The future of orchestrated finance

A thoughtful approach to optimizing finance cycles by leveraging process orchestration technologies

Setting the stage with an all too familiar finance challenge

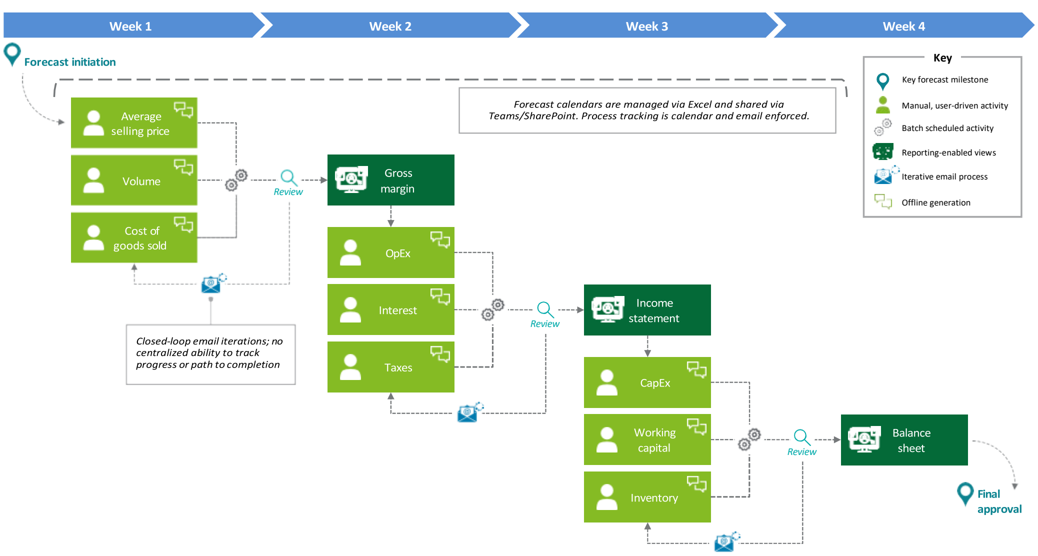
Many finance organizations are struggling to reduce cycle times and provide relevant operational and financial insights to their leaders in a timely and consistent manner. Some of these organizations still perform planning and forecasting activities following email and Excel-based tracking processes that follow rigid deadlines that are challenging to enforce.

Walk in the shoes of mock finance leaders in the following scenarios

Maggie, the CFO at a large multinational organization, is looking to understand the annual planning cycle by assessing where organizational effort is concentrated and unproductive while understanding what insights are enabled at each step in the process. The finance leadership team's answers are broad-based, non-committal, and can only provide multiple anecdotes on wasted time, layers of consensus building, and unproductive meetings.

Anuj, one of the business line CFOs, describes the process in his organization. His team has relied heavily on emails and phone calls to obtain the data and other inputs required to prepare the financial plan. The chaos of collecting and organizing inputs, decomposing submissions, and cycling through ongoing changes from stakeholders makes it difficult to maintain order and operate on a timeline. A lack of clear ownership of various planning stage-gates makes it difficult to move the planning cycle forward against the corporate calendar. As deadlines approach, the number of emails and offline conversations increase dramatically, and the probability of errors grows as even more emails are sent. At submission deadlines, teams submit what they have readily available leaving little time for analysis and interrogation of consolidated plans. For Anuj, it all feels like an unproductive use of the finance organization. The other business line CFOs nod in agreement as their situations are remarkably similar.

Calendar-based forecast cycle



There is a stark contrast with the acceptable lead time in completing a process in manufacturing as compared to lead times in financial cycles. In a present-day manufacturing process, the duration of time to manufacture each product or part is actively managed and monitored against a targeted execution time. But with finance processes, it is typically acceptable to leave a 30-minute task that impacts the next step in the finance cycle in a queue for several days while competing priorities delay completion.

A well designed and tech-enabled workflow allows organizations to dynamically manage the financial cycles governing how time is allocated, track completion of activities, and collect feedback on various components of the cycle. More importantly, this allows the finance function to gather actionable feedback regarding finance operations so it can adjust and evolve performance in future cycles.

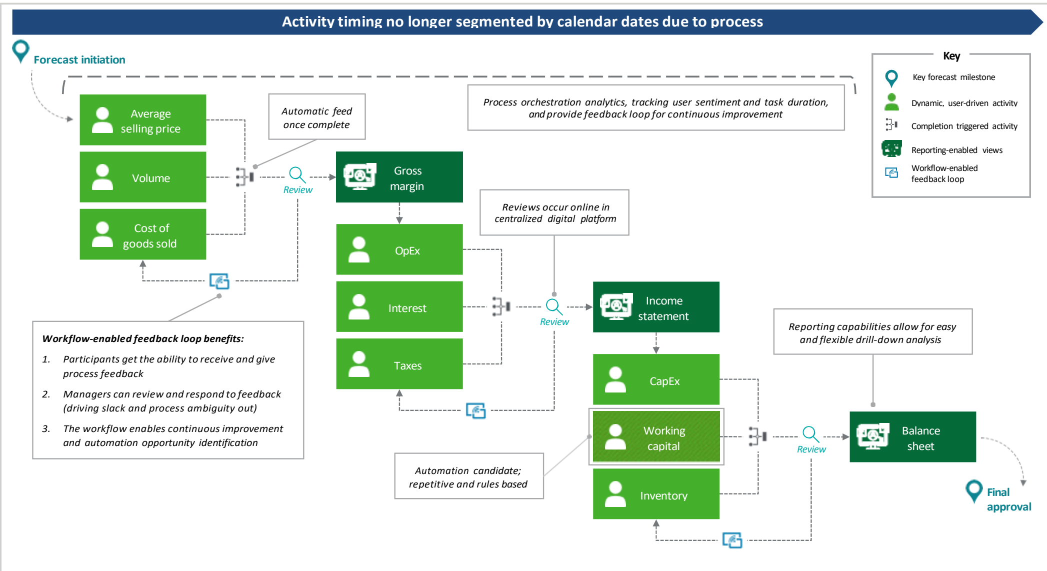
It is crucial to define and continuously improve the workflow for the financial close process, forecast cycles, and various operational reviews processes to actively evaluate how time is allotted and spent improving financial close and forecast submissions.

A well-designed workflow puts the right set of tasks in the right hands in a prioritized sequence that allows process orchestrators to understand where there is slack, compression, and opportunities for parallelism, and tasks that require better instructions to ease execution. Finance organizations achieving this level of maturity in standardization and automation will benefit from more time for analysis and business partnering. This requires continuous improvement capabilities evaluating the end-to-end process, continuing to simplify workflow steps, measure performance, and consistently refine the workflows to enable business outcomes.

Now, imagine the potential future state

Financial close and planning cycles are completed in less time with routine and quantitative processes automated. Only value-add insights are left to be input by people, reducing the chances of errors while increasing process transparency. Automated triggers kick off the next step of the workflow as prerequisite activities are completed. Organizations leveraging a continuous improvement mindset are actively evaluating the financial cycle and asking questions at each step: "Can this be automated? What business decisions are we enabling? Is this an appropriate amount of time for the task? Does this team have decision rights over this activity?" Asking such questions allows process orchestrators to get the decisions to the accountable parties as data becomes available, while looking for repetitive rules-based activities that can be automated. Leaders like Maggie and Anuj are empowered to make decisions powered by real-time data and insights. This level of visibility allows the organization to provide additional flexibility where it is needed, take out cycle time where it's just slack, and identify tangible automation opportunities that were previously buried in Excel-based processes.

Process orchestrated forecast cycle



Enhancing your process orchestration capabilities with workflow requires answering several key questions

Which cycles are you prioritizing for orchestration?

Create a well-defined process catalog inclusive of the breadth of accountabilities in your finance organization. The catalog should reflect the capabilities, activities, and processes to get from transactional activities, such as AR/AP, to financial close and planning cycles. Repetitive cycles involving a high degree of coordination with multiple stakeholders both inside and outside of your finance organization are likely candidates for orchestration. As business activities evolve, a process should be in place to regularly maintain and update the finance process catalog.

What technologies enable the underlying processes being orchestrated?

Organizations often have complex technical landscapes made up of ERPs, EPM suites, reporting platforms, and other applications that the finance function uses daily. The role of workflow is to orchestrate processes across all these platforms. Business processes and workflow technology implemented harmoniously are the basis for people to work within the workflow, provide transparency and tangible feedback, and continuously improve finance operations. The selected workflow tool should be configured to interact with these technologies, provide insights into active workflows, and can be continuously improved after implementation with application life cycle management capabilities.

Which people execute the selected finance processes today? How will their roles evolve?

Understanding who in your organization (e.g., Business Unit Finance, Shared Services, Controllership, and FP&A) owns each activity today will help you understand whose business process is being transformed. Once you know which portions of your finance organization own each work product, you can begin to assess how their roles and responsibilities will change. Process orchestration has the potential to improve and optimize the finance organization's experience with enterprise systems and the nature of work finance performs. Finance organizations will continue to play a critical role in connecting the dots across functional silos.

Leadership is turning to finance now more than ever to be a trusted strategic adviser to inform business decisions. Process orchestration will enable the finance function to meet this demand by placing data at fingertips to drive insights at critical decision points. Finance will become product and process owners of orchestrated processes empowering continuous improvement of the timeliness, accuracy, and agility of these capabilities. Finance talent models must shift to reflect new ways of working. The future of orchestrated finance requires a finance workforce skilled in merging processes into technology, advanced data analytics, and problem-solving using systems. A portfolio of finance domain expertise, data skills, and storytelling capabilities will become imperative for the finance workforce.

How will you govern orchestrated processes?

Workflow tools should be designed to collect data on the underlying process being orchestrated so that it can be improved and governed. Orchestration data is collected, managed, and stored to enable governance insights. Who is using what? Where are processes running smoothly? Where are people running into challenges? What is the nature of those challenges? Are they systemic, training, or change management challenges? Once the business processes and key performance indicators (KPIs) are defined mindful of these questions, you have the basis of analysis to support process governance. This governance approach requires a common model with common definitions that gives each activity and the data collected from that activity a specific definition and tracking metric.

How will you identify processes ripe for further automation?

With processes orchestrated, impacted stakeholders trained on new processes, and governance definitions articulated, the initial workflow standup is complete. It's now time to optimize your workflows and extend your process catalog. The North Star is to improve the efficiency of financial close and planning processes to improve the quality and timeliness of financial data. Let the data be your guide. Improvements should be enabled by consistent measurement of KPIs and reducing and eliminating non-value-add and repetitive activities. Organizations achieving optimization are proactively solving data requirements, digitizing processes, and empowering talent to transform capabilities.

Conclusion

Workflow applications are most likely already sitting in your suite of enterprise tools. The financial close and budget submission cycles are underutilizing these platforms available to the finance organization. Now is the time to move the financial activities to a more transparent, dynamic, and integrated capability where leaders are aware of all the activities, players, and progression in the value creation process.

If you’d like to better understand how your organization can benefit from modernizing your finance orchestration capabilities, please reach out to the authors to start a conversation.

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