



Strategic Resource Management for Federal Chief Financial Officers

Each new fiscal year carries its own unique challenges – challenges that require a direct response by Chief Financial Officers across the government. Funding levels will change, new projects will begin, and existing activities will end to align with new priorities, directives, and budget allocations, causing significant ripple effects throughout an organization. Although this evolving environment can be challenging to navigate, it provides CFOs an opportunity to refocus and drive the agency they are charged with leading in a new direction. CFOs can capitalize on this opportunity by analyzing their organization’s current state and identifying gaps in strategy, process, and policy to drive improvements in organizational capabilities. Through this process, CFOs can develop a foundational understanding of their organization’s needs for resource alignment to key priorities for the current and future fiscal years by quickly conducting an assessment to rapidly identify process enhancements for improved decision making and resource use. In this paper, we will discuss the environmental factors affecting Federal CFOs as well as the principles and methods CFOs can leverage to build and enhance resource management capabilities to help their organizations better address competing priorities in the face of real-world resource constraints.

Federal Chief Financial Officers are faced with an important and expansive role of overseeing strategic planning, budget, risk management and performance management, as well as financial management and systems. As financial challenges and constraints place significant pressure on federal agencies, newly appointed CFOs must delicately manage their new roles.

Environmental factors affecting federal CFOs

Before sustainable progress can be realized, CFOs must understand the strategic, financial, and organizational intricacies of the agency they are charged with leading. This involves the need to:

Facilitate requests and adjustments of funding based on new strategic priorities

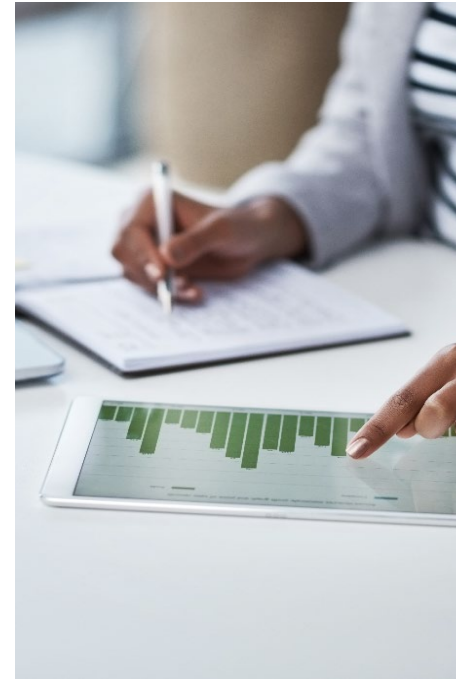
- What is the updated strategic plan and guidance from the Secretary?
- Are there any necessary budget cycle adjustments to be made?
- Is there any new standalone legislation that will impact priorities?

Review the current state of agency finances

- How is the budget distributed across components/programs?
- How has funding been executed across components and programs?
- Are there any structural budget challenges or shortfalls?

Understand the current budget processes

- How is strategy incorporated into the process?
- Is performance data used to assess program value?
- What is the balance of top-down vs bottom-up build?
- What risk management processes are incorporated into the process?



Realities of an organization's budget processes

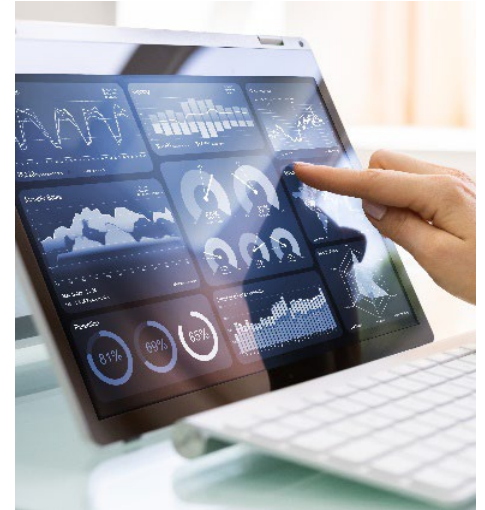
Most federal agencies have invested in improving their budgeting capabilities to include technology that improves process efficiency and introduces new budgeting approaches and frameworks (e.g., zero-based or PPB&E) that better align spend to priority areas in the organization. While these efforts typically yield incremental gains, they often fall short of transformational and lasting change. Notable factors that contribute to this are:

1. Insufficient focus on identifying and understanding key decisions made during the budgeting process, then designing a decision-making future state that informs the requirements for process and system changes.
2. Using teams that lack diversity in skills and experience across disciplines, beyond familiarity with just budgeting, to improve execution of necessary cross-functional tasks.
3. Limited access to or understanding of technology and/or tools that can accelerate project timelines, and advance analytical functions and reporting capabilities.
4. Slow or lengthy development cycles for solutions and/or tools that help increase output quality or reduce reporting timelines, resulting in limited access to information for decision making.

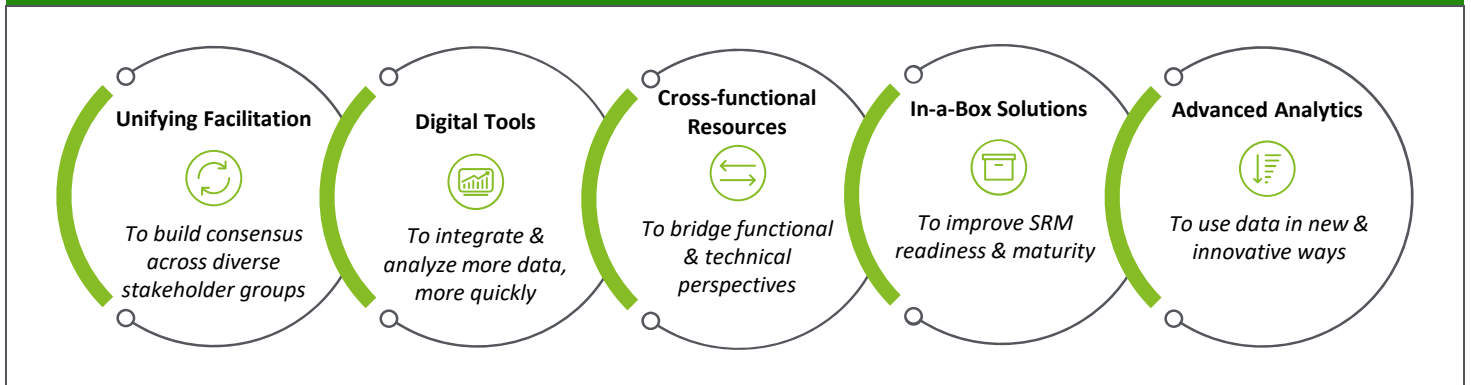
Strategic resource management

Key features

CFOs need a **tailorable methodology** that helps them improve resource decision making and maximize their organizations' value while facing fixed or declining budgets. Many organizations use outdated dashboards and other reporting tools that have limited utility. Many CFOs would benefit from utilizing the latest digital tools and advanced analytics to rapidly generate actionable insights from disparate data sets. It can be challenging to work effectively across finance, back-office, and mission functions to design and implement improved resource design-making without multidisciplinary approaches that can bridge functional and technical solutions to build consensus across these diverse stakeholder groups. Traditionally, if organizations lack a key input to resource decision-making, such as sound strategic guidance, useful performance measures, or linkages between costs and activities, it will take months or years to address the gap. CFOs can improve processes and operations by utilizing ready-made and quickly deployable solutions that leverage condensed versions of proven methods to deliver solutions in accelerated timeframes.



CFOs can transform and accelerate decision-making by integrating:



The Strategic Resource Management (SRM) methodology includes an established framework for **creating a more holistic picture of resource needs and the associated drivers**, such as strategy and risk, that should inform their requirements. To generate insights based on this framework in months, rather than years, CFOs can utilize a number of key features.

The latest technology for data analytics and decision support allows resource management teams to **quickly integrate and analyze large amounts of data that can be accessed by CFOs and other executives through intuitive and interactive tools**. Applying advanced analytics allows organizations to **overcome limitations of existing data and tap into previously underutilized information** such as legislation and testimony to account for real world factors.





At the heart of a mature SRM capability is cross-functional teams that can seamlessly **integrate financial management, analytical skills, traditional management consulting, and experience** to drive problem solving, find solutions, and make improvements for dynamic environments. These balanced teams can thoughtfully **challenge assumptions and provide incoming CFOs and other leaders with needed insights** that have been difficult to identify in the past. When appropriate, the teams can incorporate elements from a diverse set of disciplines including:

<ul style="list-style-type: none"> • Strategic Planning • Performance Management • Federal Financial Management 	<ul style="list-style-type: none"> • Budget/PPB&E Transformation • Technology Based Management (TBM) • Activity Based Costing (ABC) 	<ul style="list-style-type: none"> • Human Centered Design • Data Science & AI/ML • Change Management
--	--	--

Extracting the most valuable elements of these disciplines and delivering them as in-a-box solutions allows resource management teams to **rapidly address identified gaps within an organization** using mature capabilities in a cost-efficient manner. Effective stakeholder engagement is critical to the successful delivery of SRM projects, so teams will need to routinely facilitate well-planned working sessions to **build alignment and consensus across stakeholders** on key topics. Together, **these elements create a solution that facilitates Federal CFO success.**

SRM in action:



A federal organization’s agency-level decisions were not made by leveraging critical assets or inputs from across existing data sources, internal processes, and external factors due to the silos that they are collected and utilized. The organization successfully implemented **SRM to drive impact across the organization by:**

			
<p>Optimizing org structure</p> <p>2 months</p> <p>Created an operating model blueprint to demonstrate how the organization, leadership, staff, tools, and capabilities will support resource management and decision-making.</p> <p>Outcome: Improved enterprise leadership engagement and a clear delineation of roles and responsibilities</p>	<p>Institutionalizing decision making</p> <p>6 months</p> <p>Developed data analysis tools and dashboards that aggregated qualitative, risk, and financial information to provide executive leadership with a clear understanding of complex organizational factors to inform their budgetary strategic planning.</p> <p>Outcome: Enhanced understanding of resource needs and down-stream financial impacts</p>	<p>Converting data into action</p> <p>2 months per sprint</p> <p>Conducted focused pilots to develop enhancements for integrating data, performing analyses, forecasting costs, making financial trade-off decisions, and improving existing processes, functions, and tools (e.g., Legislative Affairs Dashboard).</p> <p>Outcome: Increased understanding and buy-in from stakeholders about the value of integrated data and analysis that set the stage for transformational change</p>	<p>Inciting long term change</p> <p>Ongoing</p> <p>Developed organized, repeatable processes and established an enterprise governance framework that provided the catalyst for the long-term process and system changes needed for sustained results in maximizing budgetary resources, understanding enterprise performance, and increasing enterprise risk resiliency.</p> <p>Outcome: Increased organizational efficiency to provide effective decision making</p>

Accelerating Impact

Discovery and Assessment Sprints

SRM is operationalized through 3-6 month Discovery and Assessment Sprints - providing an agile, iterative approach to quickly gather information, identify opportunities, and drive insights to enable process improvements. These Discovery and Assessment Sprints can help to accelerate CFO acclimation and aid in planning for future transformation, balancing quick wins with long-term progress.

Resource decision-making discovery & assessment 	Rapid insights 
<ul style="list-style-type: none"> • Understand current state of the organization • Clarify deal future state • Review existing process documentation • Interview various levels of stakeholders • Facilitate prioritization of enhancements 	<ul style="list-style-type: none"> • Develop analytics to augment current capabilities that helps the CFO and secretary better understand current financials • Helps in being responsive to immediate data calls and more informed for resource decisions

Based on the findings, the organization can determine next steps that could include sprint-based development and deployment of enhancements

With each new fiscal year, CFOs have a tough job in reevaluating priorities and reorganizing resources, but the challenges are not insurmountable if these headwinds are viewed as opportunities. SRM provides a rigorous yet agile methodology to assess budget processes, evaluate strategic planning and prioritization, and navigate budget execution management. Adopting and integrating Strategic Resource Management will enable CFOs to pivot their agencies to efficiently and effectively adapt to new priorities, deliver against them, and increase spend transparency to drive faster and better-informed decision making while supporting more defensible budget requests and enabling the achievement of strategic goals.

Deloitte Government & Public Services (GPS) CFO Insights are developed with the guidance of GPS CFO Program Leaders Alla Bishop, partner, Deloitte & Touche LLP; Cindy Stockman, specialist executive, Deloitte Consulting LLP; Natalie Samuel, senior manager, Deloitte & Touche LLP; Feyi Garber, senior manager, Deloitte & Touche LLP; Blake Covington, senior manager, Deloitte Consulting LLP; GPS CFO Insights Program Manager Eric Rose, specialist leader.

For more information about Deloitte's GPS CFO Program, visit www.deloitte.com/us/federalcfo.

Want to learn more?



Christie Johnson
Principal | Finance and Enterprise Performance
chrijohnson@deloitte.com



Clinton Pfister
Specialist Leader | Finance and Enterprise Performance
cpfister@deloitte.com



Josh Mathis
Senior Manager | Finance and Enterprise Performance
jmathis@deloitte.com

Deloitte is a global organization composed of independent firms throughout the world that provide audit and assurance, consulting, financial advisory, risk advisory, tax and related services to select clients. These firms are members of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). Each Deloitte firm provides services in particular geographic areas and is subject to the laws and professional regulations of the particular jurisdiction or jurisdiction in which it operates. DTTL (also referred to as “Deloitte Global”) does not provide services to clients.

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor.

Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

Copyright © 2022 Deloitte Development LLC. All rights reserved.