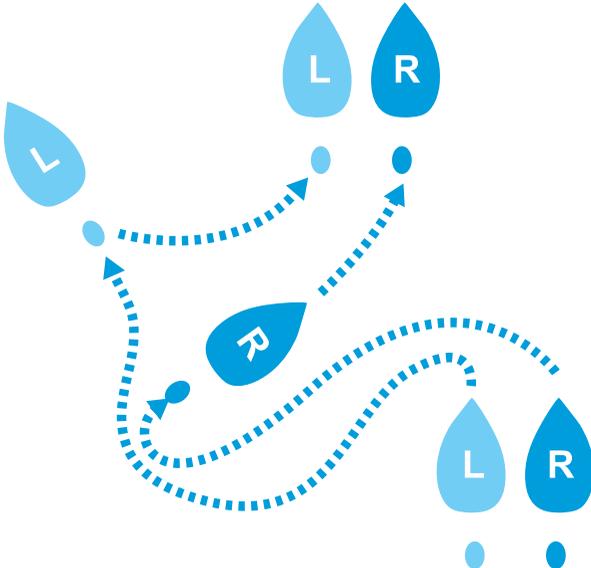




Dancing lessons
Business partnering for CFOs



In 2009, Deloitte conducted in-depth qualitative interviews with business leaders from some of the world's best-known companies, as well as with leading CFO headhunters.

Our mission: to get a front-line perspective on business partnering from the people who matter most and convert their insights into recommendations for CFOs.

Our discussions revealed a widely shared conviction that partnering is a key component of the value the Finance function brings to the business – and some strong opinions on how to make it work.

This book shares our high-level findings and offers ideas on how to make business partnering come alive in your organisation.

What is good
business
partnering?

It takes two
to tango.

It's not what you think

Business leaders want support from people who truly understand their challenges.

When we invited business leaders to tell us what they want (and get) from Finance, we expected to hear the usual. And we did. Things like confidence, control, risk management, efficiency and specialised knowledge.

But we also received some surprising answers. We did not expect to learn that personality and physical proximity can make or break a business partnership. Nor did we anticipate the hunger among executives for help from Finance – help in getting the right things moving in the right direction sooner rather than later. Business leaders want support from people who truly understand their challenges and, in the case of the CFO, those who will help shape operating strategies at the board level.

Business partnering is a choice – and it's not for everyone. It requires willingness on both sides, as well as a shared understanding of the fundamental value drivers of the business. Some organisations want to keep Finance at a distance in limited roles. For them, partnership doesn't really enter the picture. Plus, partnering is hard. Many Finance organisations don't have the horsepower to deliver. Perhaps even worse, many don't know enough about the business they are in.

If business partnering is important to you and your Finance organisation, we think you will find these ideas interesting. So will your CEO and other leaders in your company. Business partnering is a lot like dancing. Do it right, and it looks effortless – graceful and smooth. Do it wrong, however, and you are likely to step on someone's toes.

It's back in the spotlight

There's no question that the global economic crisis has revived interest in CFOs going beyond their operational and stewardship roles. That's a good thing.

But it is also shaking up a lot of finance operations. CFOs understand that shareholder and market expectations have shifted. They are aware they have to change the way their organisations work. Better reporting, better cost management, better risk intelligence, better everything. Business partnering is one important way to start making a difference, an effective means to a very important end: better performance and improved shareholder value.

Beyond that, the business leaders we spoke to saw partnering as a smart and visible way to change perceptions about Finance throughout their organisations.

If your Finance team is talking about branching out into the business to add value, make sure that the effort starts with a clear purpose in mind. Many of the most powerful examples of Finance interactions that made a difference, which business leaders shared with us, occurred at critical moments such as major investment decisions, business restructurings, and strategic cost analyses.

The key is to learn where and when you can help the most – and where to say no.

Takeaway

Identify three big areas where a strong partnering relationship would create immediate value.

Seize the opportunity

It's no secret that many of the traditional roles of the Finance organisation have been automated away. Data gathering, monitoring, even analysis and reporting – these kinds of functions are increasingly built into the dashboards of the latest ERP and MI systems. This has led many Finance leaders to worry that their organisations are being marginalised as technology continues to deliver more value.

They're right to worry – especially if they're not making the most of their new opportunities to offload routine, lower-value tasks in favour of more strategic business partnering activities. One place to focus first is in the area of technology itself. Finance has a big role to play in determining how new systems are

configured to meet the needs of the business. This is a major opportunity to refocus the finance organisation on strategic challenges rather than administrative duties.

Of course, that takes time – and you and your team need to be ready to deliver when it matters. There is no faster way to kill a new partnership opportunity than to say that your availability is limited because you are closing the books. That means dedicating your own time to partnering and making sure some of your most experienced staff members do the same.

There is no faster way to kill a new partnership opportunity than to say that your availability is limited because you are closing the books.

Takeaway

Make sure automation technology is doing its job correctly – so that you can focus on the job of business partnering.

The ‘wow’ factor

When is the last time you heard anyone you work with say ‘wow’ about anything? In our research, this happened when Finance went beyond delivering numbers to delivering insights that helped leadership make key decisions. It also happened when Finance was able to lend a hand to make sure strategic projects were successful. That’s hard to do when Finance doesn’t know the business, or relies too heavily on inexperienced team members to face off to business leaders.

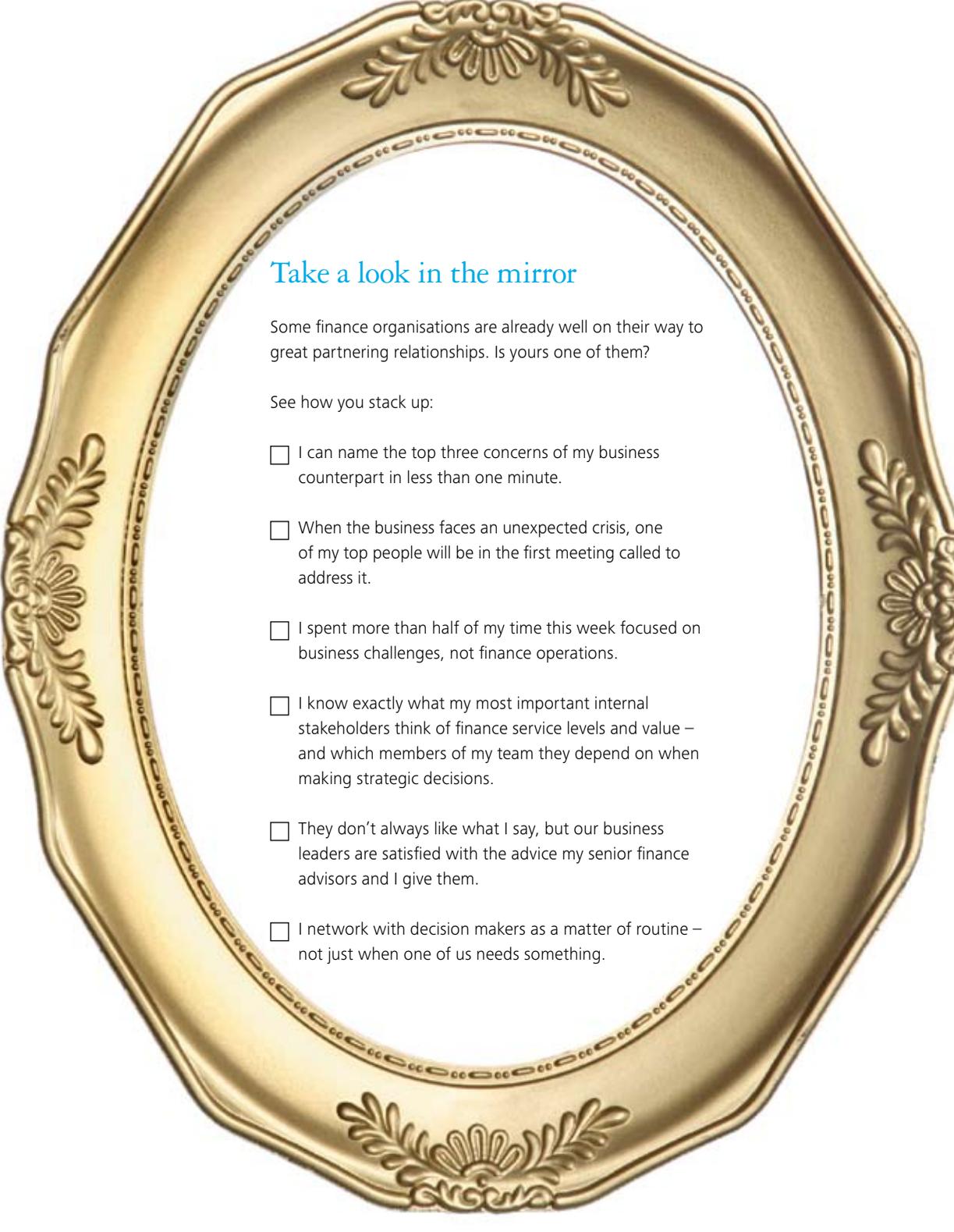
As seen on TV

The television production business has all the elements of a CFO’s nightmare: huge staffing needs, a creative environment not conducive to process, and a need to react fast to support the business pace. So when one of the world’s largest broadcasters set up a new production department, the controller knew she needed Finance on board. She also knew what she was looking for; in a previous job her Finance partner knew the media business and didn’t need propping up to make decisions. “He always had his finger on the pulse,” she said. “He always knew where we were and could make the right decision with half the facts.” Later, when she geared up for a new flagship programme on a shoestring budget, the right team was already in place. “We worked with Finance to say ‘if we do this, this is how we can make it work.’ We didn’t have to fill in a million forms to get it approved.” The show went on to become an international phenomenon – wowing audiences and wowing anyone with their eyes on the bottom line.

Takeaway

Find out what it would take to deliver unexpected value to your business leaders. Then surprise them by doing it.

What makes
a good business
partner?



Take a look in the mirror

Some finance organisations are already well on their way to great partnering relationships. Is yours one of them?

See how you stack up:

- I can name the top three concerns of my business counterpart in less than one minute.
- When the business faces an unexpected crisis, one of my top people will be in the first meeting called to address it.
- I spent more than half of my time this week focused on business challenges, not finance operations.
- I know exactly what my most important internal stakeholders think of finance service levels and value – and which members of my team they depend on when making strategic decisions.
- They don't always like what I say, but our business leaders are satisfied with the advice my senior finance advisors and I give them.
- I network with decision makers as a matter of routine – not just when one of us needs something.

Eagerness and professionalism

Business leaders look to Finance partners for the rigour and objective professionalism that comes from their extensive training, as well as their practical knowledge of the business. And if they are not getting the right level of partnering from Finance, they will simply fill the void with experts from elsewhere. If you're not being asked to the dance, there is probably a reason!

Successful business partnering takes a lot of work. It also requires a special type of person. The valuable attributes we heard discussed most frequently in our interviews were:

Experience

Proven, experienced, and knowledgeable professionals – they make all the difference in the world.

Curiosity

Constantly asking “why” questions, always eager to understand how things really work – and always coming up with fresh ideas.

Team player

A strong willingness to be part of the business team, and fully absorbed in its success.

Capacity for surprise

Willing to set aside preconceived notions about what they already know. An openness to new possibilities.

Courage

Able to deliver hard news and take unpopular stands. A good understanding that risk is just one more aspect of business that has to be managed.

Ethical standards

Unwavering.

Open and accessible

Eager to listen, willing to make time. Returns e-mails and calls promptly. Easy to find.

Takeaway

Has your team got these attributes? Take the first step – reach out to find out.

What CFO headhunters say

Headhunters spoke to us candidly about what they are encountering in CFO searches when it comes to business partnering.

CFOs are not changing with the business fast enough

“Too many are setting the wrong priorities.”

There really is a ‘vision gap’

“A lot of CFOs are just too ‘GAAP-centric’ these days. They’re focused on operations and as a result they’re too cautious. This is a real challenge in organisations where the CFO should be participating in the strategic development of the company.”

Successful CFOs learn the whole business

“New CFOs are right to learn more about their peers, board- or G-level contacts, and others – but the great ones go to the assembly line to understand how productivity works, for instance. It’s a different mindset.”

The basics are still important

Business leaders are looking for vision, but not at the expense of the deep knowledge that great finance leaders have always offered. “Business leaders are still looking for Finance partners who can demonstrate their knowledge when it comes to accounting, IFRS, tax, cash management, financial reporting and other parts of the business.”

How can you
set the stage for
better business
partnering?

Move in. And then move on.

Business leaders expect Finance to get close to the business, literally. Those we talked to believed in the value of having the right Finance partners commit time on the front lines of their business – working both in the field and in the office next door. It's not a function of organisation charts; solid and dotted lines matter less than you think. The active learning and collaboration that come with physical proximity are more important. Partners who are close to the business – both physically and in terms of engagement – are the ones business leaders tell stories about for years afterwards.

But you can't have your best partners on location all the time. You never know when you're going to need them to jump on another pressing issue elsewhere in the business. For many organisations, the most effective approach relies on an internal consulting model, where team members are deployed from a centre of excellence. This has the added benefit of employee development because it allows your people to tackle similar challenges in many different areas of the business.

Remember, much of the value in partnering comes in discrete projects. Make sure you know when a job is done so people can move on to the next challenge.

Takeaway

How close are you to your business leaders? Sit near them: base yourself somewhere different in the business every three months.

Putting the Finance partner physically within the business unit is essential.

In fact, I think we ought to be sharing the same floor.

Pick the right partners

The average Finance person is not a great business partner, and most don't need to be. So it is important to go the extra distance to find those who are great at it. You need only a handful to make a big impact on the business – and to build your organisation's reputation for great partnering.

One thing is for sure, though: it won't happen without a plan. Good business partners are hard to find, and the competition for their skills can be intense. Where to start? Try creating a small team of partnering specialists who will put themselves on the line for the business.

Next, look at your hiring process. Do your current staff know what to look for when seeking to fill new positions? What about HR? If the people responsible for recruitment don't know that you value people with partnering skills, then this type of talent won't find its way into your organisation.

Once you have developed a cadre of business partners on your team, be sure to deploy them in the right scenarios. Be selective – don't just throw them at every problem that pops up.

“Working with the right Finance partner is a really enjoyable experience. You feel like you can take on the world.”

Takeaway

Is the business facing a big challenge? Identify which of your people understand the business best and have the people skills and attitude needed to make a difference.

Take a walk

There is no substitute for kicking the tyres. Understanding the business requires going beyond all the meet-and-greets to get the real story, talking to people who work at the very front lines of the business; seeing the sites that show up as bullet points in presentations; even contacting customers directly to hear their perspectives.

One executive told of a Finance partner who challenged the status quo by getting a ground-level view of the business' challenges. "We had four warehouses in Spain and my Finance lead spoke Spanish," he says. "So he went to the warehouses to understand their cost-to-serve models better. In the end he recommended closing two warehouse and worked closely in each market to make sure sales and services weren't diminished. He knew that part of the business better than the guy who was running it."

Curious partners do these kinds of things naturally.

Takeaway

Is there a part of the business that remains a mystery, or which you're avoiding? That's the place to go first.

"I'm looking for the person who says, 'I'm going to visit that oil rig!'"

Measure what matters

If you want a project done right, build a structure around it to make sure it succeeds: processes; KPIs; metrics; modelling. Even compensation and rewards. That's how you should approach business partnering. But it's not just about achieving metrics. Good business partnering can't be captured in a spreadsheet.

How do you judge your organisation's partnering capabilities? Start by looking at how you spend your own time: that's the most accurate measure of what you have determined is important. If you're the CFO and you're not setting the pace on partnership, who will?

Here are some additional questions effective partners tend to ask:

- What reward system will encourage the best partnering efforts? How will we track what's working?
- Are our senior people modelling the characteristics of good partners? How can we help them to do better?
- Are strong business partners rising through the ranks?
- Could our Finance people go on to become leaders of the business?
- How much time are our people spending on business partnering?
- How many business partnering experts do we have in our organisation? How many of those are engaged in strategic challenges right now?
- How many business partners are available today if one of our most important business counterparts calls for help?
- How often am I personally called by business leaders?

Your organisation is already sending lots of clues about your commitment to partnership. Are you listening?

Keep a diary of how you spend your time this week. How much is spent on traditional Finance roles – and how much is spent delivering advice and taking action to drive business performance?

	Finance controls and operations		Proactive interactions with the business	
	Activity	Time	Activity	Time
Mon				
Tue				
Wed				
Thur				
Fri				
Total				

Takeaway
Ask your team how they divide their time. Do their actions reflect yours?

Shall we?

It's hard enough for many CFOs to find the time to be a great business partner themselves – much less prepare the entire organisation to step up to the challenge.

But in our discussions with business leaders, we heard loud and clear that this is exactly what they're hungry for. Many are practically begging for the right partners from the Finance organisation. They understand only too well that the stakes are even higher today when it comes to making the right business decisions.

Business partnering is a choice – yours. We wrote this booklet to help you get started down the right path, because in many respects getting started is the hardest part. If this has made you think about your finance organisation and you would like to discuss this further with our team, please contact us below.

Marcus Boyle
Lead Partner

Finance Transformation
+44 7979 651651
mboyle@deloitte.co.uk

Nick Prangnell
Director

Finance Transformation
+44 7720 072158
nprangnell@deloitte.co.uk

Turn the page for a short
business partnering
self-assessment.

Interesting soundbites from business executives

“Finance could do a lot more of locking in group strategy financially.”

“I want the Finance challenge – rigour and conscience.”

“We are really looking for Finance to trust us, we are experienced leaders.”

“What do I need?
No one from Finance has ever asked me that before.”

“He would go to the nth degree to demonstrate to me in the ‘Janet and John’ impact.”

“Hold us to account, e.g. ‘Peter, you have not reduced overheads as planned, are we really going to get it? If not, where are you going to get it from Peter? Oh and by the way ...’”

“I take comfort from Finance’s ability to make informed decisions when faced with less than half the facts – didn’t need endless charts.”

“Never mind the experience, this is down to the individual – they need to take responsibility.”

“It’s the attitude that is really important.”

How good are you at partnering with the business?

Take a few minutes to assess your current Finance organisation ...

Respond to these questions	Tally up your score				
What is the level of decent discussion with your business leaders about Finance's role and performance?	Never	Rarely	Just complaints	Just one-liners	Good, we get common understanding and change
How would you describe Finance's overall role in business performance?	All time is spent on operations	Just about get the reports out	Robust, timely, insightful reporting	With business, supporting decisions	Sharing business challenges, driving performance
How often do I or my team "wow" the business or my boss?		Never	It has happened	Regularly enough	
Do my team truly understand how the business creates shareholder value?	No really	I do	Some do	They clearly understand	It's clearly used and valued
How well do Finance understand the current and future business challenges?	Not known	Only when we are told and when asked for information	We know them, but we are not involved	Well understood and we help	We're proactively bringing solutions
What is the physical proximity of your Finance team facing off to the business?	No contact in this respect	We're on the phone/e-mail	We also go to meetings	We are nearby, having regular valued input	We are regularly sitting in the same area/room, part of the team
	1pt	2pts	3pts	4pts	5pts

Your score:

Interpreting your score:

6-10 pts	<p>There is likely to be some fundamentals preventing your team from providing valued business partnering. Areas to consider reviewing:</p> <ul style="list-style-type: none">• how fit for purpose is the technology and data architecture?• is the organisational structure and resourcing appropriate & efficient?• are Finance clear and disciplined on report requirements?
11-20	<p>Your Finance function could be classed as a traditional finance function: trusted and good at the books and robust numbers, but with room for improvement in terms of business partnering. Engaging with business leaders and taking a thorough look at your Finance function is likely to be worthwhile. Areas for consideration include:</p> <ul style="list-style-type: none">• role of Finance in business decisions and performance• your team's clarity on the business value drivers• Finance's relationships with the business
21-25	<p>Your team is likely to have a foundation of robust reporting and a very good understanding of the business drivers. Business insight is being provided, but may not always be appreciated and one could provide more value. Areas to consider:</p> <ul style="list-style-type: none">• robust discussions with key business leads on their challenges and Finance's role in supporting them• putting in place key expectations of your team on the role of business partnering• looking at areas to improve that could really make that difference
26-30	<p>Your team is likely to have a good relationship with the business, understands the company challenges and is driving value. Sit back and remind yourself of why this is so. Some things to consider:</p> <ul style="list-style-type: none">• do the team understand the value that you bring and is this recognised internally?• succession planning and future business leadership development• what are the business' next challenges, how can this position be sustained?

... and take away some ideas to put into action.

Deloitte refers to one or more of Deloitte Touche Tohmatsu ('DTT'), a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTT and its member firms.

Deloitte MCS Limited is a subsidiary of Deloitte LLP, the United Kingdom member firm of DTT.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Deloitte MCS Limited would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Deloitte MCS Limited accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

© 2010 Deloitte MCS Limited. All rights reserved.

Registered office: Hill House, 1 Little New Street, London EC4A 3TR, United Kingdom. Registered in England No 3311052.

Designed and produced by The Creative Studio at Deloitte, London. 4822A

Member of Deloitte Touche Tohmatsu