Finance transformation: How financial planning and analysis can drive business partnering

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Agenda

Evaluating the current state of financial planning and analysis (FP&A)

FP&A becoming a business partner

The Kimberly-Clark experience

Discussion/Q&A: barriers, goals, and achievements
Our group today

1. How much of your FP&A team’s time is spent on the following activities?
   - Corporate financial planning/forecasting/budgeting and IR support
   - Report creation
   - Corporate decision support — M&A, corporate strategy, or other corporate decisions
   - Business unit or functional (operations) decision support

2. Have you explored shared services/center of excellence for FP&A?

3. Do you believe you have automation opportunities (e.g., too many spreadsheets in your processes)?
The journey to an effective finance function positions the retained organization to be a strategic business partner.

### Method of adding value

**Transactional**

- **Site support**
  - Distributed to locations for local service needs
  - Required for local input/data capture or local programs
  - Manual- or end-user-intensive

**Knowledge-based**

- **Business partner**
  - Aligned with function/unit
  - Line/management focus
  - Knowledge and know-how transfer
  - Decision/action-intensive

- **Shared services – global**
  - Consolidated organization
  - Standardized services
  - Process-intensive

- **Center of expertise – global**
  - Global standardization
  - Issue/knowledge-intensive
  - “Leading practice” development

**Outsourced**

- Repeatable and scripted processes
- Requires a core competency that is not a priority
- Limited risk and controls and intellectual property exposure

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**Relationship to business**

- **Local**
- **Centralized**

**Retained organization**
The outcome is an increase in capacity, capability, and collaboration.

**Four Faces of FP&A**

- **Operational**
- **Strategic**
- **Short-term**
- **Long-term**
- Decision support
- Financial predictability

In which quadrants does your organization spend most of its time now?

Where would you like to spend your time in the future?

What will you do more of and less of to achieve this vision?

Do you have the right people?
Not everyone is in the same place. There are tactical steps you can take immediately.

- Finance knows the business
- Identify your partners
- Take on a strategic business problem together
- Build trust and a common language
- Define finance’s role in value creation
- Focused intervention

INFRASTRUCTURE INVESTMENT
Understanding business partnering

1. How do you define business partnering?

2. How do your key stakeholders define business partnering?

3. What defines an effective business partner?
Business partnering survey results

Business partnering is high on the CFO agenda to support strategic execution and improve business performance.

83% of surveyed finance leaders look to increase finance business partnering activity over the next three years.

50% of the finance leaders surveyed have begun to identify value drivers and KPIs to better focus their finance business partners.

40% of surveyed organizations are improving the efficiency and functionality of performance management systems.

35% of organizations surveyed are identifying skills gaps and conducting training to increase the skills of existing resources.

40% have started to better define finance business partnering roles in line with the organizational structure.

Over 50% have begun to improve the quality and availability of data and business information.

Source: Deloitte UK Business Partnering Survey 2012
Business partnering, what do you mean?

“Business partnering” is often used very differently across companies

<table>
<thead>
<tr>
<th>How finance works</th>
<th>What finance does</th>
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<tbody>
<tr>
<td>• Communication</td>
<td>• Non-traditional finance</td>
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<tr>
<td>• Responsiveness</td>
<td>• Operational decision support</td>
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<tr>
<td>• Exhibit knowledge of the business, not our specialty</td>
<td>• Leadership</td>
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<tr>
<td>• Forward deployed</td>
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<td>• Available to serve</td>
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The Deloitte business partnering framework has a focus on driving value.

The framework identifies focused interventions that allow finance business partners to create value for the business with the support of key FBP enablers.

• Ways in which business partners can add value
• Become a “player” not a “scorekeeper”
• Add significant value to an organization and unlock opportunities

• Required to effectively deliver desired business partner activities
• Key to empowering the finance function to deliver these value-added activities
Identifying the interventions that generate value

Value chain

Plan the business
Make and move products
Sell products
Expand the business

Focused interventions
Example: Business partnering activities

- Channel strategy analytics
- Make or buy decisions
- Cost to serve
- Inventory turnover
- Production planning
- Demand planning integration
- Price optimization
- Customer negotiation
- Product profitability
- Incentive structure decision support
- Marketing ROI analysis

Working with their business counterparts across the value chain, finance can agree and prioritize the activities that will have the greatest impact.
### Characteristics of the right partner

Finding a counterpart who wants support and a process that needs it are important to successfully engaging

<table>
<thead>
<tr>
<th>Rocky soil</th>
<th>Fertile ground</th>
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</thead>
<tbody>
<tr>
<td>• Ad hoc decision process</td>
<td>• Structured process</td>
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<tr>
<td>• Limited data</td>
<td>• Data available for analysis</td>
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<tr>
<td>• Leaders value “gut”/experience</td>
<td>• Willing/interested business leader</td>
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