Unlocking the True Value of Finance as a Business Partner

Stefania Angius and Ruben Santos   April 13, 2017 6:00 am

How can finance become a better business partner through utilizing emerging technologies? Here are 7 recommendations on how to unlock finance's potential.

©MOODBOARD/MOODBOARD/THINKSTOCK

Over the last couple of years, companies have started to prepare for the 2020s and beyond; constantly responding to their rapidly changing environment. These changes are powered by emerging technologies, macroeconomic trends, consumer expectations and business models.

Until recently, developments have been traditional and linear, following an incremental pace. However, today's fourth revolution is digital and it's evolving at an exponential pace. It is disrupting long-established Fortune and S&P 500 companies across industries and countries. As information is now shared in a few microseconds, enabled by strong processing power, storage capacity and access to knowledge, technological breakthroughs in the fields of robotics, the Internet of Things (IoT), in-memory technology, and artificial intelligence (AI), will be even faster and more impactful.

With these technologies in mind, some companies are positioning themselves to be at the forefront of the digital revolution. These digital natives have the “first mover advantage” by already adopting emerging technologies into their global digital platforms, hence improving quality, speed and price at which value is delivered. As their digital platforms leverage existing networks, they do not require expensive physical assets and infrastructure like factories and warehouses to launch and distribute new products quickly.

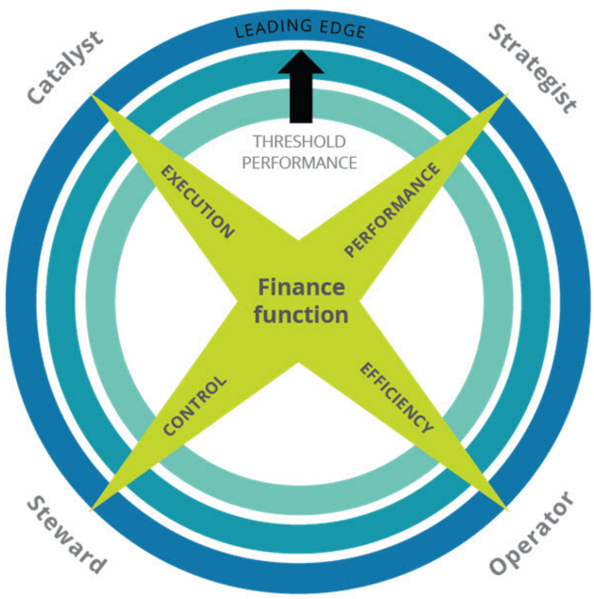
On the other side, large and well-established companies are better positioned than startup companies to create and execute innovation by leveraging their existing customer base, resources, core brands, channels and infrastructure. However, most large and well-established companies tend to be less nimble as they have highly complex operating models that make it tough to stay ahead of competitors. On the one hand, they cannot ignore the daily demands of running a business with traditional hierarchies and processes, while on the other they need to pursue creative strategic initiatives to survive. They are facing a number of big challenges and related critical questions: How do we generate value? How to develop a sustainable future business model? How can we generate top line growth? What is the appropriate level of risk to take? Increasingly, adopting emerging technologies to improve the quality of decision making will become more and more crucial to their success.

The finance function within organizations can and should play a significant role in supporting the business answer to such questions.

For example, finance should invest in adopting new technologies such as cloud, robotic process automation (RPA), advanced analytics and cognitive computing. By automating traditional back office activities, finance has more time available to support the business. Next to technologies, there is also a need for a new set of skills and capabilities for finance to deliver business expectations.

The need to change finance roles – no more looking backward

The opportunity for finance to deliver more value to the business can be portrayed by the 4 key roles that finance has to play: the catalyst, the strategist, the operator; and the steward.



As a catalyst, finance is concerned about execution at all levels in order to achieve the strategic objectives set out in the business plan. As a strategist, finance provides business executives with the financial insight to help set strategic direction. Both of these roles rely on the most dated roles finance has: being a financial operator, that gets financial transactions processed efficiently, and a controls-focused steward, providing accurate information with appropriate controls to manage risk throughout the business.

Although each role is equally important, leading edge organizations aspire to reduce the time spent on the steward and operator finance roles.

In the past years, finance organizations have been focusing on the steward and operator roles by optimizing the performance of operational systems, standardizing processes and mitigating risks. In order to do so, most organizations have spent significant effort in investing and implementing finance/ERP systems, standardizing finance operational processes such as the record to report and shifting these to shared services centers, global business services centers and/or business process outsourcing providers.

As automation technologies continue to advance, and as companies are increasingly moving to SSC, GBS and BPO centers, finance has more time to spend in planning, forecasting and analytics to support business decisions. Only when these strategist and catalyst capabilities are mastered, finance will be perceived by the business as a valued partner working alongside various other functions such as operations, HR, and sales & marketing. Nonetheless, business partnering is still a challenge for many organizations, as many finance organizations don't have the right people in place to make the shift. Next to the core finance competences, finance is more and more expected to have analytical skills including data modelling, analysis and reporting coupled with communication skills and business knowledge to challenge and influence the business.

What is finance business partnering and why is it important?

Although there is no one–size-fits-all definition, 'finance business partnering' can be generally defined as the role that finance undertakes to support and challenge the business, creating value by improving the quality of decisions and ensuring that a chosen business strategy delivers the highest value for the company and shareholders at a manageable level of risk.

How are emerging technologies impacting finance business partnering?

According to recent Deloitte research (https://www2.deloitte.com/us/en/pages/finance-transformation/articles/finance-digital-transformation-for-cfos.html), emerging technologies are changing how the work of finance gets done. Many finance organizations have started to adopt cloud and analytics solutions, but still have large legacy systems in place that require a lot of money and effort to maintain. Manual workarounds and reconciliations provide no added value and slow down finance. Some of the new digital tools such as robotics, cloud and visualization, help in simplifying these systems. Other tools such as advanced analytics, cognitive computing and in-memory computing are designed to deliver new and different capabilities. For example, narrative language generation can supplement routine reports with narrative commentary using personalized text.

These technological advancements act as an enabler to broaden the scope in which finance operates. Finance responsibilities will shift to more insightful and interesting work focused on analyzing exceptions and continuously improving technology. This requires capabilities that can build and maintain information platforms and work with technologies to provide deep insight and answers to previously unimaginable areas.

Unlocking the role of finance business partners – Where to start?

Although there is no one-size-fits-all solution for successful finance business partnering, there are some essentials that each organization needs to embed in order to start unlocking finance's potential:

1. **Take a strategic view in redefining the finance brand:** start with a vision. Where does finance aspire to be? In this vision, a clear outlook on the brand purpose of finance should be considered. A critical factor is tone at the top: ensuring sponsorship and support from leaders across the organization is crucial.
2. **Develop a well-defined operating and service delivery model**: it helps to determine the optimal service delivery model and clarify roles, responsibilities and accountabilities. Where do finance resources currently spend their time? And what are gaps between current and future state?
3. **Simplify processes**: by simplifying and radically standardizing transactional end to end finance processes and implementing global oversight and accountability (including policies, design, and continuous improvement) risks and costs can be reduced.
4. **Fix master data management**: accurate and up to date information is needed to base decision making on facts and establish credibility. One of the key elements is to unify Master Data across functions and entities and fix master data issues directly in source systems.
5. **Rationalize reports and metrics**: an increased volume of data does not necessarily mean better information. A good starting point is to rationalize reports and metrics to look at together with the business.
6. **Focus on the right activities – start small**: understanding where finance has potential to make most impact together with the business is essential. For example, by identifying which initiatives are best suitable for advanced analytics. When implementing these activities, it is better to choose for an agile approach and start with 1 or 2 quick wins, which require low amount of effort and have high business impact.
7. **Invest in the right talent mix**: finance needs to find the right people who can utilize the available data to develop insights. This requires starting to hire different people such as data scientists and storytellers.

In an environment in which business demands are changing at such a rapid pace, companies should become forward thinking visionaries that help drive business performance.

For finance, this means that it must continue to understand the core finance requirements, as well as the current realities of running a business. By utilizing a number of emerging technologies, focusing on the right activities and investing in the right talent, finance can really unlock the added-value as a business partner.

Stefania Angius is Manager at Deloitte Consulting and Ruben Santos is Business Analyst at Deloitte Consulting.