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The Modern Finance Function

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Authors

Anders Liu-Lindberg

Anders is Partner and co-founder of Business Partnering Institute. He's a leading adviser to senior finance and FP&A leaders on how to create an impactful finance organization. He's also an internationally recognized thought leader with over 305,000 followers on LinkedIn.

Prior to founding Business Partnering Institute, Anders worked 13 years in various finance roles at global transport and logistics company Maersk.

Michael Lykke Bülow

Michael is Managing Partner and co-founder of Business Partnering Institute. His mission is to inspire, help and develop finance leaders and specialists to become more impactful in their job and to have fun and rewarding careers.

Prior to founding Business Partnering Institute, Michael has been a Finance leader and business partner and has headed up Deloitte's Finance Transformation practice.

Benita Ulrichs Nilsson

Benita is Partner and CFO at BPI. Benita is a leading adviser to senior finance professionals on how to create impactful finance organizations. Benita is responsible for our consulting practice.

Prior to joining BPI, Benita has worked as senior management consultant at Deloitte and has extensive experience with Business Partnering 'organization, framework & upskilling', Finance Transformations, SSC, and running Finance organizations.

Authors

Mette Reppien Kastoft-Christensen

Mette is Director at Business Partnering Institute and is head of our interim consulting engagements. Mette is dedicated to creating business value in finance from the inside out and has extensive experience with unlocking potential through Finance People.

Prior to joining Business Partnering Institute, Mette has worked as manager at Deloitte, Global Business Program Lead at Maersk and most recently as Senior Manager at PwC.

Christian Frantz Hansen

Christian is Head of Learning and Development. He is running learning and development programs to upskill finance professionals to become more impactful finance business partners. He is a recognized thought leader with more than 39,000 followers on LinkedIn.

Prior to joining Business Partnering Institute, Christian worked as a management consultant within CFO service at Implement Consulting Group and EY, respectively.

Foreword

In this eBook, we discuss where we've come from as a modern finance function, how much we've achieved in such a short space of time, and we take a journey through the history of the finance function from the days of pen and paper, all the way through to the rise of technology, data, and automation.

Taking stock: Remembering where we've come from, so we know where we're going

The modern finance function has left the world of "bean counters" far behind. Finance is now taking on a breadth of responsibilities far outside our home territory and leading other business units when it comes to strategy, technology, innovation, and culture.

Having worked with such a diverse range of clients and companies throughout the world, you'd be hard-pressed to find a corporate function that has undergone more rapid change than the finance function itself.

We've undergone a remarkable revolution, shaping, and being shaped by the business landscape over the decades. Understanding this history is crucial as it allows us to focus on our current state and anticipate future trends.

Like many of the world's industries, Finance has undergone the analog-to-digital revolution, just as newspapers, the music industry, and television and entertainment have also done.

In fact, we'd challenge you to find another corporate function that has changed as much as Finance. The move into this digital era only serves to highlight the resilience and adaptability of the amazing people who make up the function of most companies.

Anders Liu-Lindberg
Business Partnering Institute

The journey to the modern finance function

How we got here: The journey from pen & paper to large-scale Enterprise Resource Planning (ERP)

In this eBook, we'll dig into the reasoning behind the inclusion of each principle and its importance in building a world-class planning and forecasting process. We will look at the different ways to refocus on these simple rules and ensure that they are a conscious part of the regular process of planning and forecasting.

We'll also consider some of the practical steps you can take, including the smart use of new technologies to support the planning and forecasting process and subtle changes to decision-making KPIs that can transform the value delivered to the business.

1 The birth of double-entry accounting and our manual role in early commerce

As long as there's been written language, there's been accounting dating back to the Mesopotamians over 7,000 years ago.

The real breakthrough for modern Finance came when Italian monk, Luca Pacioli, reimagined the structure of common bookkeeping Commonly known as "the father of accounting," Pacioli published a book called "Summa de Arithmetica, Geometria, Proportioni et Proportionalita" in 1494, showing the benefits of a double-entry bookkeeping system and the rest, as they say, is history.

Well, maybe not quite but we owe a lot to the tradition of learned monks.

While the finance function historically revolved around paper-based manual transactions and processing, and the core functions included finance, tax, and treasury, the data often lacked dimensionality and scalability, limiting its usefulness to record keeping.

Next, we went a step further.

2 The dawn of computers in Finance and the game-changing role of ERPs

Technology changed Finance. In less than 70 years, from when IBM released its first large computer in 1952 based on the vacuum tube (which was small enough that it made it possible for businesses to buy them and led to accountants being among the first to use them) to the launch of generative artificial intelligence, nothing has had as big an impact on the profession as the modern processor.

The introduction of computers marked a significant shift. The early generations of Enterprise Resource Planning systems like Oracle's NetSuite, began to change the game.

They offered dashboarding, data compilation, and business management features, enabling executives to see cross-departmental data with greater speed and visualization.

3 The rise of spreadsheets and their impact on workflow and reporting

Next came the software for harnessing the power of these machines and our relationship with spreadsheets began. The launch of Microsoft Excel in 1985 was a paradigm shift. Finance professionals have always been the first people to adopt new, powerful technologies.

The software created an electronic foundation for financial planning and analysis (FP&A), saving human energy, and time, and vastly improving the availability of data to aid decision-making.

Excel and its early competitors revolutionized Finance & Accounting, by introducing speed, visualization, and formula-based rules.

4 Welcome to the groundbreaking cloud: How computers in the sky changed the game

The next stage of our journey takes us from the early days of cloud computing and the democratization of financial tools to real-time access and visualization of data.

The move to cloud computing marked another very significant milestone for us as a function.

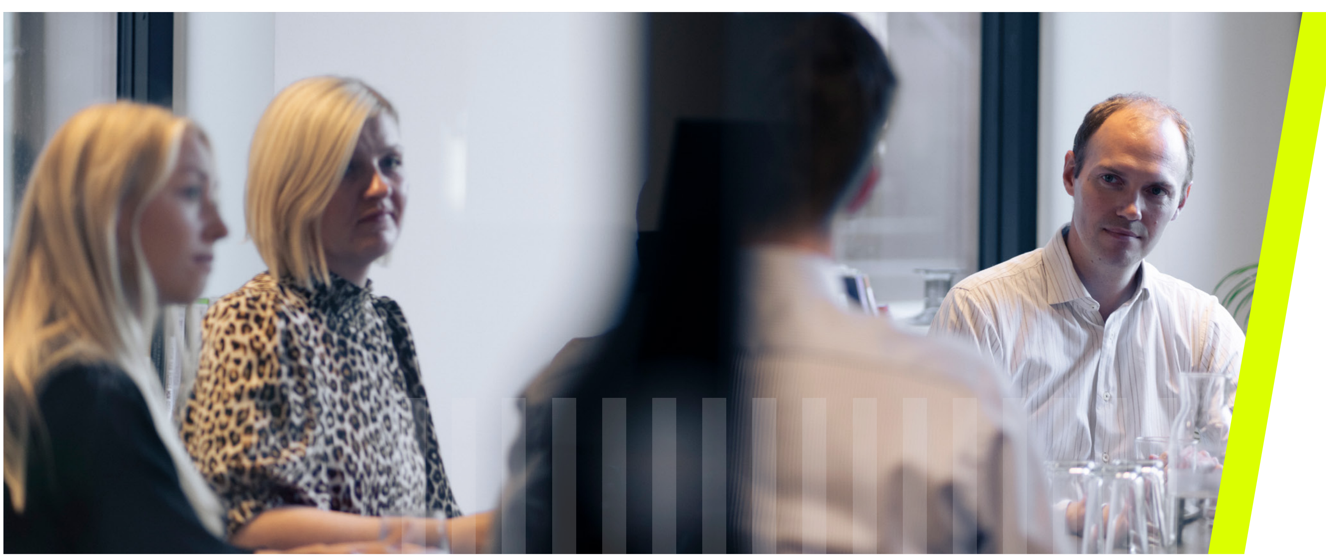
Continued advances in cloud computing and storage, the use of data visualization, and tools for interrogating complex financial information mean that the modern finance function has continued to be on the cutting edge of change and developments.

It has also meant that we've been the ones breaking down silos between departments and creating data architectures that are made for the entire organization, not just our specific functions.

We were some of the first to use cloud-based, unified systems that replaced earlier ERP generations which gave us more comprehensive and integrated solutions to offer the business.

The benefits of having Finance's data in the cloud have meant it's automatically stored, archived, and synced with other data streams which allows us greater control and analysis of relevant data. A real game-changer.

The other upside of this shift is that it has also brought about a renewed focus on data integrity, visibility, and insights, ensuring that all business systems can interoperate and communicate effectively with one another.



5 The role of data in modern Finance and predictive modeling

So much so that it's almost impossible to deny that data has become like a new currency in Finance. Especially when, in the realms of artificial intelligence (AI), data is so integral to the robust, fast, and effective operation of AI tools.

Having a strong artificial intelligence offering is becoming a prerequisite, but fewer than 40 percent of organizations are currently using data-driven insights.

This is something that we need to take seriously and get to grips with because many organizations are not taking full advantage of their data and losing out on potential business value and innovation.

In addition, now more than ever, the role of the finance executive is evolving to deliver valuable data insights and lead in areas like extended planning & analysis (xP&A), turning data into answers to questions the business needs.

Part of this has led to the drive and, almost determining factor in Finance shedding its narrow role as simply "accountants" and is now seen as a value-generating function.

Where we solve problems and add value far outside of our traditional remit. This includes navigating continuous evolution and offering insight, organization, and cross-functional value.

We are now the marshals of change, having more say in things like environmental, social, and governance issues (ESG), culture, employee experience and retention, working closely with the CIO for technology and systems, integration and implementation, as well as opportunities for shaping strategic business priorities and even treasury.

From the art of the possible to the science of making it happen

We must continue to embrace the now and relish the opportunities that exist. The journey of the finance function reflects a continuous adaptation to technological advancements and changing business needs.

Most of us have never used pen and paper for accounting except perhaps in school, but it's nevertheless important to remember the rapid developments we've made by going from manual ledger entries to cloud-based analytics and predictive modeling.

Taking a bird's eye view of progress is important because it helps us realize that Finance has not only kept pace with the rapid technological and business changes but also leads the business in innovation and adaptability.

We understand our past to predict our future and history tells us that the trajectory of increasing integration, automation, and strategic influence is something to be excited about and interested in. Something that sets us apart and gives us a great foundation for the future.

What lessons can we learn from successful financial transformations?

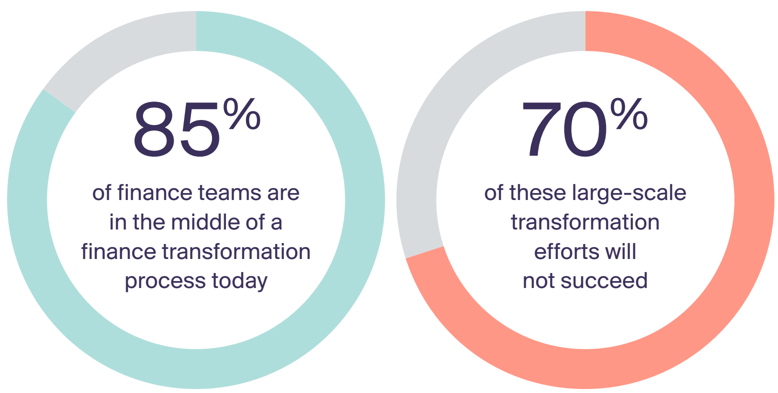
What is a transformation and how many transformations fail?

Every company at one time or another, whether you're a global international corporation or a regional local business, will need to go through some form of change to remain competitive during its lifetime. Transformations go by many names, whether that's management transition, corporate restructuring, company "right-sizing", renewal, or reorganization.

No matter what we decide to call it, the underlying goal is nearly always the same, which is to make an important change that improves how we operate because we need to achieve success in a changing, developing, or disrupted space.

While 85 percent of finance teams are in the middle of a finance transformation process today, according to McKinsey, up to 70 percent these large-scale transformation efforts will not succeed.

So why is it that most of these incredibly important projects fall short?



Source: McKinsey

Key reasons most transformations fail

/ 1. The vitality of having a clear-eyed vision (most don't)

Having a clear vision starts with having clear leadership. Of the successful transformations that we've seen when transformations start well, it's when a good leader is driving it. But what do we do when the average tenure of CFOs is shorter than the average duration of a finance transformation plan?

People driving financial transformations need to be excited, create a sense of urgency, be change champions, and be adept at communicating a very clear vision of the future and where they see the function going – no matter who is in charge. There should be collective ownership that is embedded in the team and drives change.

You may have detailed and extensive plans, directives, and programs, but without the vision at the end goal state, people will find it very hard to buy into change. The vision needs to be shared, owned and acted on by the people who are delivering it. That takes strong leadership but also allows it to live on even when leadership changes.

/ 2. Crystallizing a strong sense of urgency (over and over)

The most successful transformations we've seen start when a small group of individuals start to assess the function's competitive advantage or relationship to technological innovations. We need to make sure that we have permission to share our observations and improve performance.

What is key here is getting 80 percent of staff and stakeholders to buy into the need for urgency. After creating a picture-like vision of the destination, creating a sense of urgency and communicating that, is the most important phase.

As Douglas Kehring, Executive Vice President, at Oracle says, "A faster clock speed is one of the keys to our success. When it needs to be done yesterday, teams work with much more speed and urgency, and the results will speak for themselves."

/ 3. The need to plan for and create short-term, achievable successes (and celebrate them)

Even marathons are made up of short bursts of pace and slower sections of the race. It's the same with finance transformations. They are enormous projects that tend to take a very long time. And just like a marathon, the people involved in the race need encouragement, cheerleading, and sustenance along the way.

Short-term wins are not something we should hope for on our way to achieving the vision. They should be strategically plotted the same as you would mile markers along the route.

And when you've achieved a quarter of the race, whether that's performance improvement, a certain ROI, or a customer satisfaction improvement, each of those needs to be created to be achievable and then celebrated.

This is not something that we hope will happen. This is something that we engineer to happen so that people will feel engaged in the process and stick with it for the length of the race.

Too many projects, too little time, and too few resources

The most common reason for enacting financial transformations is when things are going badly, people notice it and communicate that message. How can we be more proactive?

Often it is an external factor that forces our hand and makes a change a necessity. The downside of doing a transformation when something is ”wrong”, for instance, the market is poor, technology is stagnant, or culture is bad, is that it gives you less room for maneuver and it’s more difficult to communicate a positive vision.

While the tough part of trying to enact change when things are going well is that it’s more difficult to create buy-in but there are resources available to make it happen.

While everyone is overworked, under-resourced, and over-stressed, adding a transformation on top can be a bitter pill to swallow for people. And even though we say “don’t shoot the messenger”, there is a strong tradition for people to aim directly between the messenger’s eyes.

It can be helpful to bring outside analysts, external customer views, or business partners into the organization to share the message.

What is the formula for success?

As we’ve seen above, some of the most crucial elements for success include a clear focus, ample resources, management attention and buy-in, planning, and celebrating short-term success.

What we’ve found in the dozens of financial transformations we’ve been involved in is that using a framework like the **ADKAR** model is key to improving the chance of success.

There must first be an **AWARENESS** of the need for change. This usually comes from a small group of people noticing a deficit and getting leadership buy-in to make improvements.

A **DESIRE** to be part of the change effort comes from a clear vision and strategy of the benefits goals.

KNOWLEDGE means that the end-state is communicated consistently and makes up an important baseline through all corporate communications so that it develops a cultural resonance.

ABILITY means colleagues must feel like the goals and success states are not only achievable but that they are also given the freedom to develop the required skills and necessary behaviors.

REINFORCEMENT implies that, just like the mile markers in the marathon, we need to create, plan for, and celebrate the successes at each stage of the journey toward the vision or goal of the overall transformation.

What're the most critical roles in the modern finance function?

The convergence of multiple different transformations and higher expectations from chief financial officers (CFOs) means teams in the modern finance function must adapt. We assess the different asks that CFOs place on each team and how we can adapt to the ever-evolving demands.

It's evident to us in our role as business partners that the new operating model of the modern finance function should be built around an integration of people, technology, and teamwork.

So what does each finance team bring to the table and how can you ensure you're continuing to grow and adding value in this modern approach to the finance function?

1 Accounting: Streamlined for success

Accounting is lean and efficient. CFOs increasingly expect accounting teams to achieve more while needing fewer resources. It's a paradox as old as business but nevertheless means creative solutions and sharpish adoption and utilization of new technologies.

This has led to a growing reliance on automation, particularly on once routine and time-consuming tasks.

Although there are different levels of automation in each accounting department, companies have reduced – significantly in some cases – manual processing errors and the time it takes to carry out tasks.

The benefits are clear, leading to cost savings and more efficiency and productivity.

While this seems logical, the shift towards automation and cost-cutting must be balanced with the CFO's need to add and demonstrate value. It's not just about doing it cheaper; it's also about doing it smarter and better.

The balance lies in leveraging technology to streamline operations while freeing up human resources to focus on more strategic, value-adding activities. This approach ensures that the accounting function not only contributes to cost efficiency but also plays a crucial role in the broader strategic objectives of your organization. Fulfilling the expanded mandate of the CFO to the CEO and the board.

2 FP&A: Creating the strategic vision and charting the course

In the modern finance function, Financial Planning & Analysis (FP&A) is the forward-thinking arm and is driven by the CFO's desire for a more strategic and proactive function.

This evolution is marked by a shift from traditional forecasting methods to a more dynamic approach to scenario planning. Gone are the days when FP&A teams solely relied on annual budgets; now, rolling forecasts are embraced, as well as a more agile and responsive approach to market changes.

FP&A is not just about crunching numbers; it's about data-driven storytelling. This involves gathering and synthesizing relevant financial data into forecasts that rely on data visualization, creating company-wide and department-level targets, and running pricing analysis to find the optimum range – all of which help inform key business decisions the CFO lives by.

Financial planning is not just a function of finance, but a pivotal part of the business's overall strategy.

3 Business finance: A keystone of decision support

True business partners in our eyes, business finance teams are decision-support teams; and should have a role in all significant decisions being made throughout the company. For a CFO to be confident in their effectiveness, Business Finance teams should sit as close to the business teams as possible. Their success should be measured against whether the business units themselves are successful.

That is no small challenge. The CFO needs to know that business leadership is being supported by Business Finance teams, to help them meet – or beat– their targets because Business Finance teams act as a vital bridge, ensuring seamless integration and strategic alignment.

This team is pivotal in embedding finance expertise within business units, a move that brings numerous benefits. By having finance professionals work closely with operational teams, organizations can facilitate real-time decision-making, enabling quicker responses to market changes and operational challenges.

This close collaboration ensures that financial insights are not just retrospective but are actively used to shape future strategies. We've noted how this approach positions Business Finance as not just a support function but as a proactive partner in driving business growth and innovation.

4 Tax & Treasury: The expertise to navigate the global regulatory labyrinth

What we're seeing in the modern finance function is that, with so many external forces at play, CFOs are placing ever-increasing reliance on high-performing Tax & Treasury teams. Their deep functional expertise is now more critical than ever.

This team is tasked with the challenge of navigating the intricate maze of global financial regulations, where initiatives and regulations in different jurisdictions have changed the game.

Add to this the importance of Environmental, Social, and Governance (ESG) considerations. Another layer of complexity to the responsibilities of the Tax & Treasury team, but something incredibly important to both the business and the world in general.

In addition, as we've discussed before, ESG is increasingly influencing investment decisions and stakeholder expectations, making them essential to tax and treasury strategies.

The CFO needs a team that has both the technical tax and financial acumen and also understands the broader impact of their decisions in the context of global trends and societal expectations. A hugely important role.

> What we're seeing in the modern finance function is that, with so many external forces at play, CFOs are placing ever-increasing reliance on high-performing Tax & Treasury teams.

5 Global Business Services: Accelerating scale and enablement

This CFO's focus on shared, or global business services (GBS) is increasing. To the modern finance function's CFO, they are more than just cost centers. They're critical.

An enterprise backbone that delivers a range of support functions including back and middle office operations and carries with it high user expectations of efficiency and ongoing, continuous improvement of service effectiveness.

Key questions CFOs ask are: How can we seamlessly integrate value-creating technologies into operations? And how can global business services and shared-service models build new capabilities?

The modern finance function has reimagined its role, with technology and digitization taking center stage as CFOs seek out end-to-end process optimization and implementing strategies that can drive economies of scale. Automation, here, is key to this and the role of analytics in GBS has become very important.

Advanced analytics enable these teams to provide deeper insights, drive process optimization, and support data-driven decision-making. By leveraging analytics, shared and global business services can offer strategic insights that drive business growth and operational excellence, and be real examples to the rest of the organization about how it can, and should, be done.

CFOs need Finance to play a role that goes beyond accounting

The modern CFO needs each and every component. They realize that each is vital to the overall financial health and strategy of the organization. Looking to the future, we think that CFOs will increasingly value skill sets that align and complement this integrated system.

Adaptability, technological proficiency, and strategic thinking are vital in the modern finance function, to go with the necessary prerequisite financial acumen of professionals.

This means the ability to interpret and communicate complex data simply and effectively, a deep understanding of global market dynamics and the role and fit of the company, and a keen eye for innovation and integrating new technologies will distinguish the finance professionals in the modern finance function.

As the finance function continues to evolve, these diverse skill sets will be crucial in navigating the complexities of the modern business landscape and driving sustainable growth.

What does a month in the life of the modern finance function look like?

The modern finance function is barely recognizable from its most recent iterations and has undergone big transformations to get where it is.

This has reshaped our rhythm and our responsibilities, expanded the scope of our roles, and given us new tools and trends to use.

So how has this affected our monthly cycle of activities and how do we keep evolving the use of modern tools and techniques as the landscape constantly redefines itself?

> The old desk-bound nature of the task of recording transactions has gone mobile.

1. Recording transactions: Continuous and automated

You could say that this process has gone from "daily grind" to the supremacy of flexibility and mobility as new software and technologies have come to the fore.

The old desk-bound nature of the task of recording transactions has gone mobile, whether by software applications or by the decision to outsource and has completely revolutionized the process.

It means that field staff can record transactions on the go, which is convenient for colleagues but also efficient for line management, and while real-time data entry has raised some questions about data security and the need to train staff on new technologies, the efficiency gains and cost savings have far outweighed any risk for the modern finance function.

2. Closing the books: An exercise in precision and quality

The traditional marathon of the month end has evolved in the modern finance function along with the rise of real-time accounting.

While real-time accounting data has the obvious benefit of up-to-the-minute financial information, it has also posed the challenge of needing continuous management of that data. But there are tools out there that have helped streamline real-time accounting capabilities and are adept at providing a constantly updated view of financials.

Adding to this, automated reconciliation tools, and here I'm thinking about Oracle's NetSuite, have helped make closing cycles much more efficient and far less prone to manual errors which allows management to have confidence in the quality of the financial reporting and the board to be empowered to make fast, accurate decisions with that data.

3. Reporting the numbers with speed and insights

Reporting really is where the rubber meets the road, and we see it as a critical phase where the compilation of data leads to presentations to the board, and that really is critical mass.

We're fortunate that in the modern finance function, the tools we have on offer far exceed anything from the recent past, and these empower our financial professionals to create their own reports with do-it-yourself dashboards and analysis.

This gives teams autonomy in their report creation and accelerates the process because providing deeper insights is clear and becomes the priority rather than a nice-to-have but this is also where data integrity cannot be overstated.

4. Analysis and action: In collaboration and with an end-to-end view

There's a strong argument to be made that the modern finance function is about providing accurate insights for actionable decisions. We've talked extensively about the importance of data quality and data management. So let's work from the premise that the foundation is a good one.

Today, we have tools through ERP providers with integrated artificial intelligence and machine learning to maximize and highlight the most important data points.

These technologies have facilitated the move towards real-time predictive analytics and have enabled the finance function to be more forward-looking and play a far more strategic role in the decision-making direction of the company.

By leveraging historical data, finance teams are now able to forecast trends and provide more forward-looking insights, aiding in strategic decision-making.

The continuing evolution of month end: Redefining the process in our image

The great thing about technological change is that we, as the human operators of the system, have an outsized say in its adoption and usage. From what we've seen as business partners in the industry, our perception is that any tools for automation, reconciliation, or data visualization, once teams have been given the confidence to use them, become outsized contributors to process efficiencies and a more strategic view of performance.

Having said that, as tasks become more integrated, finance professionals are required to be more versatile, tech-savvy, and strategic in their approach. This is also expected, which adds pressure.

The modern finance function is a more dynamic and evolving landscape, one that demands continuous learning and adaptation, but it is also the nerve center of the organization and a great place to be setting the trends and direction of where we want to go.

Learn more about the options available from Oracle here.

Why benchmarking in the modern finance function is key to unlocking performance

Benchmarking is an essential tool for assessing the status quo, driving performance, and gaining a competitive advantage. Assessing the value-add of the modern finance function can not only uncover valuable insights but highlight areas for improvement and create new objectives

The power of benchmarking in Finance

Let's start by asking the right questions. First let's ask, what is it we're hoping to achieve with benchmarking? As we've discussed, CFOs in the modern finance function have a digital-transformation mindset driven by where they're most likely to get results and include their people, their processes, and ultimately business performance.

We all want to accelerate our progress, so secondly, we need to ask: What business issues are we trying to solve and why? Based on company culture, a clear vision, and our strategic goals, we can choose the areas where the biggest benefits will be felt.

Key metrics: From traditional to value-added objectives

The origin of benchmarking: The story of Xerox

The origin of benchmarking, as a practice, can be traced back to Xerox in the 1980s.

The new CEO took over a company in freefall. Their market share had dropped from 87 percent to just 17 percent in less than a decade, and their profits had declined from $1.1 billion to under $300 million in under 4 years.

To arrest the decline, they implemented a process of understanding their practices against those of their competitors to try to win back market share.

They learned lessons from their outperforming competitors and turned themselves around to offer better services and business practices to our internal customers and stakeholders. The result of benchmarking at Xerox led to their "Leadership Through Quality" program and ended up revitalizing the company and making it competitive once again.

So what can we learn from this example and the benefit of value-added benchmarks?

Different options for benchmarking: The shift to a holistic impact

We've noted that modern finance functions are more and more focused on value-added metrics like customer satisfaction and strategic contribution. These metrics offer a more comprehensive view of a finance function's impact, moving beyond traditional financial indicators.

But it's important to be sector-specific. One size does not fit all. Industry-specific metrics provide a more accurate and relevant measure of performance, tailored to the unique challenges and opportunities of each sector, so we need to be specific and analytical.

It follows that high-performing finance teams often set industry benchmarks. By analyzing their practices, other organizations can identify and adapt strategies to their own contexts. This approach is not about imitation but about learning and innovating.

Whether we're talking about "internal benchmarking" between units from within the same company and industry, "competitive benchmarking" between ourselves and direct competition from the same industry, or "strategic benchmarking" aimed at strategic actions and organizational change, there are key areas we can focus on to categorize and understand our performance.

Sourcing reliable data for benchmark analysis can reveal areas for improvement in the size, cost, and efficiency of your finance function. So how do we go about starting to look at what and where to benchmark?

1 Your people

Using culture as a benchmark is an innovative approach to measuring the positive, performance-oriented culture of our organizations which can significantly add to the chances of success within the finance function.

Remember, it's not just about the numbers; it's about how teams work together, approach challenges, and drive innovation and that's what can set you apart and help you stand out in your sector.

Give your finance teams new ways to develop and fine-tune underutilized skills and you're on to a winner.

2 Your financial processes

It's important to have a roadmap for effectiveness in Finance but assessing and creating one takes data and metrics.

Key performance metrics enable you to identify opportunities for saving on costs or ways to increase the effectiveness of your processes, whether that be the size and scale of your finance function, effectiveness and efficiency of your reporting processes, robustness of internal controls, or gaining a better handle on your working capital.

Where does the comparable data come from? Many leading third-party providers of independent and high-quality information can help by tailoring the analysis to your specific industry sector, company size, and location.

3

Your performance

How can you tell if your function's performance is best-in-class? We need to learn from the leaders. As stated, we should benchmark ourselves against the industry's best but it's not about playing an imitation game. It's about robust learning (from mistakes and successes) and innovating solutions that fit your own team's context.

After all, as the saying goes, "smart people learn from their mistakes, wise people learn from the mistakes of others." By analyzing others' practices, organizations can better identify strategies and initiatives that could be adapted to their own context.

Similarly, top-performing modern finance functions are leveraging technology to enhance efficiency, accuracy, and decision-making. From advanced analytics to AI, technology is a game-changer in the finance world.

The beneficial ripple effect of positive benchmarking

Continuous learning and upskilling are crucial in keeping the finance function relevant and competitive. The landscape of finance is constantly evolving, and so should the skills and knowledge of those who work within it.

There's a growing focus on value-added metrics. Benchmarking is more than a performance assessment tool; it's a catalyst for transformation. Even small changes identified through benchmarking can lead to significant improvements. It's about understanding the bigger picture and making informed decisions that drive the finance function forward.

How can we demonstrate the success of the modern finance function?

What real-life examples do we have of where the modern finance function is driving people, processes, and performance forward?

As we've discussed, driven by technological advancements and changing business needs, the finance function has evolved dramatically recently and continues to do so.

We've chosen to highlight two case studies that typify the fantastic results companies can achieve from transformation into a modern finance function using the theories and principles we've covered.

Done right, and with the right approach, these use cases show how innovative solutions can – and continue – to revolutionize Finance across sectors and industries.

1

The Royal Standard's remarkable transformation with NetSuite ERP and commerce

The Royal Standard, a Louisiana-based home goods company, faced significant challenges with its on-premises QuickBooks system.

As the company expanded its retail stores and ventured into wholesale, the system struggled with the increasing transaction load, often freezing and causing inefficiencies.

Changing the game with a transition to NetSuite ERP

The switch to NetSuite ERP marked a turning point for The Royal Standard.

The integration of its point-of-sale system with NetSuite provided a real-time view of inventory across all locations, which was a significant improvement over the previous system that only offered insights into the distribution center's inventory.

With NetSuite, The Royal Standard could efficiently track 20,000 active stock-keeping units (SKUs). An SKU is a unique code and usually represents an individual and unique product.

The Royal Standard manages a large and very diverse inventory. This level of SKU management is crucial for effective inventory control, sales tracking, and making informed purchasing and marketing decisions.

The buying team utilized saved searches for detailed insights from historical sales data, enabling strategic planning for biannual product releases. This level of detailed reporting and planning was not feasible with QuickBooks.

Advancements in e-commerce with NetSuite commerce

The migration of, initially, its B2C e-commerce site to NetSuite commerce, followed by its B2B site, marked significant growth.

Sales on the B2C site increased by 100%, and B2B site sales grew by 46%. This growth was attributed to the enhanced capabilities provided by NetSuite and was seemingly unprecedented.

The integration of inventory and e-commerce systems reduced errors and ensured accurate online listings, especially crucial for limited-edition products. The ease of managing the site and synchronizing changes with platforms like Google and Facebook Shopping was also a highly notable improvement.

The positive outcome of automation and integration

Centralizing data is key to success

NetSuite's integration with The Royal Standard's warehouse management and CRM systems centralized data, which was pivotal for the company's success in a highly regionalized market. This automation, facilitated by NetSuite, allowed for prioritized order fulfillment and efficient processing.

Financial growth through making operational efficiencies

Company Vice President, Emily Dykes, said: "NetSuite has allowed us to increase revenue 43% over the past four years while keeping payroll expenses relatively flat – only a 6% increase in the same time period. We launched two e-commerce sites and opened two stores with minimal increase in staff. This has resulted in our most profitable years since launch."

2

Predictive Index's revenue management revolution

What was the challenge?

Founded in the 1950s, The Predictive Index is a decades-old Massachusetts-based company that specializes in talent optimization.

They faced significant challenges with their previous business systems, Microsoft Great Plains and FinancialForce because these systems lacked the accuracy and flexibility required for an effective modern finance function, particularly in revenue management and intelligent reporting.

A strategic vision that led to the transition to NetSuite ERP

The Predictive Index implemented NetSuite ERP and led to substantial efficiency gains in two main areas:

1. Reporting

With NetSuite Financial Reporting, The Predictive Index's FP&A manager could customize reports to segment data by revenue channel, product, and geography. This level of granularity turned out to be crucial in identifying specific areas lagging behind revenue targets allowing them to adjust and make fixes.

2. Revenue management

NetSuite Advanced Revenue Management became a pivotal tool for The Predictive Index. The automation of deferred revenue management in NetSuite allowed The Predictive Index to handle its complex subscription-based business model more efficiently, cutting the time for this part of the monthly close in half. That's quite an achievement!

Automated revenue management means enhanced audit efficiency

The accuracy of NetSuite's revenue management tool was so high that auditors reduced their sample size by half after The Predictive Index's first year with NetSuite.

This precision eliminated the need for retesting or additional file pulls during audits. The Predictive Index leveraged NetSuite's 'dunning letters' to automate overdue notices to clients and partners which contributed to better cash flow management overall, and allowed the company to better allocate and deploy resources.

Automation means a more strategic finance function

The overall impact of NetSuite on The Predictive Index was transformative. Automation of key processes freed up the finance team.

Now, processing 130 expense reimbursements after a company event took only an hour with NetSuite, compared to a full day with the old traditional process!

> The overall impact of NetSuite on The Predictive Index was transformative. Automation of key processes freed up the finance team.

Embracing the modern finance function through innovation and transformation

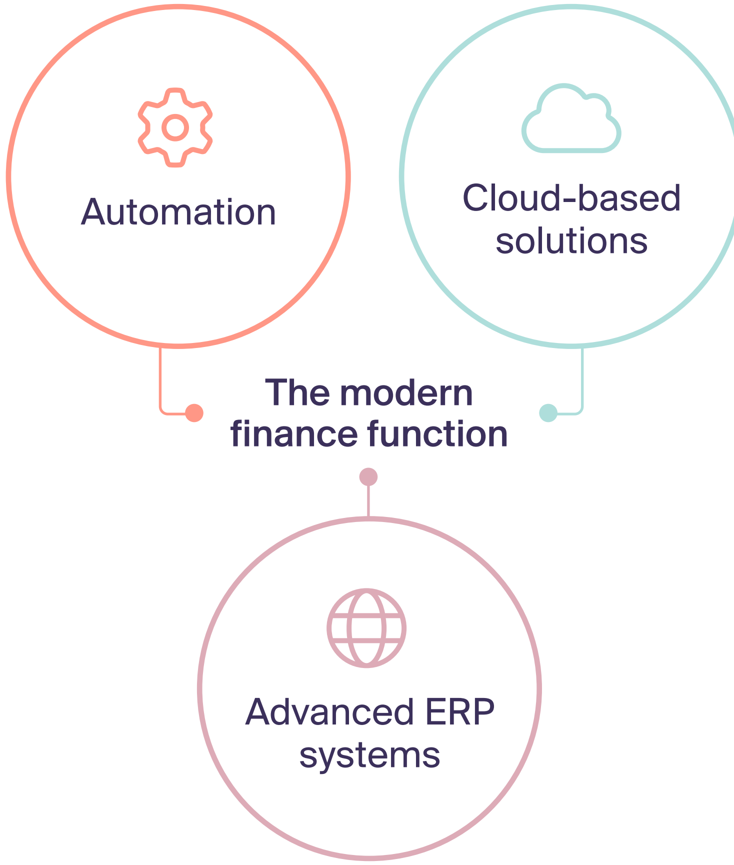
Driven by automation, cloud-based solutions, and advanced ERP systems we're seeing the possibilities on offer in the modern finance function.

Although each company and organization faces unique challenges and opportunities, what we've highlighted reveals a common thread: the major benefits that come from pursuing efficiency, accuracy, and strategic vision.

The integration of advanced technologies not only streamlined operations but also opened new avenues for growth, scalability, and enhanced decision-making. The transformations led to success and everyone loves to win.

As we look to the future, it's clear that the finance function will continue to evolve, shaped by the ongoing advancements and ever-changing business landscape. The lessons learned we've taken away can provide valuable blueprints as you seek to navigate your own paths toward digital transformation and operational excellence in finance.

The modern finance function stands at the forefront of business innovation, playing a crucial role in driving organizations towards a more efficient, data-driven, and strategically focused future.



> As we look to the future, it's clear that the finance function will continue to evolve, shaped by the ongoing advancements and ever-changing business landscape.

How to navigate digital transformation in the modern finance function

In a recent interview, we were fortunate to hear expert insights from the Global Chief Financial Officer of WebBed, Marco Torrente. Here, he discussed the role of digital finance, how we're exploring the transformative impacts, and gaining valuable perspectives in navigating the challenges and opportunities in the modern finance function by focusing on people, technology, and the evolving role of AI and machine learning in the industry.

Expert insights, broad experience, specialism in Finance

Marco brings over two decades of experience in Finance, primarily within the travel industry. His career has also included a notable eight-year tenure in consumer goods. Having lived and worked in five different countries, Marco's global expertise is extensive and captivating.

Recently, he was appointed as the chief financial officer of WebBeds, which is a leading B2B travel company, and marked a significant milestone in his fantastic professional journey to date.

The role of Finance in a digital-first company

While being a digital-first company has its advantages, it doesn't always mean that every process and procedure is fully automated. New companies are still overcoming the challenges that more established organizations experience.

Marco highlighted the particular challenges that WebBeds faced as a consequence of the lockdowns during the pandemic, which could have been potentially fatal to travel companies. Instead of viewing it as a crisis, Marco and – crucially – his team, saw it as an opportunity to accelerate the digital transformation in Finance and he has highlighted how the pandemic really served as a catalyst for driving digital initiatives at the company.

Instead, they used it as an opportunity to implement foundational technologies and adapt to new market conditions. As Marco said, "Because we knew that this period would pass one way or another, we needed to be ready right at that minute. We were ready and are now seeing a lot of big growth from taking those steps. We did a lot of activity during the Covid-19 pandemic, particularly digital transformation for Finance."

This underscores the critical role of agility and foresight in navigating unexpected global challenges, which every company faces, but also shows how Finance can play a leading role in driving growth through innovation.

The importance of alignment under a unified digital strategy

Marco and WebBed faced challenges and had to create strategies around integrating acquisitions, especially in disparate regions like the UK, Spain, and Dubai.

The points that resonated strongly were when Marco mentioned the speedbumps and opportunities of bringing various booking and accounting systems, from various geographies, under a unified digital strategy and, in so doing, illustrating the complexities of system integration in an increasingly digital business landscape.

As Marco said, when teams have to manually process data because of integration issues, “The majority of the time is taken up by teams trying to make the data accurate rather than in analyzing it. We wanted to shift the situation where the team was able to focus more on data analysis rather than the preparation of the data itself. The way to do that is through technology transformation and upskilling the team through training.

The first point is to make sure that the team is doing more added-value activities rather than just transactional reconciliation, for instance. The second key point is that what this enables is for the team to become full 360-degree business partners to the commercial team, giving them more insights, and adding more value. We were able to do this when the team had more time to analyze the data.”

A unified and well-communicated digital transformation strategy, especially for the finance functions, means that operational inefficiencies like disparate regions and systems can be overcome. And what it enables – with the right vision – is for finance teams to become integral players in driving business growth through providing added value.

> We wanted to shift the situation where the team was able to focus more on data analysis rather than the preparation of the data itself. The way to do that is through technology transformation and upskilling the team through training.

The evolving role of AI and machine learning in the modern finance function

Marco shared insights into how AI and machine learning are becoming indispensable in the finance function, saying, “Machine learning is very, very useful within Finance, whether that’s FP&A, cash forecasting, or revenue forecasting, if you have machine learning assisting you, you spend less time on analysis and more time preparing and modifying the data to add value to the wider team.

Essentially, machine learning handles the initial heavy lifting of data processing, allowing us to apply our expertise where it matters most.”

These technologies are not just enhancing traditional tasks like forecasting but are also pivotal in improving the overall decision-making process. This point reflects a broader trend in finance, where advanced technology is increasingly, as we’ve discussed previously in this series, seen as a key component in strategic management in the modern finance function.

As with all new technologies, there is a period of assessment and reflection required on its usefulness in different contexts. While still in the early stages of implementing AI, including machine learning, Marco said, “We are at the beginning of the journey, I think, and at the early stage of implementation. We’re looking at doing an assessment of what is the best for us to use as a business. And to be honest I’m seeing that even the assessment phase is also a very useful exercise to go through.”

In this discussion, we only scratched the surface of Marco’s insights into the evolving world of Finance, particularly through the lens of machine learning and digital transformation.

His experiences and strategic approaches at WebBeds offer invaluable lessons for all finance professionals as we go about navigating the complexities and opportunities on offer in today’s digital landscape.

Essentially, machine learning handles the initial heavy lifting of data processing, allowing us to apply our expertise where it matters most.

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We create value together by changing your finance function

We work from the inside with you creating impact that lasts. We are passionate people and how to drive mindset and behavioural change. We are finance people that believe in simple and practical solutions.

Research and Networks

We cannot succeed with business partnering alone but must bring together individuals, organizations, and communities to tell stories from the front and share best practices. This is how we create value together! We publish new viewpoints weekly and gather the largest communities in business partnering globally.

Learning and Development

To enhance your impact as a business partner, you must develop new capabilities and a new way of working. It sounds simple but can be difficult to do in practice. Business partnering should considered a change project and a learning journey. We take your team on a learning journey to elevate their influence in your company through business partnering.

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Too many consulting projects fail because they are not grounded in your company. We do this differently. Working alongside you, we create simple and pragmatic solutions that work and can be implemented. We call this inside-out consulting. We help you drive your business partnering transformation successfully and create results that matter.

"The finance organization across Danfoss has worked with the Business Partnering Institute to develop a group of highly skilled finance people. I can highly recommend this approach, that for sure has raised my expectations on what a finance business partner can and should be driving in the company."

Thomas Auerbach, VP Finance at Danfoss

"It was the best and most effective use of a consultant that I have experienced - combining deep finance expertise with change management and communication skills. The solution was of high quality, pragmatic and tailored to our needs"

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About Oracle NetSuite

For more than 25 years, Oracle NetSuite has helped organizations grow, scale, and adapt to change. NetSuite provides an integrated system that includes financials / Enterprise Resource Planning (ERP), inventory management, HR, professional services automation and omnichannel commerce, used by more than 37,000 customers in 219 countries and dependent territories.

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