

Deloitte.



CFO: Transform from "Adding Up" to "Adding Value"

4 October 2018

**Finance Business Partnering is
existing for more than 50 years...**

What's changing now?

Evolved need for a Finance Business Partner in a rapidly changing business environment

With constant change and disruption in the business landscape, Finance must be prepared to rapidly transform and evolve its Finance capabilities to drive impact



The Business is expecting new things from its Finance Business Partners

- Truly understand the business and its operations
- Bring financial insight and challenge to help address its problems
- Be agile, insightful, and proactive in how you engage

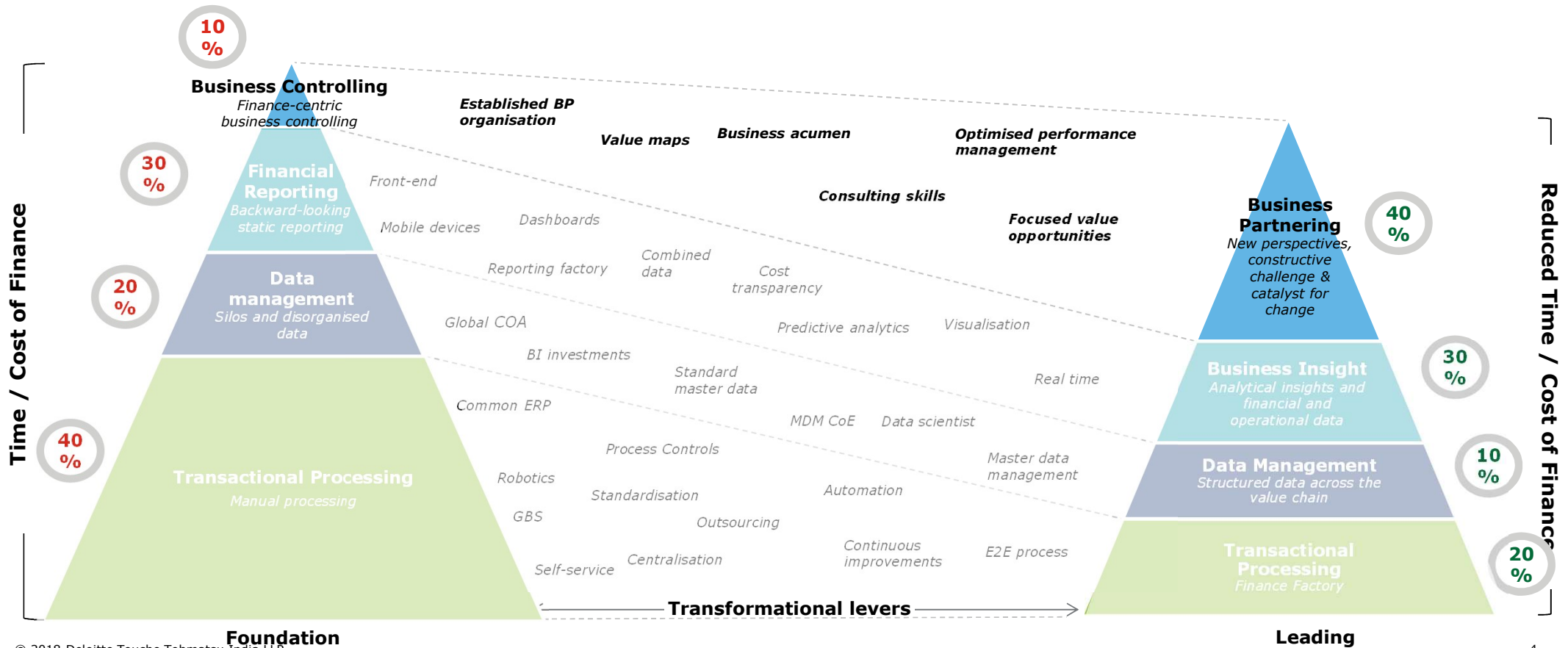
Process improvements, technology optimisation and cost savings are no longer enough. It's no longer about incremental improvement.
It's about enabling the business strategy through large scale finance transformations

The new finish line: Business Impact

How is finance responding to the new requirements?

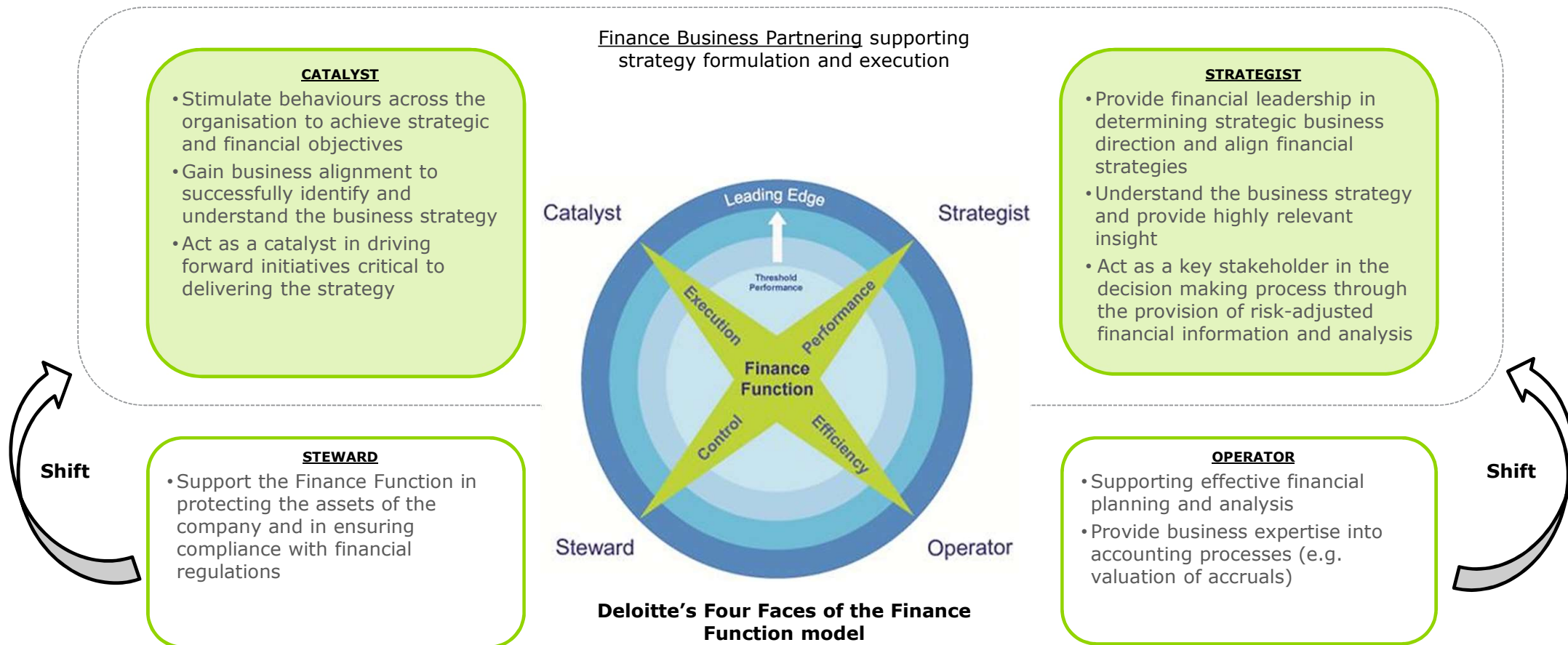
The composition of finance is likely to change significantly in the years to come

Finance will have to evolve from Business Controller to Business Partner to meet the previous needs



What is Finance Business Partnering?

Finance Business Partnering is more than a role description; it refers to all activities that the Finance function carries out to support business decision making in order to increase business value.



What enables effective business partnering

Structure

- Degree of decentralization
- Dotted reporting to business heads
- Co-located with business teams
- Develop network and trust by working on cross-departmental project



Skill

- Commercial acumen/ Decision making
- Challenge, Negotiation & Influence
- Analytical capability
- Relationship management
- Strategic Thinking



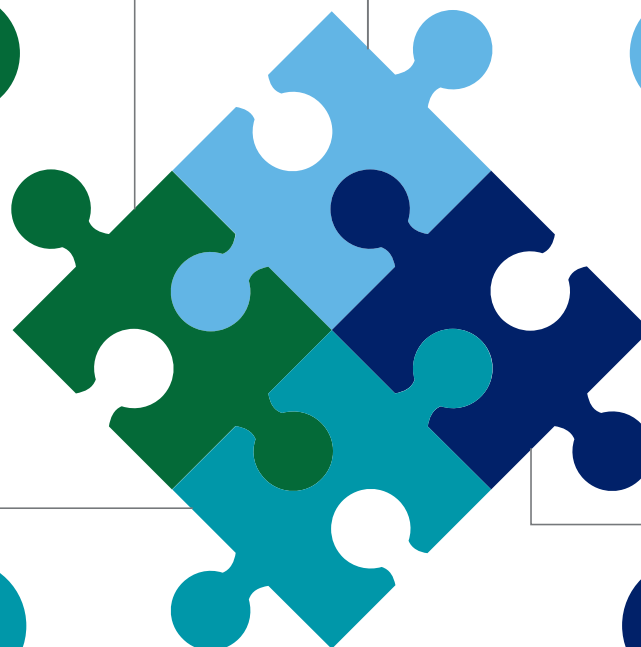
System

- Involvement of Finance in system and process design projects
- Right balance between comprehensiveness and achievability
- Understanding current state or reality of organization systems/ processes



Business demand

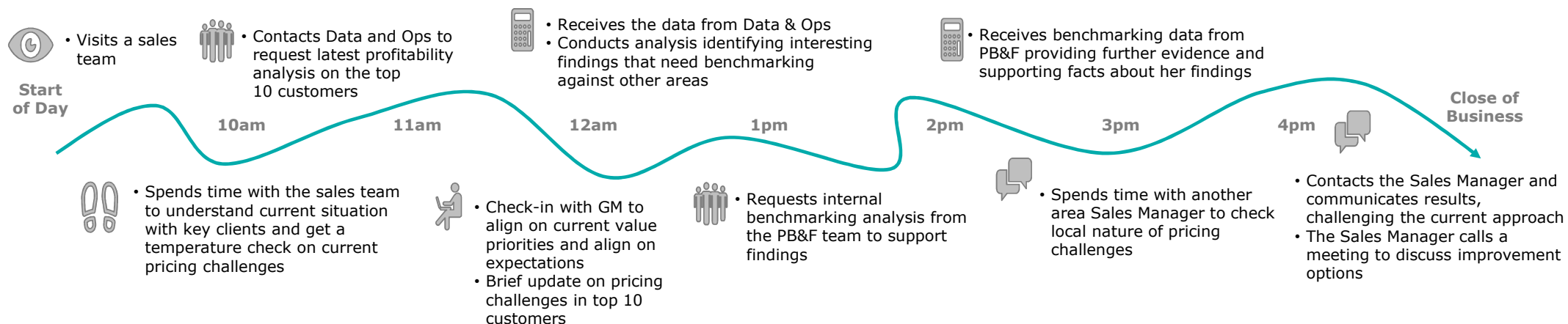
- Solving a key business problem to generate business demand
- Overcoming concerns hampering business demand
- Introducing business oriented finance tools and techniques



Typical finance business partner's day



Illustrative Day for a finance business partner...






Typical Behaviours Illustrated during the day



What does the future look like?

Real-time scenario planning, forecasting and analytical capabilities will position **finance leaders as highly valuable business partners** and substantially evolve the organization's ability to make decisions enabled by disruptive technology

	 Automated Business Planning	 Insight Driven Organization (IDO)	 Personalized Cognitive Reporting
Reimagined Process	<ul style="list-style-type: none"> Business planning processes will become 40-60% efficient due to reduced planning cycles Integrated business planning that leverages cross business data and predictive & prescriptive analytics 	<ul style="list-style-type: none"> More than 80% of Fortune 500 companies will be an insight driven organization to retain competitive advantage Organizations will reduce decision making cost by 30% 	<ul style="list-style-type: none"> Reports auto-pushed to end-users on mobile devices based Reporting tailored by each user's role to minimize fog of reports and metrics
Technology Enablers	<ul style="list-style-type: none"> Cognitive solutions will determine an expected future outcome using pattern recognition and algorithms Big Data will provide the data points critical to optimize understanding of relationships Synchronized common information and data models 	<ul style="list-style-type: none"> Internet of Things will make things become more innovative Big Data leveraging mobile, cloud, & cognitive solutions to add granularity to better understand business performance Data & speed required to automate decisions through cognitive 	<ul style="list-style-type: none"> Over 90% of organizations will use data visualization tools to ease decision-making 80-90% of organizations will use Cloud/Mobile platforms to disseminate reporting
Redefined Talent	<ul style="list-style-type: none"> Virtual work forces and crowdsourcing information to predict trends that impact planning Data scientists will emerge as the most valued role in the Finance organization Job satisfaction and improved workforce retention for millennials 	<ul style="list-style-type: none"> CFO and CIO will champion IDO around the boardroom table to set the vision Crowdsourcing to enable best-of-breed across organization Data scientists, statisticians, predictive analysts, and BI analysts will emerge as the most valued role 	<ul style="list-style-type: none"> Talent will upskill to action upon data and reports in real-time Virtual work teams and networks will formulate around problem solving, rather than functions

Snippets of how companies are increasing business partnering quotient



Global healthcare company

- ❑ Finance used predictive analytical models to forecast sales
- ❑ Forecasted numbers are compared to bottom up numbers provided by sales team
- ❑ Sales numbers are challenged in a meaningful way to increase budget/forecast accuracy



Consumer Electrical goods company

- ❑ Finance controller and FP&A team conducts market visits every month
- ❑ Finance understands business drivers and takes part in deal negotiations



Financial services company

- ❑ Finance helps negotiate for cheaper liquidity
- ❑ Finance SSC conducts pre-close calls in few regions with business
- ❑ Increasing scope of COE – services such as *predictive modelling, pricing analytics, cause & effect analysis*



Agri-business company

- ❑ Combined ownership of P&L by CEO and CFO
- ❑ Finance controller gives joint presentation of budget to business heads

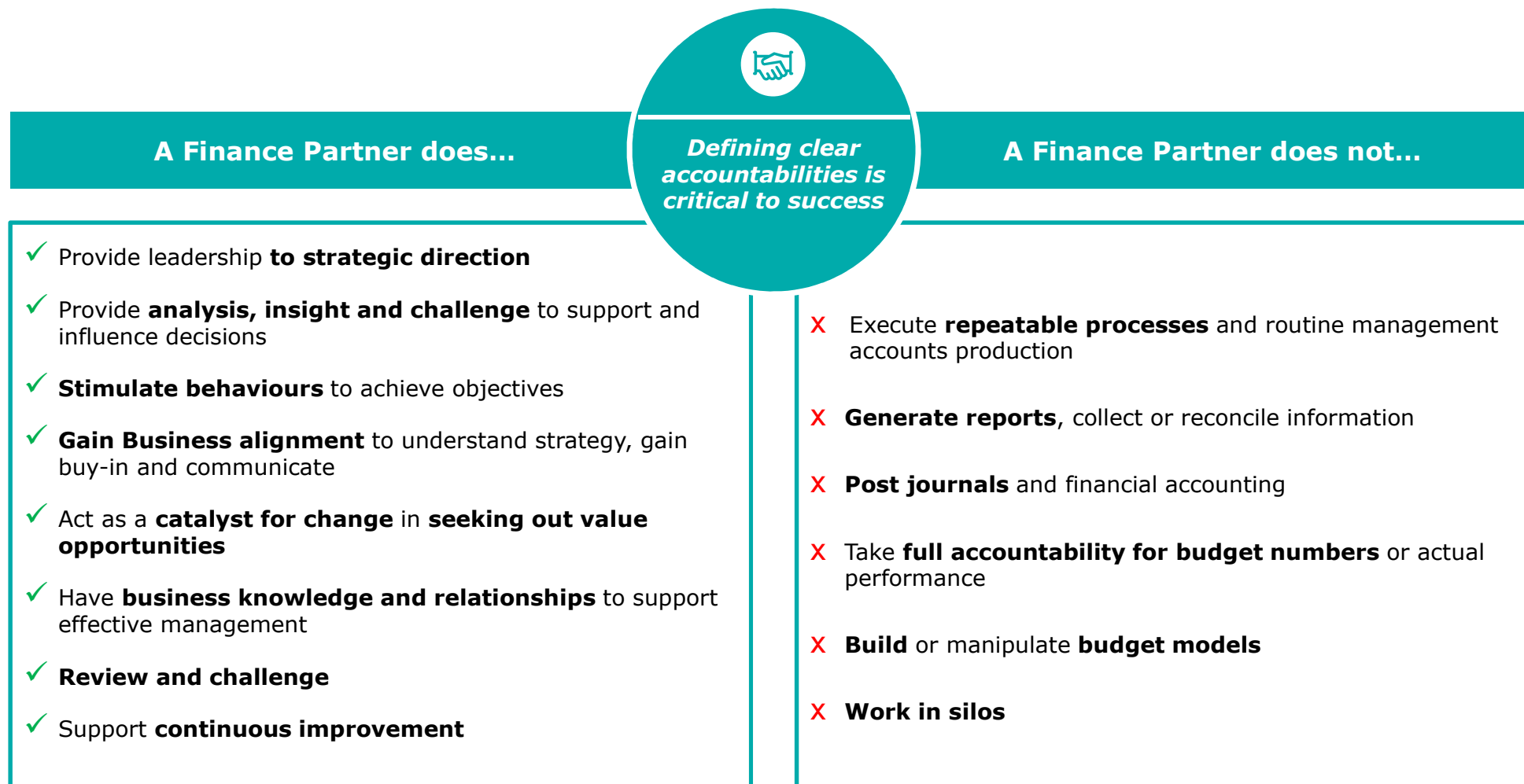


Leading telecom company

- ❑ Conduct financial analysis of new product launch
- ❑ Analyzing quality and stickiness of revenue being booked every month

Appendix

What do Finance Partners do?



Measuring the progress of the Finance Partner Journey

- A large portion of your work is focused on **operational duties**
- You **struggle to have an impact** on the business
- You **rely heavily on MS Excel** to report and analyze information
- It is **not clear** in the organization where your **roles** starts nor ends
- You **lack insight** in the drivers of your business
- The Finance organisation is oriented towards **providing a correct financial view** of the company
- You are **not having the right competencies** in your team to play a more prominent role

- You spend your time on **strategic tasks that** target to achieve the top business priorities
- You **clearly measure and communicate** the value you bring
- You effectively **deliver** against aligned Finance & Business objectives
- You have **access to intelligent tools** to analyze financial and operational information
- You are regarded as **part of the top talent pool** in the organization
- The Finance organization is **business oriented**
- When the business faces an unexpected crisis, your team is **called in at the first meeting** to address it



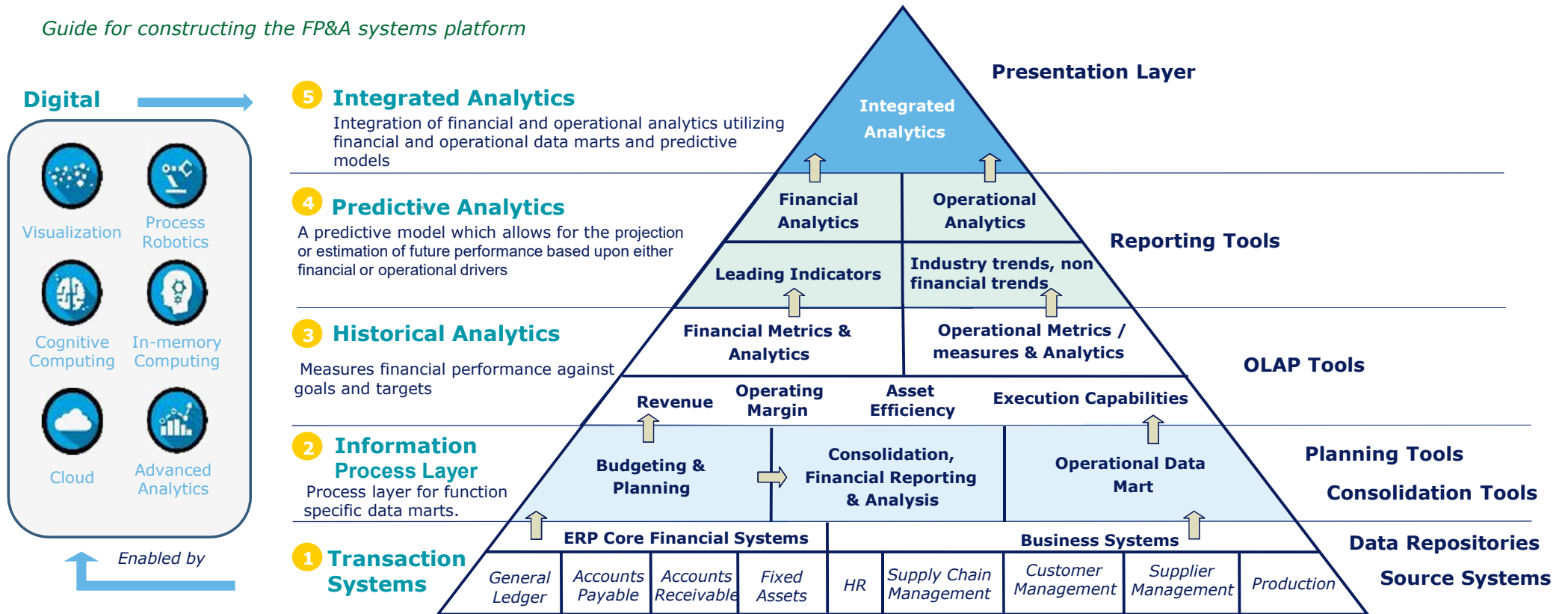
Lagging Business Partner

Leading Business Partner

Leading Technology platform

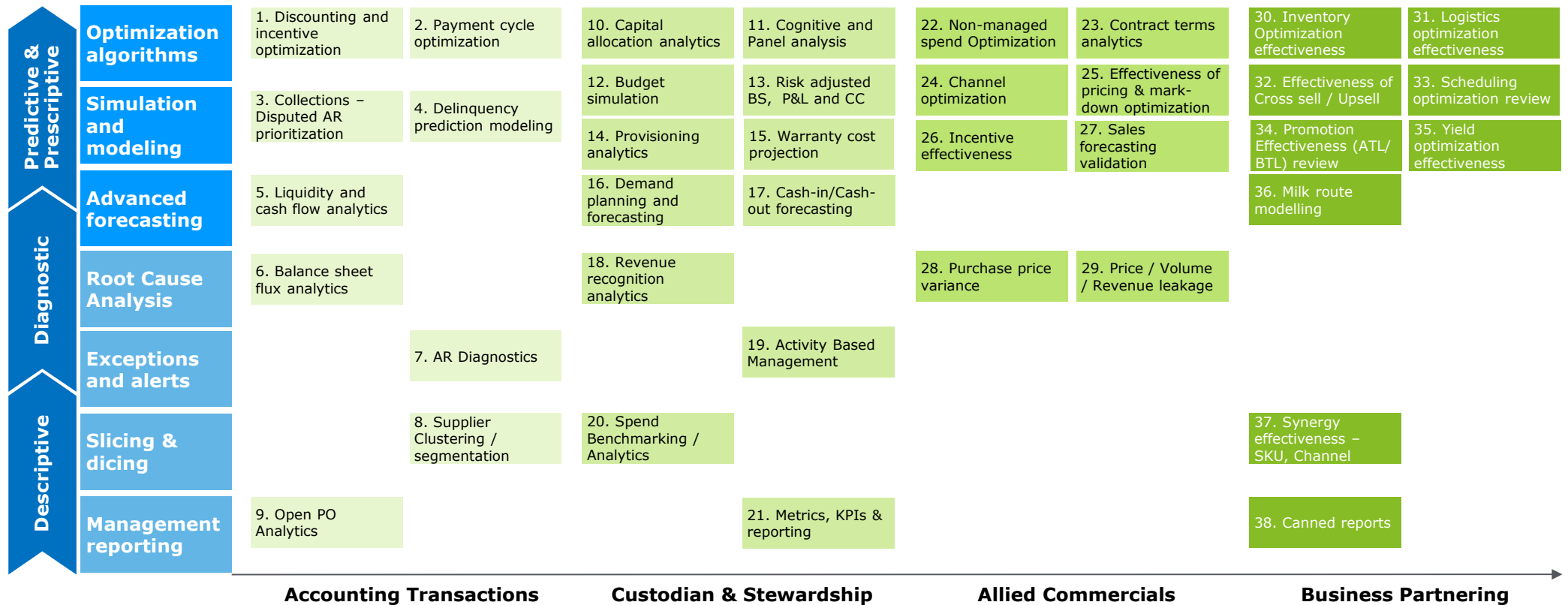
The foundation of leading FP&A practice is a clearly defined **information model** to ensure **consistent, relevant, accurate, and timely information** to the business units and markets

Guide for constructing the FP&A systems platform



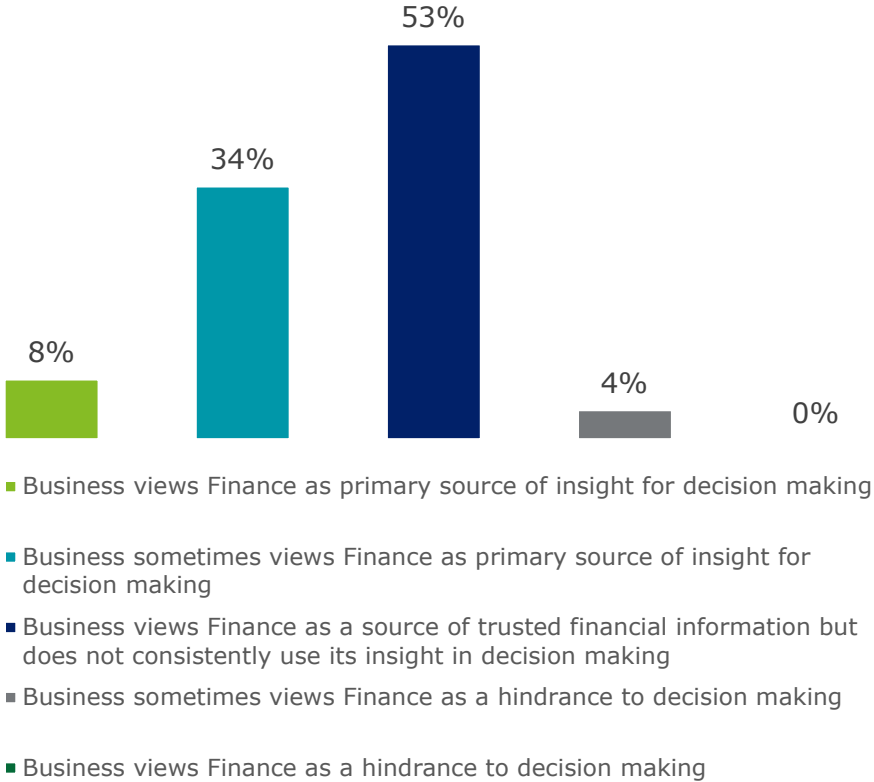
Analytics for Finance

Leverage analytics to drive value across the organization



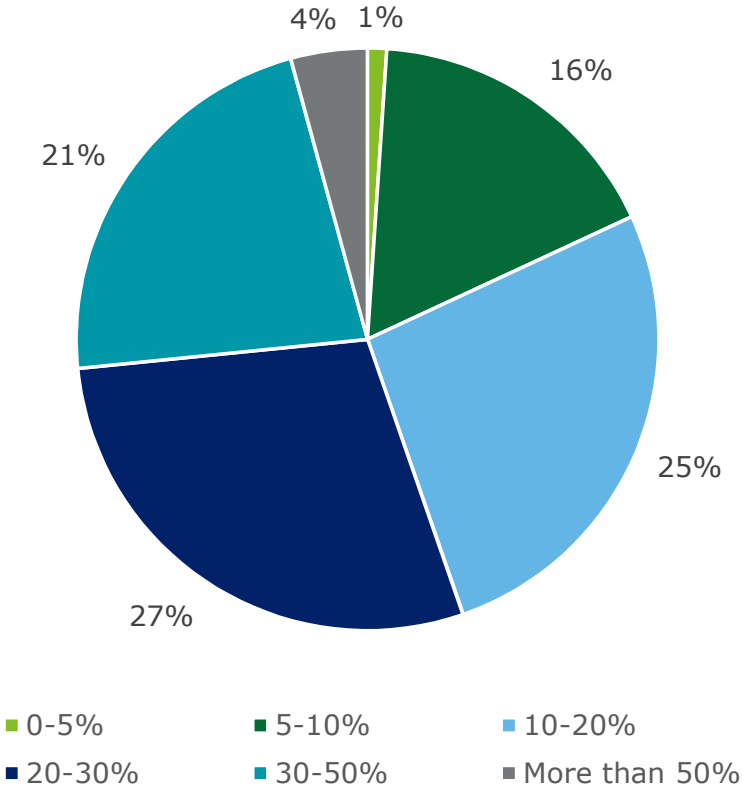
Deloitte survey results

Organizational perception of Finance



Source : Deloitte UK survey (n=75)

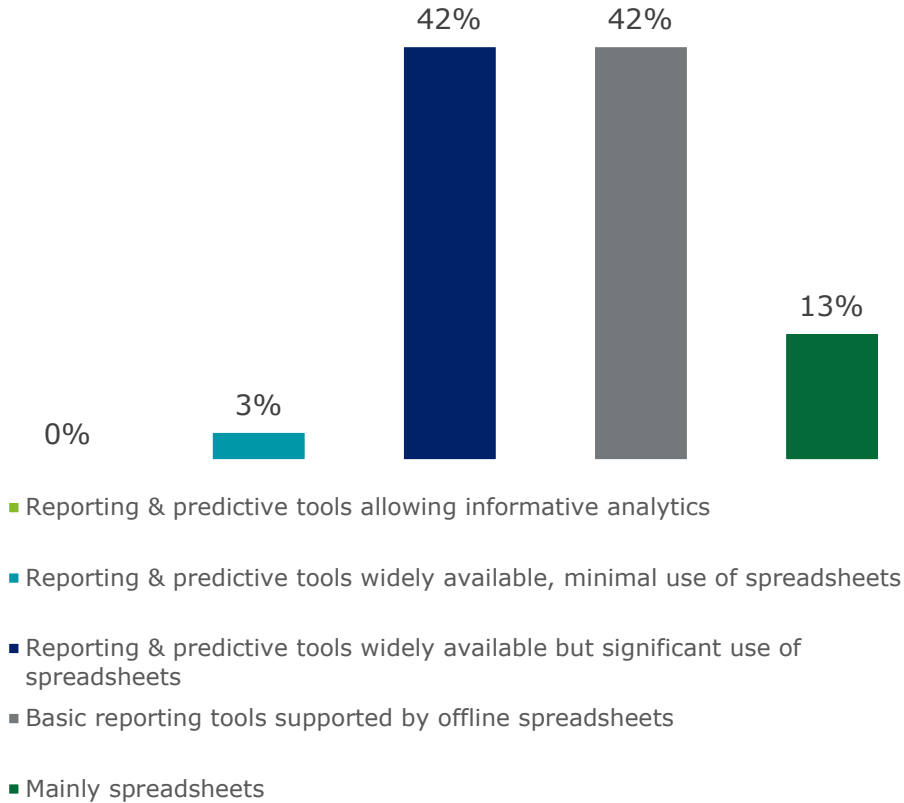
Time spent on finance business partnering today



Source : Deloitte UK survey (n=73)

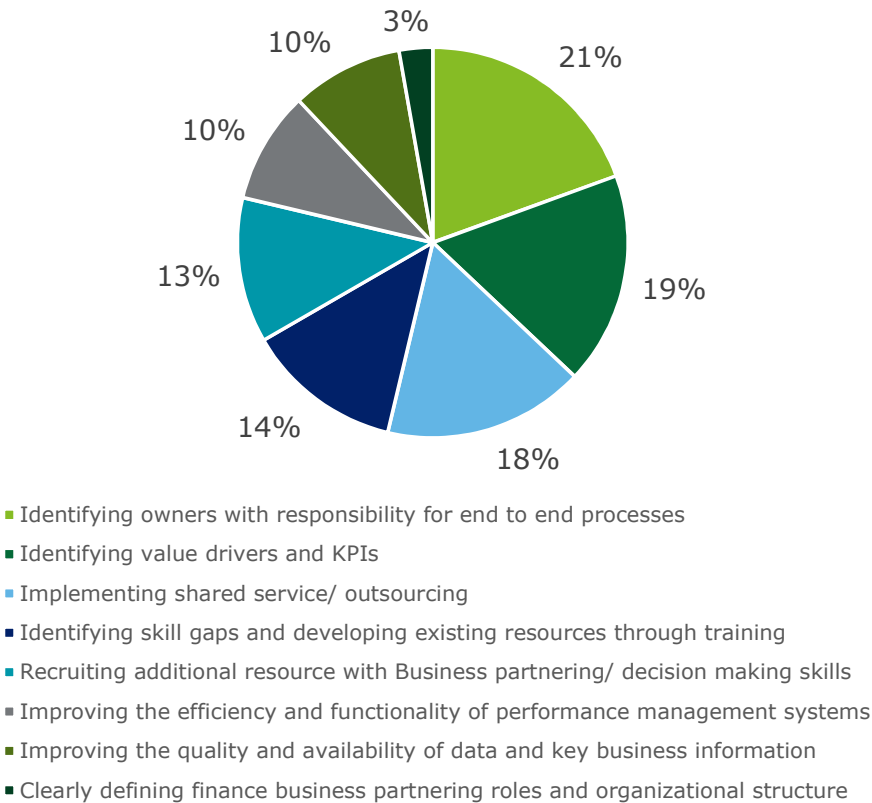
Deloitte survey results

Level of system support



Source : Deloitte UK survey (n=71)

Current initiatives to support business partnering



Source : Deloitte UK survey (n=63)