



More than just a number

Finance transformation in the
Middle East



The finance industry, in the Middle East in particular, is going through a major transformation phase where Chief Finance Officers (CFOs) are constantly looking for ways to radically improve business performance.

What is Finance Transformation?

Finance executives today must take a broader range of responsibilities than existed in their traditional role as corporate accountant, including the effectiveness of the finance function, quality and consistency of the information and data, finance talent management, internal controls and corporate governance and business performance management. In a nutshell, the role of the corporate executives is to ensure that they have effective people, process and technology in place to be successful and competitive in the market.

Finance Transformation enables CFOs and finance executives to radically improve business performance. By streamlining management information to improve operational effectiveness and decision-making, the world-class finance function can be a significant driver of shareholder value. It is important to remember that Finance Transformation is not a one-size-fits-all solution and it doesn't always mean a massive overhaul of the Finance function. Successful transformation can be achieved by addressing shorter-term initiatives that remain true to the longer-term vision of finance and the organization as a whole.

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Finance Transformation is an "umbrella" set of services to help CFOs and finance organizations improve the capabilities in the various roles they play in order to effectively generate and preserve value.

There are a number of challenges that should be considered by the CFO when defining a Finance Transformation agenda. These challenges include ensuring that the accounting, risk and control processes are compliant and provide accurate, timely and useful information. An important challenge faced by the CFO is stakeholder management and talent retention. How does a CFO serve the needs of different stakeholders and how does she attract, develop and retain the talent required to fulfill the Finance function's mission?

The key challenges faced by the CFOs include:



The four faces of the CFO—a global perspective

CFOs play a key role in managing external stakeholder expectations to confirm alignment of investors’ and management’s views on the value of the business. There are four key roles that the CFO and finance organizations need to play: Strategist, Catalyst, Operator, and Steward (see chart.) This forms the basic framework in evaluating finance function capabilities.

It is vital for the CFO to understand the finance function’s overall capability to effectively serve the four key roles and utilize the most effective operating model to deliver these capabilities at benchmark cost to stay competitive.

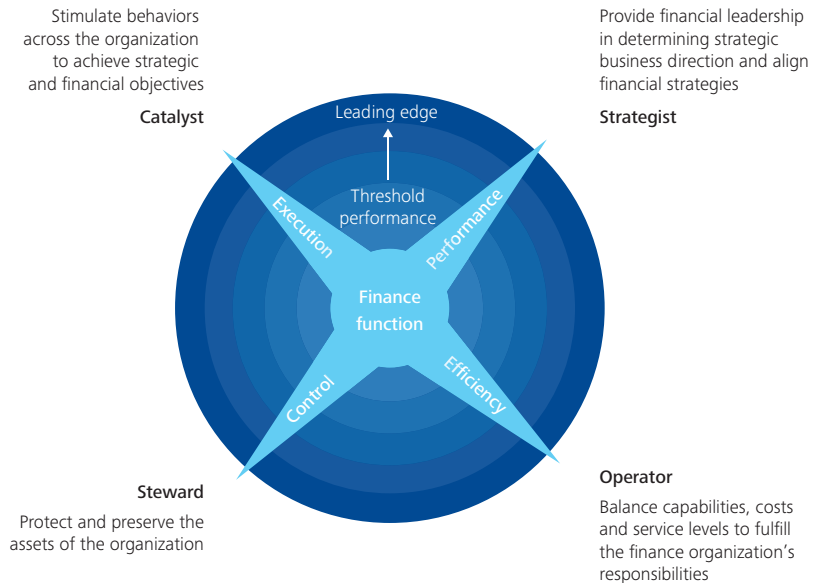
When is Finance Transformation required?

A Finance function’s processes, talent, systems, policies, and organization are used as the enablers to deliver value to the enterprise. Finance Transformation:

- Focuses on addressing issues and opportunities within a finance function to improve efficiency and effectiveness in order to more effectively collaborate with the business, and to deliver value to the companies and shareholders they serve.
- Focuses on identifying opportunities for finance functions to create value across core drivers such as strategy and execution, governance, risk and capital, performance and decisions, and closing and transaction processes.

As the Middle East market grows rapidly, the need for a Finance department that moves beyond number crunching to a more proactive role of streamlining business processes to continually improve both quality and effectiveness becomes more evident. But as the CFO dons the many hats required for a Finance Transformation initiative, it is important for him to maintain the key balance between serving the needs of the stakeholders and preserving value and competitiveness.

By **Gabriel Mustafa**, senior manager, Consulting, Deloitte Middle East



Drivers of Finance Transformation

