transformation
Consultant



Gauthier Moens
Finance Transformation
Consultant

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