

# Finance Transformation

Quarterly  
Business  
Update

AUGUST 2012 | ISSUE 1

CONSULTING

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A report prepared by CFO Research Services and KPMG International



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## From Keeping Score to Adding Value

*Finance change seems to be a constant state for many organisations around the world. Change is driven by both external and internal drivers such as regulatory change or cost reduction, which in turn trigger changes in other areas, such as demand for technologies, Finance structure and skills as well as a change in Finance's corporate profile.*

For this very reason, KPMG International has collaborated with CFO Research Services to produce a second report on transformation and

change in the Finance function.

This report builds on our first survey

from last year where 443 senior Finance executives were interviewed across North and South America, Europe, Africa and Asia.

In this Quarterly Business Update on Finance Change, we have extracted the key insights from the report for our readers.

*Large, complex and probably expensive change projects are not always the answer.*

### 1. Making change meaningful

Constructive changes are made that allow Finance to add value to the business, for example, by supporting strategic initiatives and growth objectives. This requires investment in analytical skills and operational experience.

### 2. Minding the information gaps

The demand for reporting is constantly changing, both internally and externally, with requirements for quicker turnaround and more accurate and in-depth analysis. As a result, Finance is investing significantly to enhance its capacity to turn raw data into business intellect. It's clear that tools alone are not the answer and companies need an approach to data management as well as the skills to analyse the results.

### 3. Finding technology that fits

Out of date technology continues to be a challenge for many organisations, but a tighter link between IT and Finance can go a long way in ensuring technology adequacies whilst maintaining flexibility. In particular, large, complex and probably expensive change projects are not always the answer.

#### 4. Matching people with purpose

The career path for Finance professionals has changed as organisations increasingly split Finance into transactional activities – often offshored or outsourced – and the higher value tasks. Organisations today are looking for a much broader skills base including global outlook, tech-knowledge, project and communication skills and often experience from beyond the Finance function.

#### 5. Raising Finance's internal profile

Finance's role is expanding and becoming more focused on helping with analytics and future-focused insight at a more operational level. The Finance Executives interviewed in the survey found that their leadership teams were supportive of this change and saw real value in the decision making support that they received.

#### 6. Reaching the right structural balance

Finance functions need a balance between centralisation to achieve cost effectiveness and proximity to the business to add value. This has changed Finance's organisational chart,

structurally and geographically. Establishing offshore centres for transactional activities and specific in-house 'Centres of Excellence' for higher value activities are progressively more common.

#### 7. Adapting to regulatory change

Regulatory changes, including accounting and tax, are a constant factor that will not disappear. In response to this, organisations with a structure that is ready to identify, analyse and implement changes in the most efficient and effective way are usually in a better position. Dedicated teams focused on managing regulatory changes are increasingly common and important

#### 8. Using external advisers wisely

Whilst many Executives have used consultants in their Finance change projects, the need for the organisation – both inside and outside Finance – to ultimately own the transformation or changes is crucial.

## KPMG - Supporting Finance Change

As part of our commitment to helping businesses define a new role for Finance, we will be providing the 'Finance Transformation Quarterly Business Update'. If you would like continue to receive these updates or have any questions regarding the information provided, please contact:

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***Finance is no longer just providing accurate and timely information or closing the books of the business. Market dynamics, business complexity, risk management concerns and many other factors are pushing business units to seek help from Finance. The change in Finance varies in each organisation and historically, we have always seen organisations making small or incremental improvements to their team. However, today we see a more focused and concerted effort to define a new role for Finance. The most successful organisations have achieved a balance between technical proficiency and strong links to the business.***

## Keys to a Successful Finance Transformation

It is easy - and perilous - for the Finance function to miss a few steps on its climb to new heights. The senior Finance executives we interviewed urged their peers not to overlook these crucial moves.

- Obtain strong commitment from the CEO and, if possible, the Board.
- Engage with business partners early and listen to everyone whose cooperation is required before launching any important aspect of the Finance transformation.
- Translate data and analytics into the language of the business that will use them.
- Define roles and responsibilities when setting up a shared service center so as to minimise turf wars.
- Recognise that there is always competition for IT resources, and Finance will not always win.
- Be prepared to make the case for why Finance should get those resources.

From Score Keeping to Adding Value, KPMG International and CFO Research Services, 2012