Finance Transformation: A Guide to Success

What a successful finance transformation roadmap should look like, from start to finish
Introduction

The best companies approach finance transformation in a fundamentally different way: They treat finance as if it were a profit center.

It’s imperative to measure performance and allocate resources based on the return on investment from and risk mitigated by your finance services, not simply the cost to serve.

Specifically, successful finance transformation hinges on these three things:

1. **Align finance strategy to the business**
   Don’t pay attention to historical spend, industry benchmarks and traditional frameworks. Instead, focus on your unique corporate strategy and the right level of finance resources to help the business succeed.

2. **Prioritize high-value services**
   Allocate resources to the services, markets and products that deliver the most business value, while scaling back or eliminating low-value finance services.

3. **Manage expectations**
   Rather than aiming for universal stakeholder satisfaction, shape customer expectations and force them to choose between what they want versus what they need.
What success looks like across the entire finance transformation journey

**Set targets**
- **Do** — Base KPIs on how finance will help deliver on profit expectations.
- **Don’t** — Base targets on finance cost as percentage of revenue and business partner satisfaction.

**Allocate resources**
- **Do** — Spend money in areas of highest return.
- **Don’t** — Spread resources (and cuts) evenly.

**Centralize**
- **Do** — Centralize services while maintaining alignment with current and future business needs.
- **Don’t** — Focus on finding synergies and gaining economies of scale across all nonbusiness-facing finance functions.

**Automate**
- **Do** — Focus on technology governance and end-user adoption.
- **Don’t** — Focus on IT functionality and capabilities.

**Allocate resources**
- **Do** — Base KPIs on how finance will help deliver on profit expectations.
- **Don’t** — Base targets on finance cost as percentage of revenue and business partner satisfaction.

**Do** — Eliminate low-value services while enhancing or adding high-value ones.
- **Don’t** — Keep adding services while taking out costs.

**Redesign roles**
- **Do** — Differentiate guidance-based finance work from governance-based finance work.
- **Don’t** — Change reporting structure but do not redesign roles or performance measures.

**Reengineer processes**
- **Do** — Focus on making judgment and rules-based processes more effective by using a continuous, collaborative productivity improvement approach.
- **Don’t** — Focus on making rules-based processes more standardized and scalable top-down projects.

**Create data standards**
- **Do** — Make the correct tradeoffs between data accuracy and the speed of decision support.
- **Don’t** — Aim for “perfect data” in every process.

**Manage customers**
- **Do** — Manage expectations and demand based on budget realities.
- **Don’t** — Delight business partners.

**Key areas of successful transformation**

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<th>Benchmark function and set goals</th>
<th>Improve process efficiency</th>
<th>Develop talent</th>
<th>Manage change</th>
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Actionable, objective insight

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