

An aerial photograph of a tropical coastline with two skydivers in the foreground. The skydivers are wearing blue jumpsuits and black helmets, and are positioned on the left side of the frame, looking out over the landscape. The coastline features lush green hills, a winding road, and a small settlement. The ocean is a deep blue, and the sky is clear with a few clouds. The Deloitte logo is in the top left corner, and the title of the survey is in the top right corner.

**Deloitte.**

Deloitte CFO Survey 2015  
The role of the finance  
function as business partner

# Contents

The role of the finance function as business partner	3
Business partnering in Luxembourg	4
Maturity of the business partner role in Luxembourg	5
Services and role of the business partner	8
Barriers to finance business partnering	11
Conclusion	14

# The role of the finance function as business partner

## Introduction

Last year, our Deloitte CFO Survey focused on the implementation and use of dashboards and key performance indicators as strategic tools. We concluded that, while dashboards and key performance indicators do exist in Luxembourg, they do not systematically allow sufficiently precise company management.

Finance stands at the crossfire of both internal and external challenges. External challenges are best embodied by the pursuit of efficiency and the related race to reduce costs to remain competitive. In parallel, internal challenges for finance have grown for various reasons such as the need for ever-faster financial reporting production coupled with a limited quality of data. Strategic decisions must be supported by reliable financial data. Those challenges lead to an increasing demand on finance to participate in a high-performing business culture as well as a greater demand from the business for finance to drive performance with an increased focus on strategic advice and business insight.

In our 2015 edition of the Deloitte CFO Survey, we are analyzing the role of the finance function as business partner to the company's business units. "Business partnering" can be defined as the role that the finance function undertakes to support and challenge the business units to ensure that the chosen business strategies deliver the required shareholder value at an acceptable level of risk.

## Methodology

The responses to our survey span across a range of non-financial and financial sector companies with a minimum of 50 employees. As the following graph shows, the responses received this year come from a relatively diverse population in terms of company size. Almost 50 percent of the responses stem from the financial services sector. The remaining half of the respondents focus on technology, media and telecom, industry, transport, and other sectors.

Company size



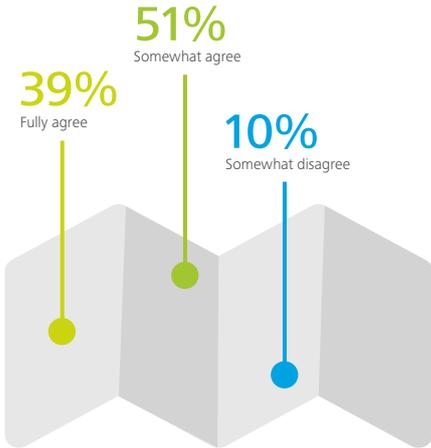
# Business partnering in Luxembourg

Half of Luxembourg-based companies have a clearly defined and well-understood business partner role within their finance function.

Refocusing efforts toward driving business and shareholder value—and providing the right environment to create value—are demanding tasks. Many companies are thus focusing on implementing strategies to provide a better environment for business partnering. The explosion in the quantity and variety of data available, commercial demands of new business models, or opportunities presented by digital transformation enhance the opportunity to redefine and invest in finance business partnering. As a result, many companies have already started to invest in and further develop their finance business partnering capabilities.

In Luxembourg, as shown in the graphs below, approximately 40 percent of CFOs recognize that there is a vision and roadmap for the long-term development of their finance function. Almost half of the finance functions confirm that the role of business partner is defined and clearly understood within the finance function.

A finance vision and roadmap for long term development of the finance function exist



The role of a business partner is clearly defined and understood within the finance function



# Maturity of the business partner role in Luxembourg

There is room for improvement to create a more mature business partnering landscape in Luxembourg-based companies.

The increasingly strategic role of the finance function within the company suits the business partnering model very well. To support strategic business decisions, it is important to identify the people with the right perspectives to solve the problem, to develop a common understanding of the issues, to find the environment that will foster creative collaboration, and to find the right timing. By enabling increased interactions with business units, the business partnering model creates a favorable environment for the above-mentioned prerequisites. It also supports the three stages of strategic decision-making: building understanding, shaping choices, and making decisions.



**So, to what extent has the business partner role been established in Luxembourg-based companies?**

## Organizational maturity

In terms of organizational maturity of the business partner role, the reporting lines must be well-defined and, ideally, the business partners, even though part of the finance function, should have a dotted reporting line to the business unit leader with whom they partner.

The graph beside indicates that for less than half of the respondents, the reporting lines between the finance function and the business units are clear and well-defined. Over half of the respondents confirm that they only have partially established reporting lines between the finance function and the business units or not at all.

Reporting lines between the finance function and business units are clear and well defined

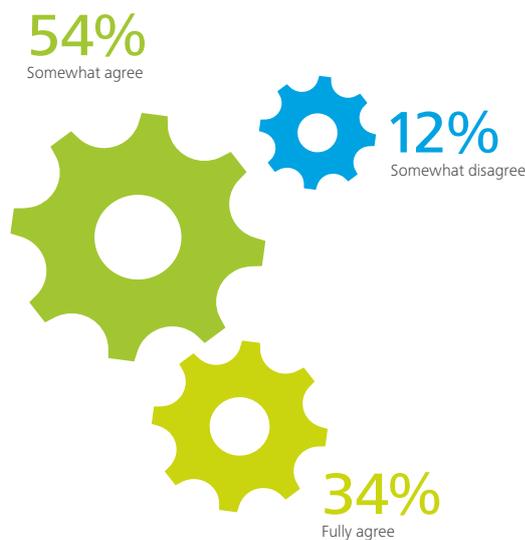


Moreover, the survey shows that 35 percent of the business partners report only to finance, not to the business unit with which they partner. 65 percent, however, report to both their respective business unit and the finance function.

**Policy and process maturity**

In its role as a business partner, the finance function provides management reporting to the business managers. Only 44 percent of the respondents fully agree that there are procedures and responsibilities defined for developing the monthly management reports. When this is the case, only 34 percent feel these procedures and responsibilities are maintained throughout the company, as shown in the below graph.

Procedures and responsibilities for developing and maintaining the reports are respected throughout the organization



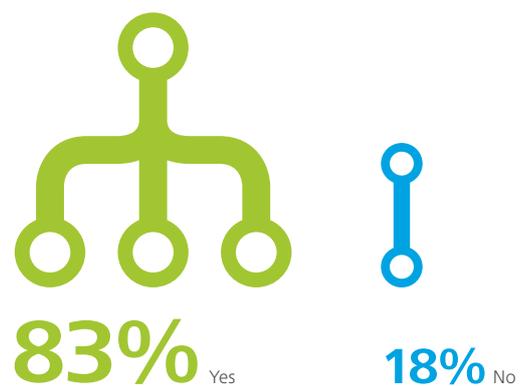
Important to note is that, according to our survey, almost 80 percent of the finance functions have communication structures in place to learn about the needs and expectations of the business. These structures allow them to better customize the management reporting they provide to the business managers and to anticipate any future needs.

**Systems and information management maturity**

As the guardian for financial data, a business partner ensures that data is consistent throughout the company. Therefore, the business partner requires uniform definitions of key data elements and a single source of data so that there is only "one version of the truth."

As shown in the graphs below, almost 83 percent of the respondents store the data in different databases, and this requires manual effort before management reporting is ready.

Management reporting is not delivered from a single data model, but delivered from different databases





Combining data from multiple systems requires manual efforts



Only 22 percent of the respondents indicated that their finance function is able to provide real-time financial data to the business.

**Talent and people maturity**

Over half of the respondents believe they possess the right competencies within their finance function to provide high-value support. One-third of the respondents confirm that the vision for the finance function is incorporated in the personal objectives of business partners.

---

According to our survey, almost 80 percent of the finance functions have communication structures in place to learn about the needs and expectations of the business

# Services and role of the business partner

Luxembourg-based finance functions are on their way to delivering key business partner services in their capacity as a strategic partner to the business.

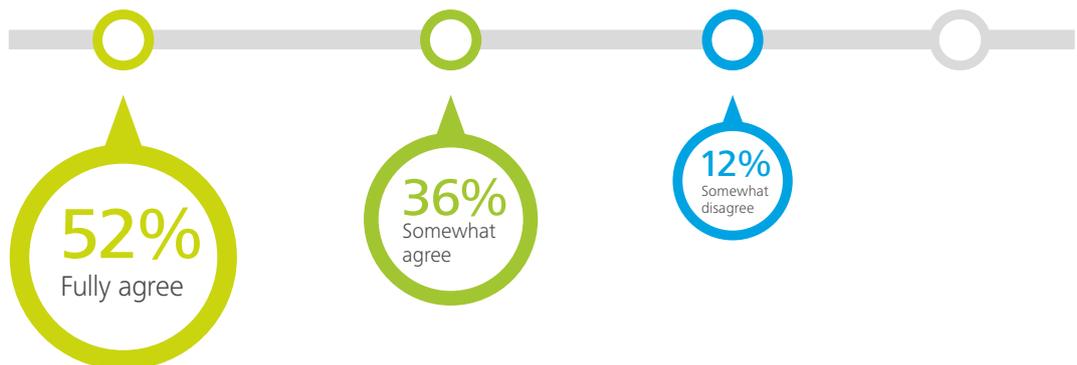
A business partner not only analyzes the past information but also looks forward through simulation and scenario analysis during planning, budgeting and forecasting exercises. The business partner develops and maintains sustainable relationships with the business units and advises on the value drivers, formulating sound recommendations that lead to better steering of business decisions. Business partnering plays a critical role across the company by delivering timely, relevant, and insightful management information to the business so that the best decisions possible are made.

The survey analyzed the type of services provided by the finance business partners in Luxembourg.

## Supporting the long-term strategy and decision-making process

54 percent of the respondents fully agree that finance is involved in the long-term decision-making process. However, only one-third fully agrees that the strategic planning process is sufficiently reactive and dynamic to match environmental changes and market or industry-specific developments.

The finance function is closely involved in every long-term decision-making process



### Leading the budgeting and forecasting process

Almost all respondents confirm that the finance function is leading and governing the budgeting and forecasting process.

However 18 percent of CFOs confirm that this process is not formally documented with clear roles and responsibilities. Only half of the finance functions confirm that they have technology tools supporting the budgeting and forecasting process.

In terms of input used for the budgeting and forecasting process, all CFOs confirm using bottom-up, top-down, and prior year data for the exercise. Scenario and sensitivity analysis is used in 70 percent of the companies.

Almost all of the finance functions confirmed that the output of the budgeting and forecasting process is consequently used in standard management reporting.

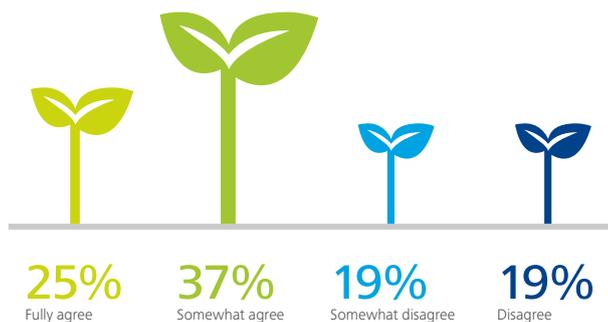
### Driving cost reduction strategy

As a strategic business partner, the finance function is often seen as the key player in leading the cost reduction strategy and projects. 50 percent of respondents agree that this is indeed the case in the Luxembourg-based companies. 40 percent somewhat agree and 10 percent do not agree at all.

### Driving and supporting revenue growth opportunities

Contributing to the identification of growth opportunities and their realization could be another responsibility of the business partner. This spans from identifying an opportunity to implementation. As shown in the graph below, only 25 percent fully agree that their finance function contributes to the identification of growth opportunities and their realization.

The finance function contributes to the identification of growth opportunities and their realisation



### Supporting short-term decision-making process

Providing short-term decision support in terms of management reporting, product and profitability analysis, and ad hoc support is another key role of the finance business partner.

Standardized reporting is provided by 40 percent of the respondents whereas around half of the finance functions provide somewhat standardized management reporting across their company. Most respondents also confirm that they provide product and profitability analysis for their business units.

However, when asked whether the finance function can rely on near real-time information to be able to respond quickly to inquiries from the business, only 22 percent fully agree that they are able to rely on real-time information. 30 percent of respondents confirm not being able to do so and almost 50 percent somewhat agree that they are able to quickly respond to inquiries from the business.

Our survey also showed that half of the respondents acknowledge that the business units perform parallel financial analysis rather than fully relying on the finance function to do so, as shown in the below graph.

Do the business units perform financial analysis independent from the finance function?



# Barriers to finance business partnering

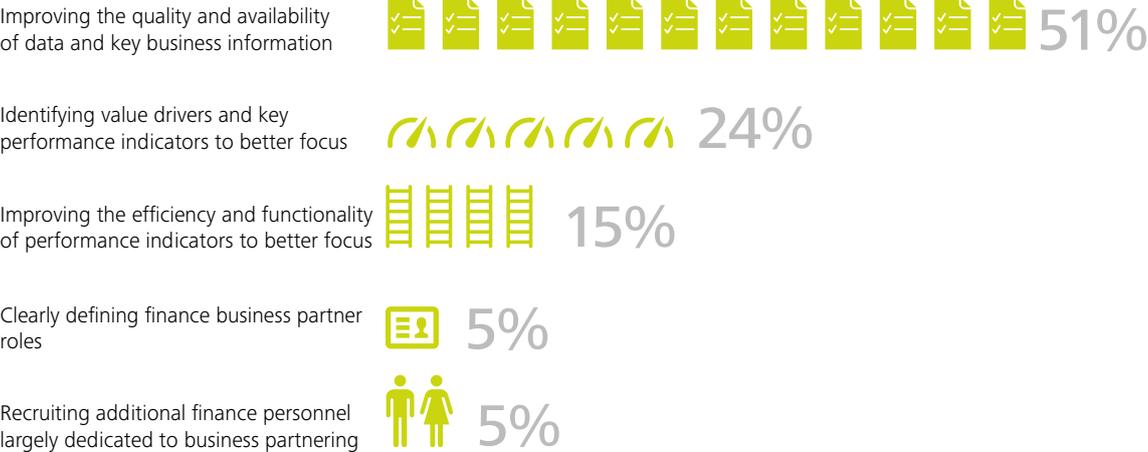
## Luxembourg-based companies know what they want to achieve, but there are significant barriers to realizing these goals.

Making the transition from a traditional, mainly back-office finance function to a strategic, business-facing, front-office is not always an easy endeavour and requires commitment and effort. This critical transformation process affects the company as a whole and does not ensure per se that finance business partnering capabilities will translate into tangible strategic benefits that are meaningful to the company. This may explain why CFOs need to look at it twice before selecting this model. Not all CFOs are prepared to invest a significant part of their finance function resources' time in delivering business partnering capabilities.

### Luxembourg-based companies know what they want to achieve, but there are significant barriers to realizing these goals

Almost 80 percent of respondents intend to increase the time their finance function spends on business partnering. Over 50 percent of respondents indicated they intend to improve the quality and availability of data and key business information. Identifying value drivers and key performance indicators is also seen as a major strategy to provide a better environment for business partnering, together with improving the efficiency and functionality of performance management systems, as shown in the graph below.

Which strategies is your finance function undertaking to provide a better environment for business partnering?



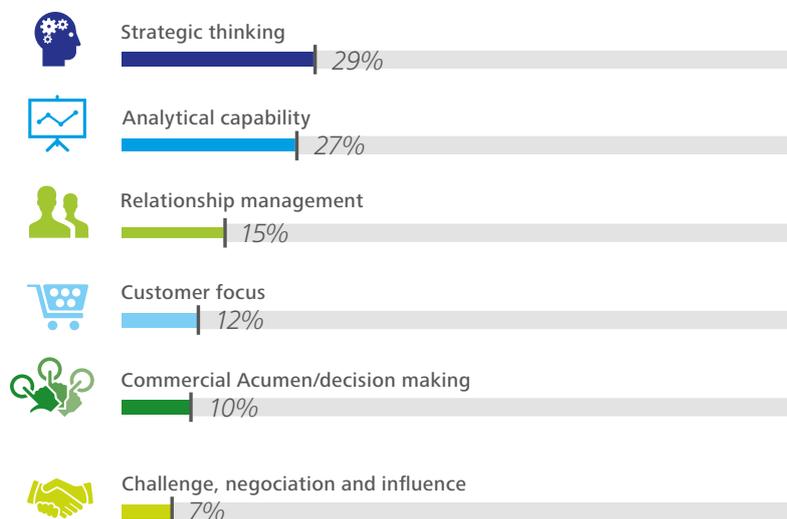


In parallel, certain competencies are required from the finance function's resources to deliver high-value business partnering services. The graph below indicates that analytical thinking and strategic capability are seen as key competences for a business partner, as are customer focus, relationship management, and commercial acumen.

---

Only 40 percent of respondents believe they have sufficient resources to dedicate the appropriate time to business partnering

What are according to you the three key competencies for developing finance business partners?





**Barriers to increasing business partnering in Luxembourg-based companies**

Like all transformation processes, transforming the traditional finance function into a business partner role faces barriers. When asked what type of barriers Luxembourg-based finance functions encounter when increasing their business partnering capabilities, CFOs see a lack of time and effort as key obstacles. As shown in the graph below, only 40 percent of respondents believe they have sufficient resources to dedicate the appropriate time to business partnering.

Poor data quality and availability, different spreadsheets, and other process inefficiencies are seen by 60 percent of the respondents as very time-consuming. Combined with different systems and applications used, almost all respondents confirm that these issues of data and process inefficiencies require manual effort.

Does the finance function have adequate resource capacity to successfully deliver business partnering?



# Conclusion

The Luxembourg-based finance functions are focused on becoming strategic partners to the business. However, there are still significant barriers to finance business partnering, both in terms of time and support provided to the business.

Our survey reveals that approximately half of the Luxembourg companies have embedded the role of the finance business partner. Reporting lines between finance and the business units are not always well-defined. However, 80 percent of the finance functions have communication structures in place to learn about the needs and expectations of the business units. At the same time, for most of the finance functions, there is significant manual effort involved in carrying out their responsibilities as a business partner.

In terms of business partners' activities, most of the finance functions support the long-term strategy and decision-making process. In parallel, most finance functions drive cost reduction projects and strategies. At the same time, only 25 percent of the finance functions fully contribute to the identification of growth opportunities and their realization.

Lack of time and effort, poor data quality, different spreadsheets, and other process inefficiencies are seen as key barriers to business partnering. However, almost 80 percent of the CFOs indicate that they intend to increase the time spent on business partnering, and over half of the CFOs intend to increase the quality and availability of financial data and key business information.



# Contacts

## Strategy, Regulatory & Corporate Finance



**Petra Hazenberg**  
Partner - Strategy, Regulatory  
& Corporate Finance  
+352 451 452 689  
phazenberg@deloitte.lu



**Pierre Masset**  
Partner - Strategy, Regulatory  
& Corporate Finance  
+352 451 452 756  
pmasset@deloitte.lu



**Karine Vedeilhie**  
Director - Operations Excellence  
& Human Capital  
+352 451 453 398  
kvedeilhie@deloitte.lu

## Advisory & Consulting



**Benjamin Collette**  
Partner - Strategy, Regulatory  
& Corporate Finance Leader  
+352 451 452 809  
bcollette@deloitte.lu



**Vincent Gouverneur**  
Partner - EMEA Investment  
Management Leader  
+352 451 452 451  
vgouverneur@deloitte.lu



**Basil Sommerfeld**  
Partner - Operations Excellence  
& Human Capital Leader  
+352 451 452 646  
bsommerfeld@deloitte.lu

## Tax & Accounting



**Jean-Philippe Foury**  
Partner - Accounting Leader  
+352 451 452 418  
jpfoury@deloitte.lu



**Henri Prijot**  
Partner - Cross-Border Tax  
+352 451 452 878  
hprijot@deloitte.lu

## Audit



**Luc Brucher**  
Partner - Life Sciences  
& Healthcare Leader  
+352 451 454 704  
lbrucher@deloitte.lu



**Martin Flaunet**  
Partner - Banking Leader  
+352 451 452 334  
mflaunet@deloitte.lu



**Georges Kioes**  
Partner - Commercial, Industrial  
& Public Sector Leader  
+352 451 452 249  
gkioes@deloitte.lu



**Tom Pfeiffer**  
Partner - Audit  
+352 451 454 246  
topfeiffer@deloitte.lu

**Deloitte Luxembourg**  
560, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

Tel. : +352 451 451  
Fax : +352 451 452 401  
[www.deloitte.lu](http://www.deloitte.lu)

Deloitte is a multidisciplinary service organisation which is subject to certain regulatory and professional restrictions on the types of services we can provide to our clients, particularly where an audit relationship exists, as independence issues and other conflicts of interest may arise. Any services we commit to deliver to you will comply fully with applicable restrictions.

Due to the constant changes and amendments to Luxembourg legislation, Deloitte cannot assume any liability for the content of this leaflet. It shall only serve as general information and shall not replace the need to consult your Deloitte adviser.

### About Deloitte Touche Tohmatsu Limited:

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/lu/about](http://www.deloitte.com/lu/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 210,000 professionals are committed to becoming the standard of excellence.

© 2015 Deloitte General Services  
Designed and produced by MarCom at Deloitte Luxembourg

