



Developing insightful  
management reporting  
Opportunities and  
challenges for CFOs



# Foreword

Welcome to our new report examining the opportunities and challenges CFOs face when developing insightful management reporting and analysis.

Having worked with numerous global organisations over many years it is clear that many senior finance executives and their counterparts in the business are dissatisfied with the presentation, detail and effort required to create management reports.

Finance leaders often struggle to pinpoint the exact cause of their dissatisfaction and to determine what is required to fix the underlying problems. Poor data quality, ineffective technology and talent shortages are regularly cited as issues. They are fundamentally interlinked and prioritising them can be challenging.

In an effort to understand these challenges better Deloitte carried out an in-depth survey of over 600 senior finance professionals from around the world and from all industries.

Survey responses suggest that data governance remains a challenge for many organisations. This can undermine the quality and accuracy of finance outputs and results in time-consuming duplication and manual manipulation.

Many technologies can be implemented to aid reporting and analysis. There is increased availability of data discovery and visualisation tools that enable finance staff to turn information into insights and to quickly communicate them to stakeholders. However, survey findings indicate that in over a third of organisations technology does not support effective performance management.

Challenges remain around the skills available to finance and the behaviours that are encouraged among finance professionals. Many CFOs tell Deloitte of their growing struggles to find the right candidates for financial planning and analysis, and business partnering roles. Survey respondents overwhelmingly recognise this skills gap.

We would like to thank the 614 senior finance executives who participated in our survey. We hope you find our insights thought-provoking and useful, and welcome your feedback.



**Rolf Epstein**  
Partner, Lead Finance Consulting Germany





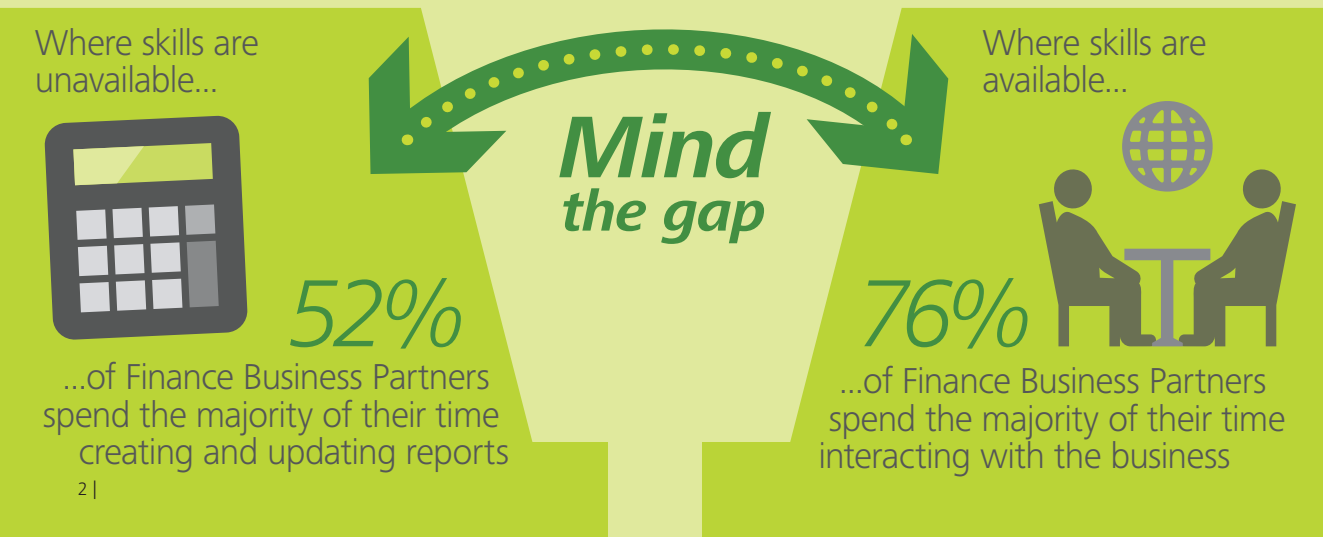
*Good data quality is the foundation for insightful management reporting*



Having **technology** that supports performance management means Finance Business Partners can focus on higher value activities...



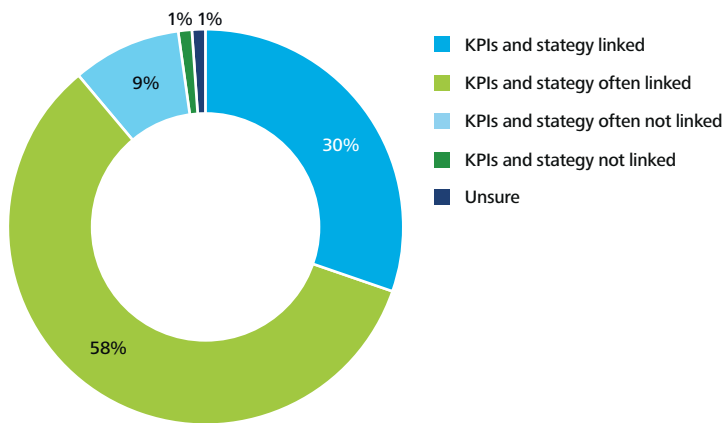
In organisations where **skills are unavailable**, Finance Business Partners are more likely to spend their time on lower value activities...



# Monitor the right KPIs to understand business performance

Organisations that identify a direct link between Key Performance Indicators (KPIs) and their strategy typically have a better record of execution. However, it is not just the link that makes this effective. It is the tracking and monitoring of underlying measures that make up the KPI that truly determines success. Ideally a number of measures are tracked and monitored at a granular level, which are combined to have a direct impact on the strategy level KPI.

Figure 1. Link between KPIs and business strategy, percentage of respondents

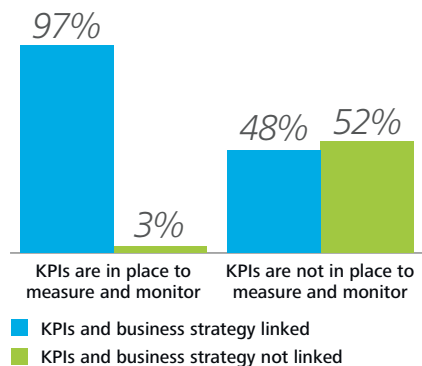


Source: Deloitte analysis

n = 614

Survey respondents overwhelmingly affirm that there is a clear link between KPIs they measure and the business strategy. However, where there is no link between KPIs and the business strategy, key management questions are more likely to remain unanswered.

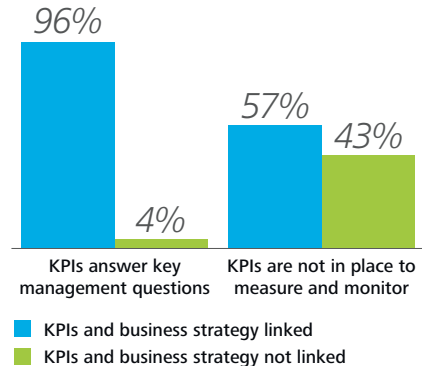
Figure 2. KPIs monitor and link to strategy, percentage of respondents



Source: Deloitte analysis

n = 600

Figure 3. KPIs answer key management questions and link to strategy, percentage of respondents



Source: Deloitte analysis

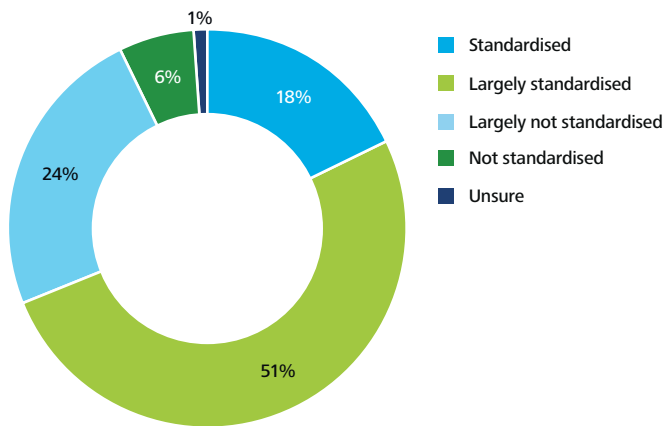
n = 596

**Deloitte’s view** – Organisations should continuously review their KPIs against their business strategy and ensure that when a change in the strategy takes place, a KPI review also occurs. This allows finance to maintain a strong understanding of business strategy and to intervene as required.

# Standardise management reporting to support strategy execution

Deloitte’s survey found that most respondents provide core management reports that are standardised across business units and management teams. However, 30 per cent of finance functions do not provide standardised reports. Management reports are a combination of detail, commentary and exception reporting. They should clearly articulate the areas that teams should focus on by showing where the exceptions exist. The report should then allow sufficient ‘drill-down’ to help the business leaders understand the cause of the exception and enable the creation of a plan to address the issue. Standardisation allows for there to be one accepted ‘version of the truth’. However, in many cases management teams do not receive standardised management reports because ‘that is the way it is always done’ or because finance has not fully articulated the benefits of standardisation.

Figure 4. Data quality assessment, percentage of respondents

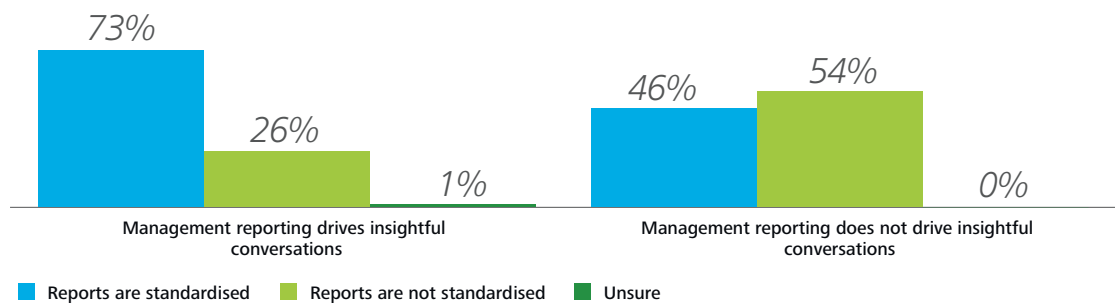


Source: Deloitte analysis

n = 614

In organisations where core management reports are standardised it is significantly more likely that these reports will be used to drive focused and insightful conversations in leadership meetings. Seventy-three per cent of respondents indicate that the management reports provided by finance are standardised and do drive insightful conversations. However, 54 per cent of respondents indicated that reports are not standardised and that they do not support insightful conversations. There are still instances where standardisation does not drive focussed discussions in leadership meetings. This is often because finance is seen as the source of trusted financial information but not a provider of judgement-based insights that challenges the assumptions of leadership.

Figure 5. Standardisation and the use of management reports to drive insightful leadership conversations, percentage of respondents



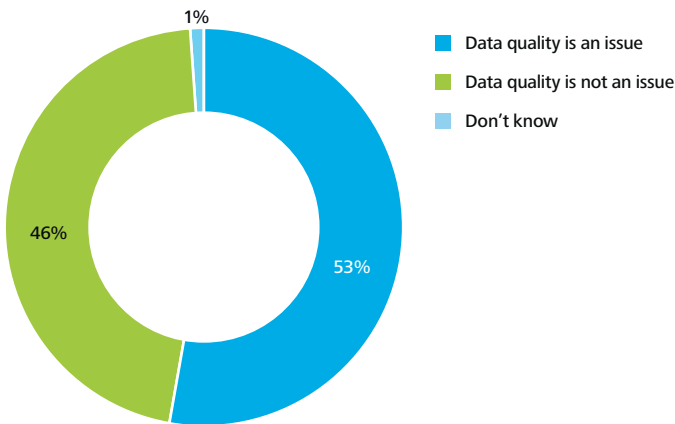
Source: Deloitte analysis

n = 599

# Improve data quality to build the foundations of insightful management reporting

Fifty-three per cent of survey respondents indicated that data quality is recognised as a problem in their organisations. In 78 per cent of those organisations the issue is also recognised by senior leadership. High performing finance functions recognise when data quality is a problem within their organisation, and have the appropriate executive sponsorship to put in place the necessary processes and governance structures that help identify and resolve the issues.

Figure 6. Data quality assessment, percentage of respondents

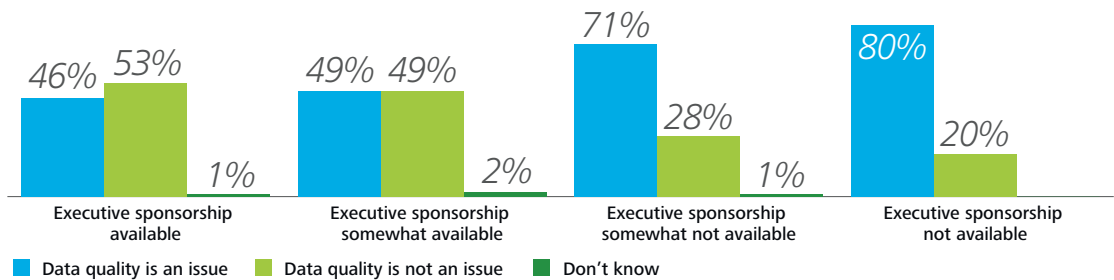


Source: Deloitte analysis

n = 614

Survey respondents indicated that where executive sponsorship is not available it is much more likely that poor data quality impacts management reporting and analysis as well as other finance activities. Even where executive sponsorship is available data quality remains a significant problem that often requires a multi-functional and multi-dimensional solution that changes staff culture, technology toolsets and processes.

Figure 7. Data quality assessment by availability of executive sponsorship, percentage of respondents



Source: Deloitte analysis

n = 586

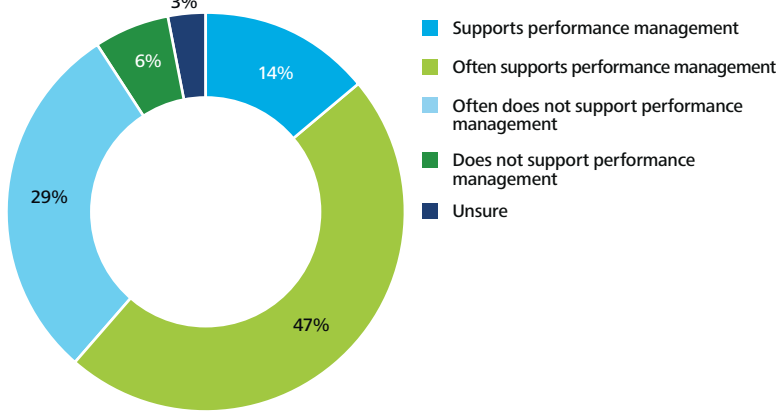
**Deloitte's view** – If an organisation has an issue with data quality, this should be made visible at the highest level. With the amount of data available for analysis growing, it is important that executives ensure that data quality is continuously monitored and assessed.

# Utilise technology to build the foundations of insightful management reporting

Technology is often used as a key enabler to improve the effectiveness and efficiency of the finance function. Collecting, aggregating and analysing data via the ubiquitous spreadsheet continues to constrain the management reporting activities of many organisations. However, data visualisation tools and other analytical software offer an opportunity to communicate insights more effectively and improve decision-making in the business.

Performance management tools can be integrated to allow for powerful and effective reporting and analysis. Many tools are flexible enough to adapt to business changes quickly. Sixty-two per cent of respondents believe that the finance technology in their organisations supports efficient and effective performance management.

**Figure 8. Technology support for efficient and effective performance management, percentage of respondents**



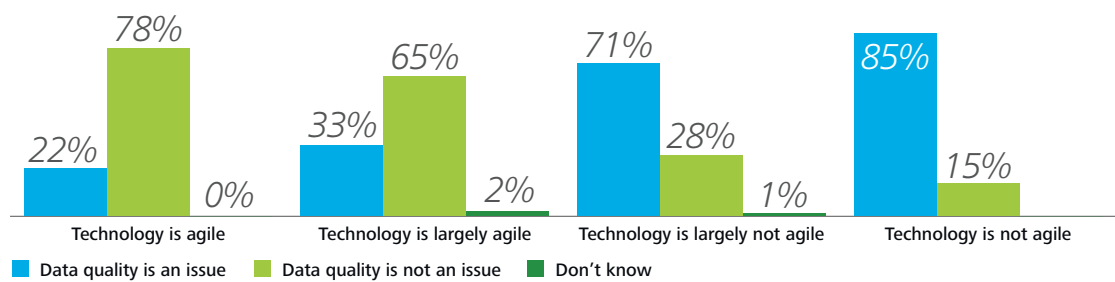
Source: Deloitte analysis

n = 614

The ability to exploit technology is closely linked with the issue of data quality. The effective use of technology and high standards of data quality are the basis for impactful management reporting. They are inextricably linked. It is difficult to get the most out of technology without good data and it is often difficult to achieve high standards of data quality without help from technology.

Where an organisation’s technology is not perceived to be agile it is more likely that data quality is also a recognised issue. Similarly, in organisations where data quality is not an issue technology is much more likely to support effective performance management.

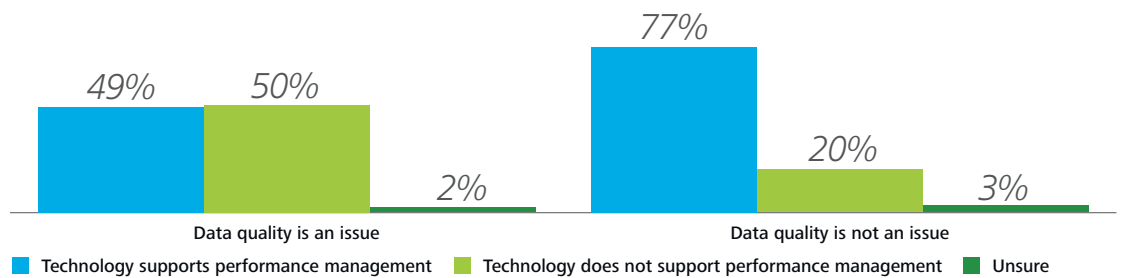
**Figure 9. Data quality and agility of technology to adapt to organisational changes, percentage of respondents**



Source: Deloitte analysis

n = 599

Figure 10. Data quality and technology support for efficient and effective performance management, percentage of respondents

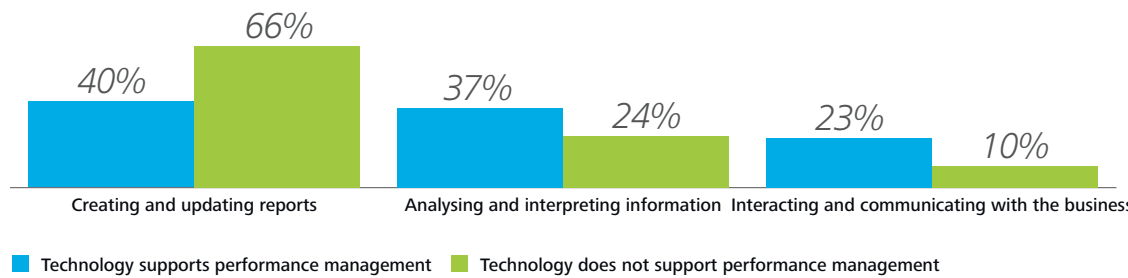


Source: Deloitte analysis

n = 605

In organisations where Finance Business Partners spend the majority of their time interacting with business stakeholders it is much more likely that the technology suite available to finance supports performance management. Technology, especially analytical and visualisation technologies, can remove the need to manipulate data manually. This frees Finance Business Partners to spend more time articulating their findings rather than repurposing data analysis using spreadsheets.

Figure 11. Technology support for efficient and effective performance management by time spent, percentage of respondents



Source: Deloitte analysis

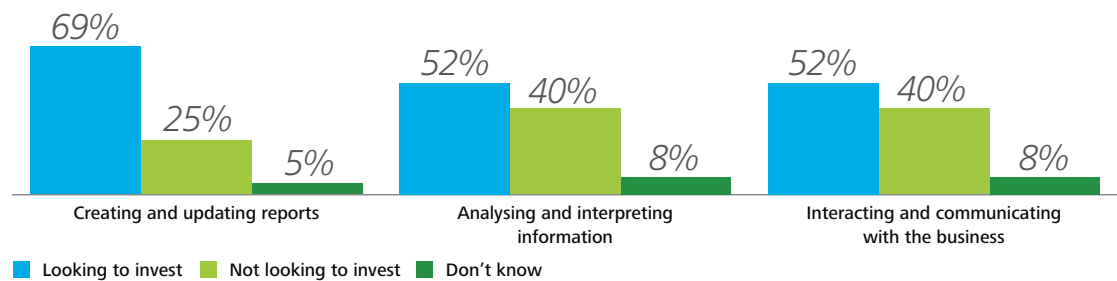
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**Deloitte’s view** – Finance’s ability to provide insights to the business is dependent on its ability to ‘do the basics’. Inadequate technology and poor data can inhibit this. The issue is that it is not always clear what the root cause is – is it the technology or the quality of the underlying data? In our experience, poor data quality and ineffective data management are often the key contributing factors in these situations. Many organisations are using reporting tools and data visualisation dashboards. However, if the issues with the underlying data are not resolved there is a risk that the inadequacies previously found in spreadsheets are replicated in the newly implemented technology. As such, data quality should be a priority during technology investment conversations.

# Future investment in technology to support management reporting

Organisations tend to review their toolset regularly and are aware of the latest developments in the marketplace. Many finance functions have invested or are planning to invest in integrated reporting tools that allow for multi-dimensional analytical views and ‘drill-down’ functionalities that enable the lowest level of detail to be assessed. In addition, new data discovery and visualisation capabilities allow end-users (not just finance professionals) to explore, analyse and visualise information. A majority of all organisations are looking to invest in new analytical and visualisation technologies. Those organisations where their Finance Business Partners spend the majority of their time creating and updating reports are more likely to invest.

Figure 12. Future technology investment and where Finance Business Partners currently spend the majority of their time, percentage of respondents

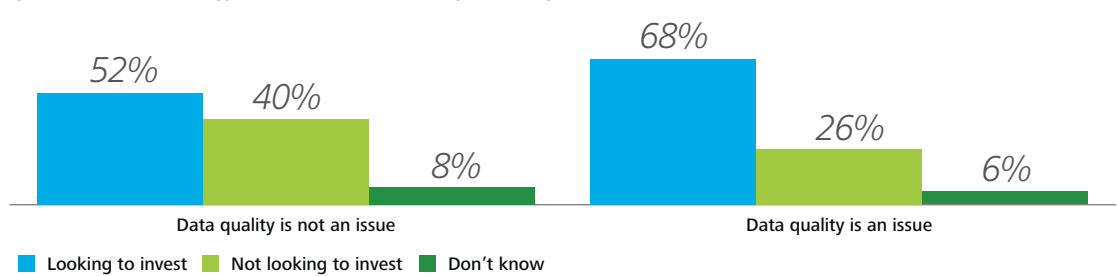


Source: Deloitte analysis

n = 604

Similarly, respondents indicated that they are more likely to invest in new analytical and visualisation technologies when data quality is a recognised issue. However, technology should not be viewed as a panacea. Data quality issues will remain if underlying cultural, organisational and process issues are not addressed.

Figure 13. Future technology investment and data quality, percentage of respondents



Source: Deloitte analysis

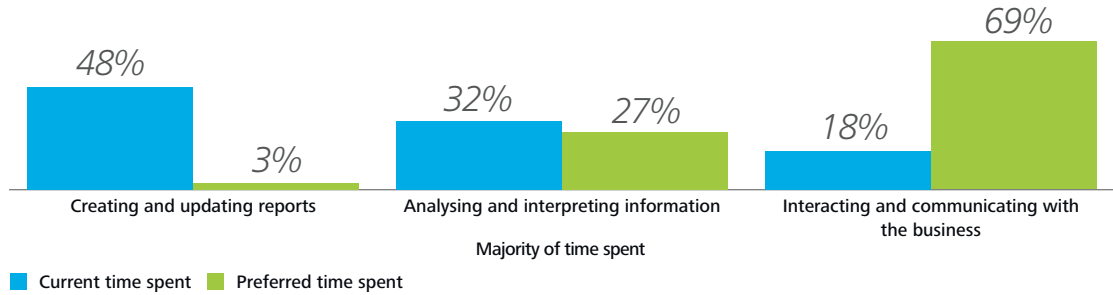
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# Build the right management reporting capabilities

Effective Finance Business Partners spend time interacting and communicating with the business, providing insight and successfully contributing to organisational performance. This can include activities such as strategy formulation, commercial decision-making and negotiation, and leading on in-depth business analysis.

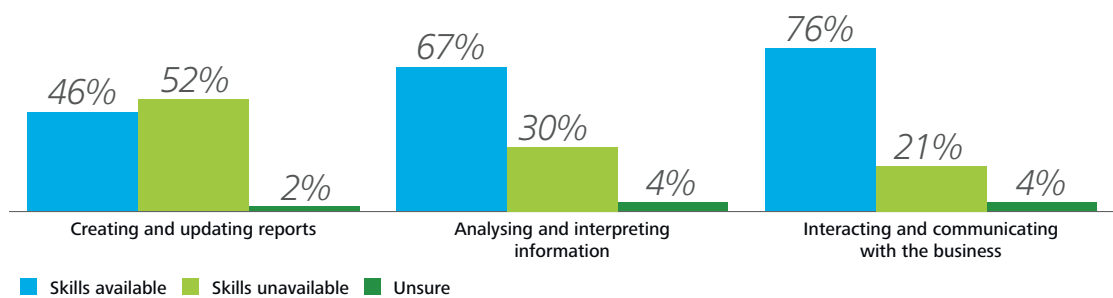
In almost half of organisations, Finance Business Partners spend the majority of their time creating and updating reports. Less than 20 per cent of respondents indicate that their Finance Business Partners currently spend the majority of their time interacting with stakeholders in the business. However, finance leaders would prefer for this time distribution to be reversed with Finance Business Partners spending considerably less time creating reports and significantly more time on business-facing activities.

Figure 14. Current and future time spent of Finance Business Partners, percentage of respondents



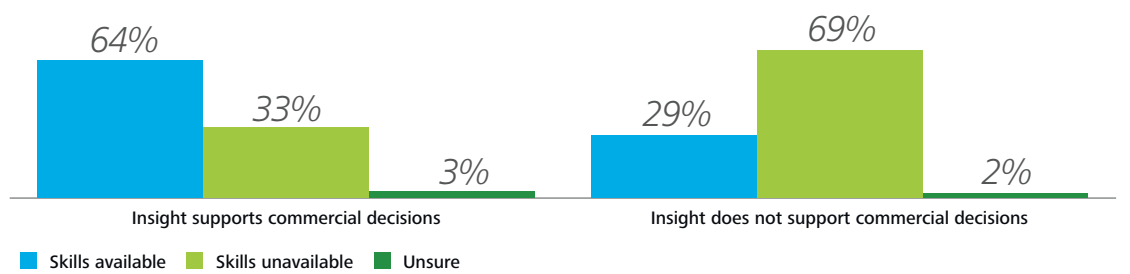
Source: Deloitte analysis n = 613

Figure 15. Availability of analytical skills and where Finance Business Partners spend the majority of their time, percentage of respondents



Source: Deloitte analysis n = 604

Figure 16. Availability of analytical skills and finance's ability to produce insights, percentage of respondents

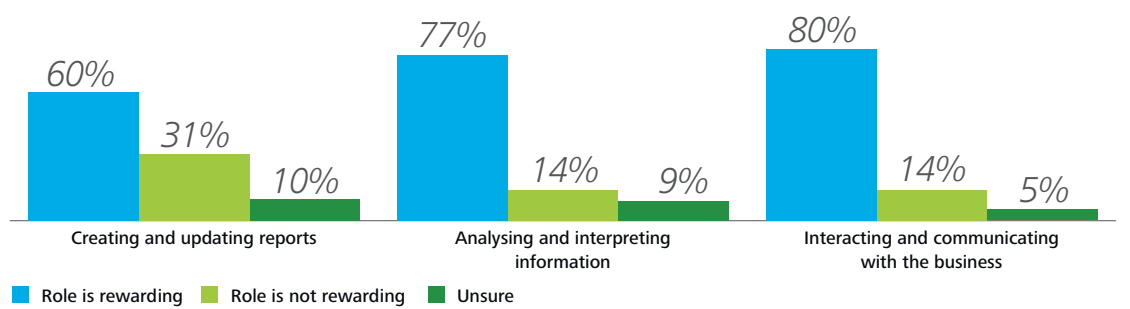


Source: Deloitte analysis

n = 594

Deloitte’s survey found that Finance Business Partners experience greater job satisfaction when they interact with the business. They are much more likely to find their role unrewarding if they spend the majority of their time focused on the ‘basics’ such as creating and updating reports.

Figure 17. Finance staff satisfaction and where Finance Business Partners spend the majority of their time, percentage of respondents



Source: Deloitte analysis

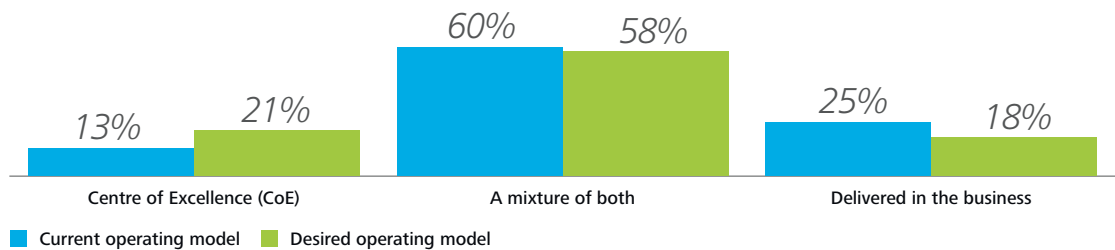
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**Deloitte’s view** – Organisations often struggle to find the right talent. Developing a rewarding and structured career path for your most effective Finance Business Partners should be a top priority.

# Find the right operating model to meet reporting needs

Currently 60 per cent of survey respondents indicated that their finance functions deliver management reporting and analysis through a mixture of Centres of Excellence (CoEs) and decentralised in the business units. A quarter of respondents indicated that management reporting and analysis is fully decentralised while 13 per cent deliver these capabilities solely through a CoE. Forty-nine per cent of organisations plan to change their operating model in the next 18 months. Deloitte’s analysis suggests a small trend towards centralisation of delivery.

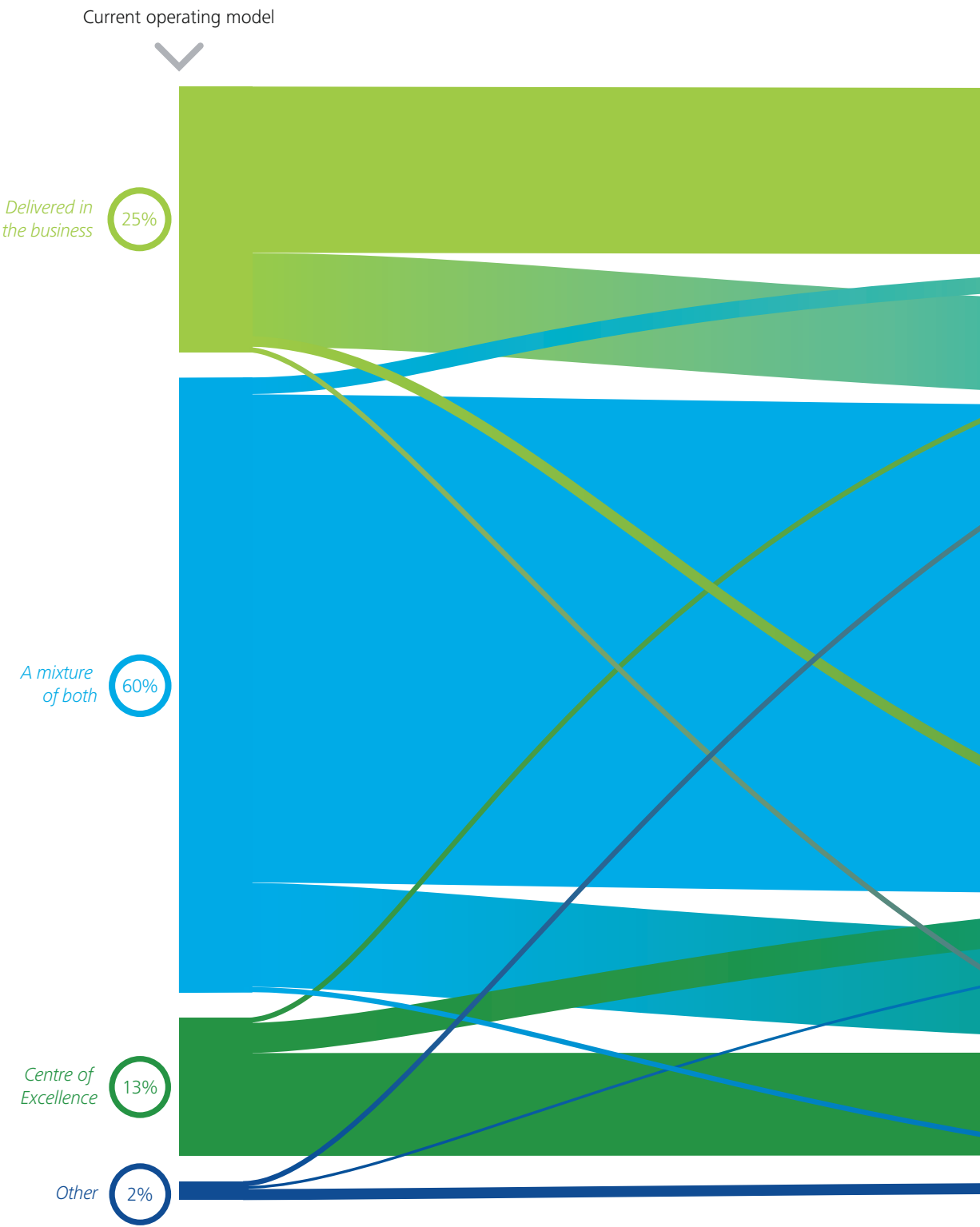
Figure 18. Operating models for delivering management reporting and analysis, percentage of respondents



Source: Deloitte analysis

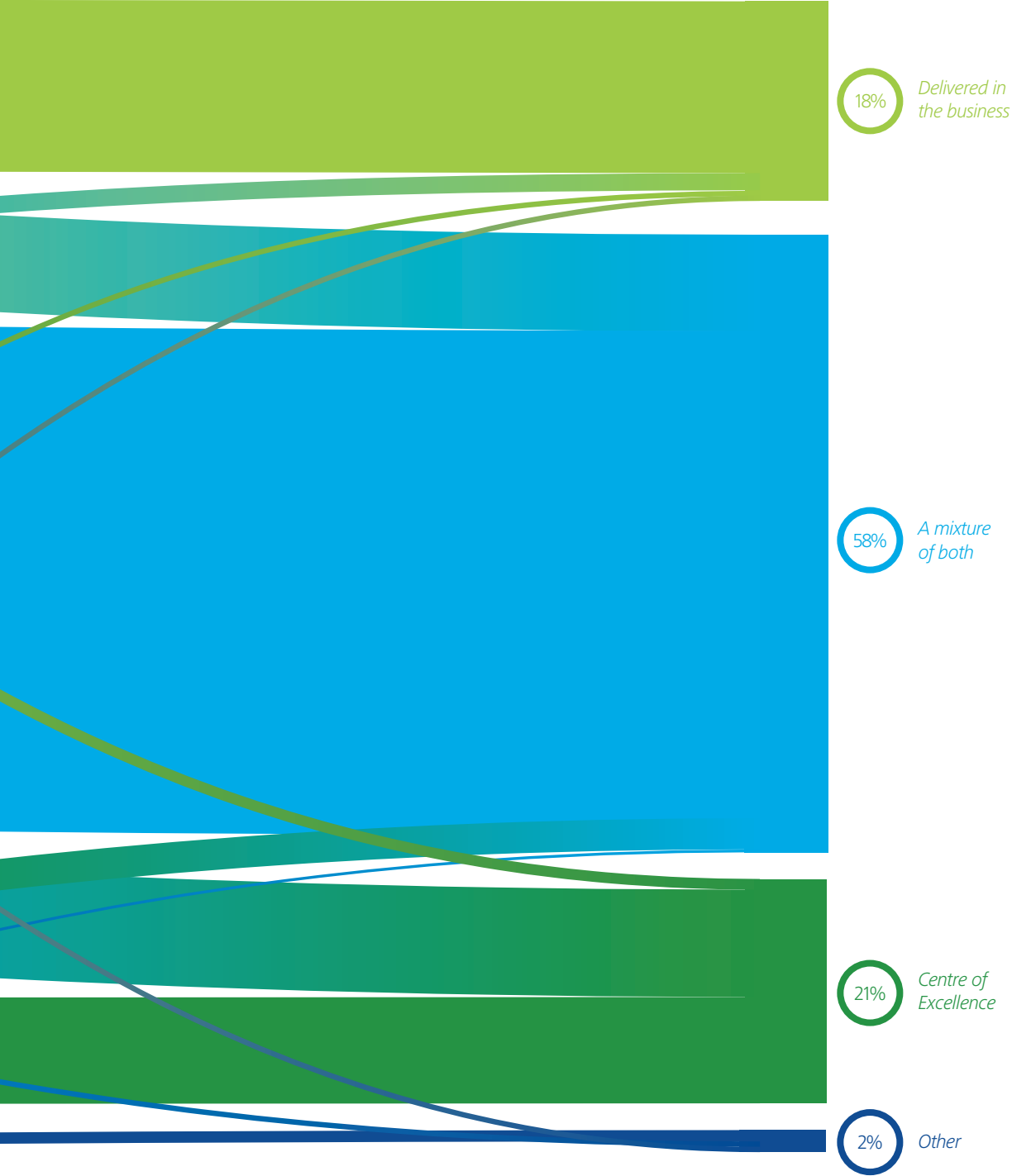
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Figure 19. Proposed changes in operating model, percentage of respondents



Source: Deloitte analysis

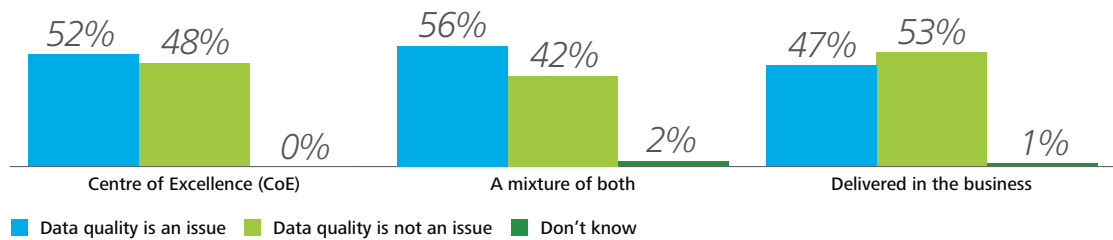
Desired operating model



n = 614

There is little variance in data quality issues across the different operating models typically used to deliver management reporting and analysis. Where management reporting is delivered through a mixture of CoE and in the business data quality is marginally more of an issue.

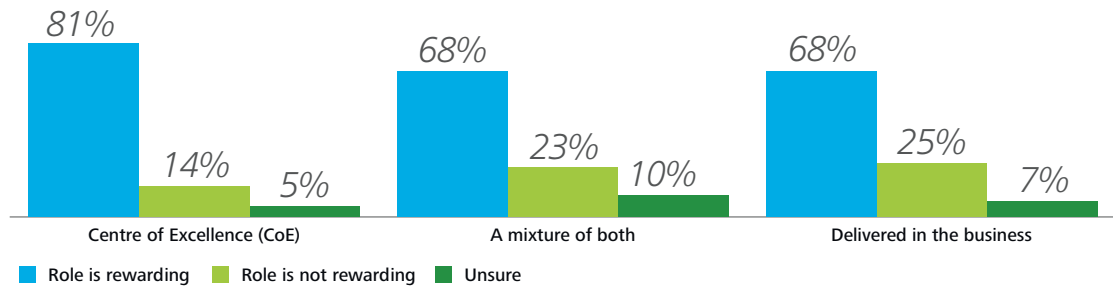
Figure 20. Data quality and delivery models, percentage of respondents



Source: Deloitte analysis n = 604

Where a CoE is used to deliver management reporting and analysis, 81 per cent of respondents indicated that the finance professionals in their organisations find their roles rewarding. This is a higher proportion than for those organisations using decentralised delivery models. Where management reporting is delivered entirely in business units 25 per cent of respondents believed that staff do not find their roles rewarding.

Figure 21. Finance staff satisfaction and current operating model, percentage of respondents

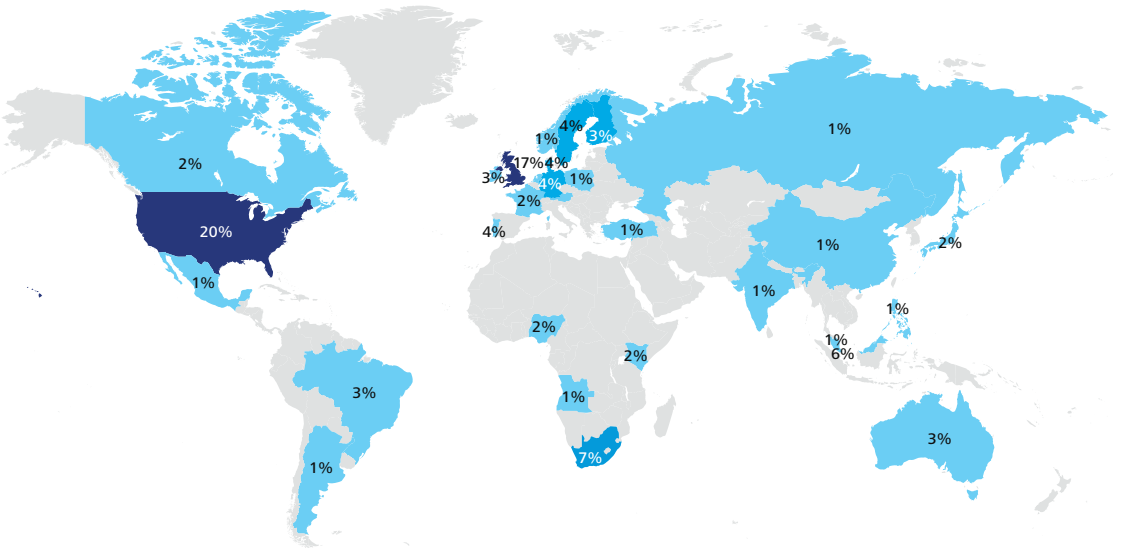


Source: Deloitte analysis n = 604

**Deloitte’s view** – CoEs are important in driving efficiency gains through more effective reporting. They free up Finance Business Partners’ time so they can focus on more value-adding activities. However, by employing a full CoE model organisations risk losing the insight into local markets, products and services that can only be gained by being close to the business. It can become difficult to provide variance analysis, insight and commentary. When designing an operating model for management reporting, it is important to consider the advantages and disadvantages of each relevant option and further the role of the Finance Business Partner.

# Survey demographics

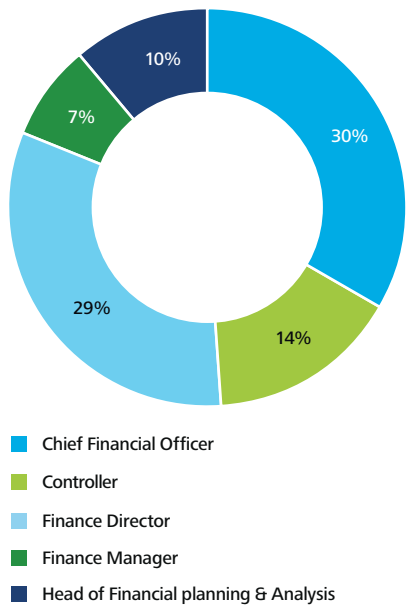
Figure 22. Participants by location, percentage of respondents



Source: Deloitte analysis

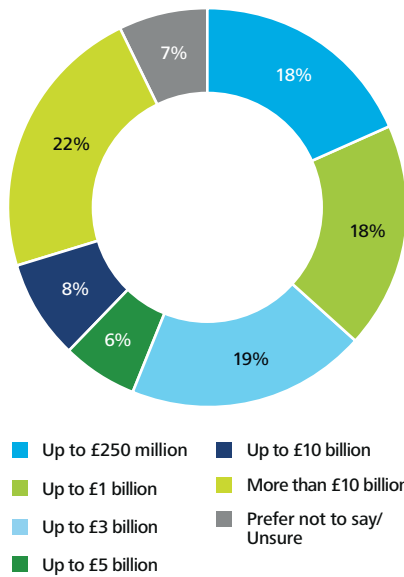
n = 614

Figure 23. Participants by role, percentage of respondents



Source: Deloitte analysis

Figure 24. Participants by revenue, percentage of respondents



Source: Deloitte analysis

n = 614

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