

AUGUST 2021

RENOIR  
CONSULTING

# WINNING FINANCE TRANSFORMATION

HARNESSING THE FULL VALUE OF THE FINANCE FUNCTION



REAL OUTCOMES,  
SUSTAINABLE CHANGE.

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# AUGUST 2021

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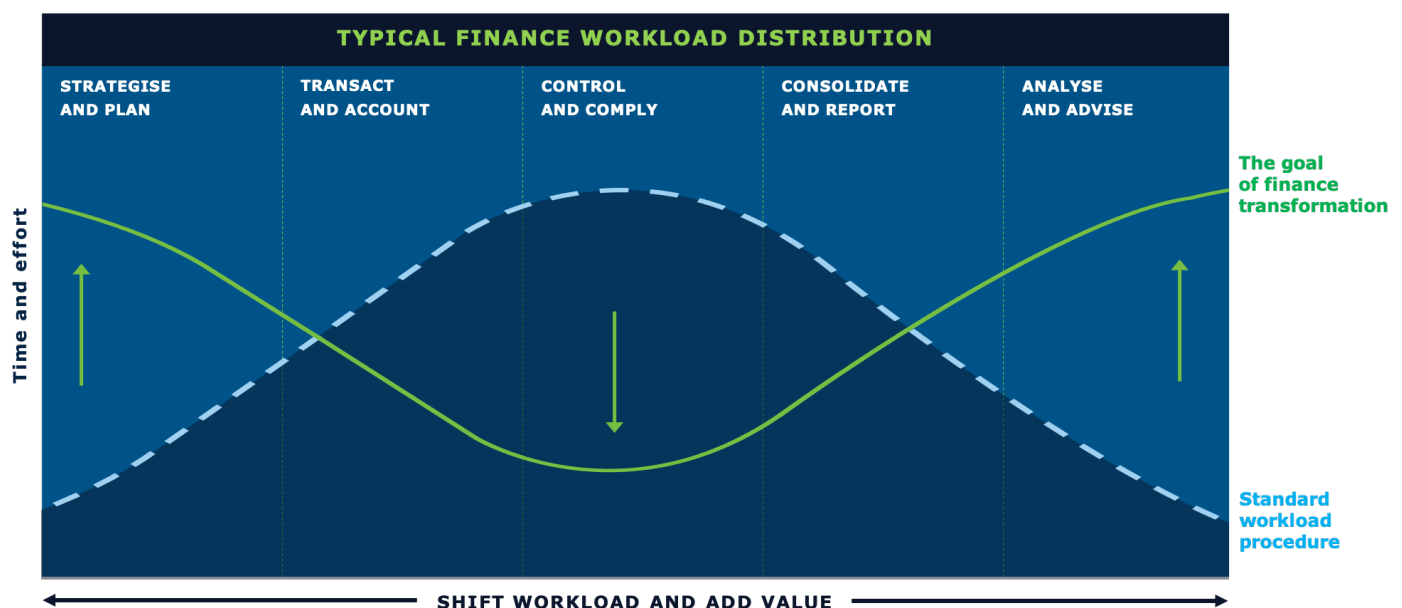
# WHAT IS FINANCE TRANSFORMATION?

Finance transformation redefines the finance function of an organisation by redistributing resources traditionally allocated to transactional and reporting activities — accounting, controlling, consolidation — towards higher-value activities such as strategy, planning, analysis, and decision-making support.

A transformed finance function can give organisations greater data-driven insights, easily accessible and transparent data and reporting, and

ensure adherence to compliance. Stakeholders will be able to achieve more with less resources, respond faster and provide better insights to achieve a higher standard of decision-making.

Finance transformation doesn't just mean adopting or implementing a new technology. It also involves transforming systems, processes, the organisation structure and the culture of the finance function itself.





# WHY DO TRADITIONAL FINANCE FUNCTIONS NEED TRANSFORMATION?

The traditional finance function is more of a supportive role instead of an advisory one.

Many finance departments are bogged down by too much time-consuming data entry, manual processes, crumpled receipts, stapled invoices, and spreadsheets. They often run the risk of irrelevancy, especially compared to faster departments like sales and marketing that deliver tangible, quantitative results.

Many finance functions have also become too mechanical. Reports are generated as-is, with little thought on what goes into them. There's no attempt to challenge or question the validity or necessity of the data and information contained in these reports, or whether they're even fit for

the organisation. In many cases, a lot of the information included in the reports are outdated and no longer relevant.

These data points can instead be rationalised, consolidated and optimised through process re-engineering and digital solutions such as analytics and business intelligence, resulting in real-time information purpose-fit to the needs of the organisation. Additionally, by reducing the time and effort taken on transactional functions, finance departments will have the margin to generate more value-added tasks such as giving strategic insights.

## FINANCE TRANSFORMATION: POTENTIAL AREAS OF IMPROVEMENT



### GOVERNANCE

- Accounting, auditing and budgeting
- Usually related to compliance, control and cost minimisation



### SCALE

- Related to growth, acquisition and new business markets



### REPORTING

- A lot of reports are outdated, poorly reviewed and probably have duplicated data points



### SERVICE

- Related to providing better financial insight to internal customers through intelligence and analytics



A survey by Robert Half International estimates that up to 54% of companies in the United States still rely on spreadsheets for budgeting and planning.<sup>1</sup> Teams that rely heavily on spreadsheets are often found in organisations where the finance team is growing far bigger than it needs to be.

This can lead to processes that are highly manual and inefficient, with inputs and deliverables that have not evolved with the business as it grew. Core workload increases when it comes to the end of the month, with the close of the underlying accounting systems and the activities associated with this. Finance teams accommodate it because “that’s just how it is” without realising that there’s no actual need for the additional stress.

In addition, there is also a misconception that merely implementing automation and technological tools will ensure the success of a finance transformation initiative. In reality, digital solutions are only part of the answer.

A successful finance transformation also involves foundational changes such as validating (and in some cases, defining) the strategic mission of the finance function within the organisation, redefining the finance function’s organisation structure, roles and responsibilities, as well as reviewing and re-engineering processes. Altogether, these changes can lead to the redefinition of the finance function and its people.

The finance function must therefore expand its scope and become more proactive, becoming a partner in the decision-making process. By modernising the traditional finance function, organisations can transform what was originally a backend and supporting role into a main driver of the decision-making process, giving stakeholders valuable, contextual and real-time information that helps them make better decisions.





# THE BENEFITS OF FINANCE TRANSFORMATION



## EVERYTHING MOVES FASTER

The reduction of the overall workload across the workforce leads to the streamlining and automation of processes across the finance function. As a result, overall reporting timelines can be reduced, leading to a reduction in the submission period of reports and the time it takes to receive information.



## BETTER ANSWERS TO QUERIES

Finance professionals will be able to answer queries faster as they have access to a deeper data pool powered by analytics and business intelligence. They can also seamlessly combine information from multiple data sources and provide information at very detailed levels, far more than can be done through manual means. This will incentivise the creation of clear, timely and actionable business reports that are presented in intuitive formats and encourage focused business discussions.



## MORE INFORMED DECISION-MAKING

By reducing the time spent on producing reports and enhancing the quality of the reports, finance teams can increase the validity and legitimacy of information in the reports.<sup>2</sup> As a result, management and C-level stakeholders will have the confidence to make the right decisions for the benefit of their organisation. They will also be able to form a more comprehensive business strategy that considers the financial impact of those decisions.



## IMPROVED WORKFLOW THROUGH AUTOMATION

Approximately 40% of finance activities such as cash disbursement, revenue management, general accounting and operations can be fully automated. Automating processes can reduce manpower on manual and transactional processing that add little to no overall value to the organisation. It can also improve workflow turnaround time and increase accuracy.



# WHY DO MOST TRANSFORMATION INITIATIVES FAIL?

Despite best efforts, many financial transformation initiatives fail to hit the mark because of the following reasons:

## A CULTURE THAT IS HESITANT TO CHANGE

Finance functions can become too comfortable too quickly, resulting in a culture that's hesitant to incite change. Change is only initiated whenever an issue pops up, and even then the solutions are reactive in nature. This is in stark contrast with other departments such as IT, marketing, or sales because they have an obligation to constantly review and evolve their operations to keep up with the needs of customers and the overall business environment.



## A TENDENCY TO STICK WITH WHAT WORKS

Once finance functions discover a method, system or process that works for their needs, their daily operations will evolve to work around it — and cover up its deficiencies. There is a lack of initiative in stepping back to evaluate what works and improve or change what doesn't. There is also a hesitancy in adopting new changes, because of fears that they cannot adapt to the new tools that come with the changes. When potential issues occur, finance functions will create extra steps within the existing processes without considering whether those steps are efficient or productive.





## UNDERESTIMATING THE SCOPE OF TRANSFORMATION

Many organisations are ill-equipped to investigate, define, review, and implement the processes, change management activities and adoption plans required to ensure a successful finance transformation. This could be due to a variety of factors. They may not know how to sustainably implement best practices, be up to date with the latest industry norms, or are unaware of the more effective ways to design and implement processes.



## A LACK OF STRATEGIC ALIGNMENT

Financial strategies often do not align with a company's overall business strategy. Pain points, areas of growth, and other factors are not properly mapped out, causing companies to focus on technologies rather than what's actually needed to increase efficiency and productivity.

## THINKING OF TRANSFORMATION AS A ONE-TIME AFFAIR

Transformation is continuous and iterative. It is closely intertwined with the company's business strategy. If one changes, so too must the other. Unfortunately, organisations are still dependant on manual practices and methods of documentation and reporting.<sup>3</sup> They might also operate under practices that are already outdated and out of favour with industry norms.





# IMPLEMENTING SUCCESSFUL FINANCE TRANSFORMATION

Before finance transformation can begin, organisations must thoroughly define their overall strategy – the vision and mission of what's required from the finance function, as well as the role it should play to support and drive organisational and business growth.

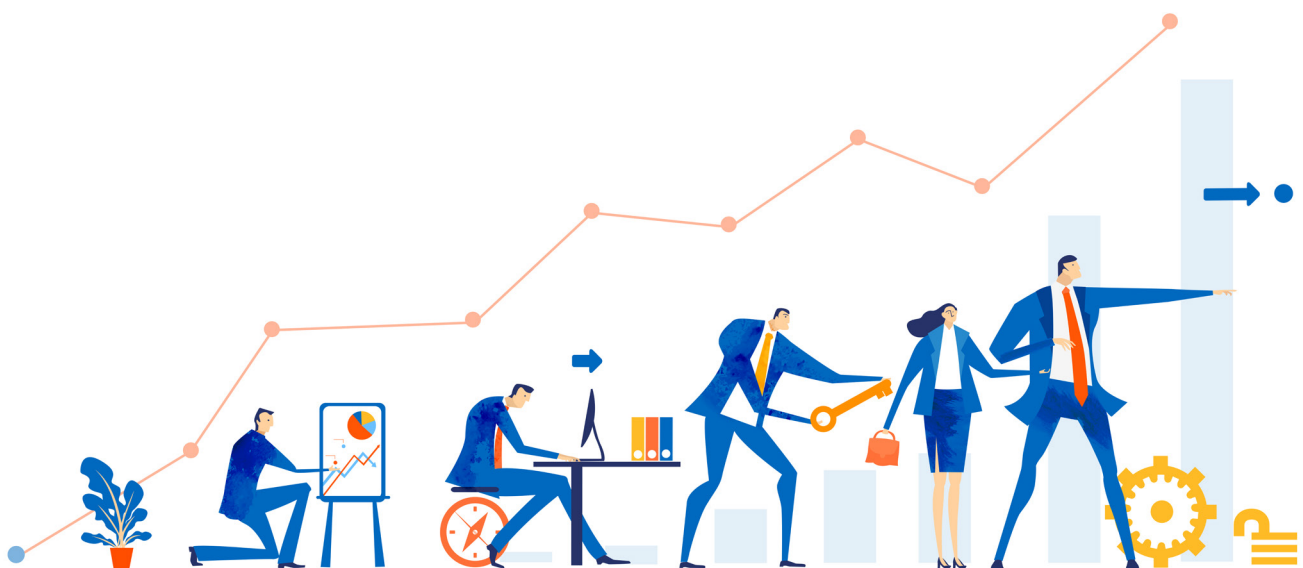
Why is this important? Different organisations have different ideas of what they want from their finance function. Some might want it to be more proactive and focused on analysis planning. For finance functions that are more transactional, they might want to streamline those elements, reduce the workload or the resources that are utilised for transaction elements, and bring a level of automation or process re-engineering.

To successfully implement finance transformation, businesses must look at five key areas of change:



## PROCESSES

Streamlining processes and making them fit for purpose ensures that workload is reduced across all financial activities without compromising productivity and efficiency. After all, one of the main goals of finance transformation is to reduce the amount of work that is manual and transactional with the aim of increasing focus in financial analysis.





## REPORTING

When it comes to financial reporting, businesses need to shift priorities and their mindset by redistributing the time spent on closing accounts, performing consolidation, making adjustments and generating reports towards work focused on analysis for insights. This will involve reducing the time spent on traditional finance consolidation and reporting activities. One example is shifting time and resources from report generation and consolidation over to analysis, which provides insights for business performance and strategic planning.

The reports generated should also be suited to the needs of the stakeholders. They should essentially answer the following questions:

- Why is this report prepared?
- What is the key data required to provide insightful information?
- How does this fulfil the stakeholders' needs?
- When do they need this information?



## ENGAGEMENT MODELS

Another area of change involves engagement models. The sharing of information and data is not a static activity. It can and should be flexible when and as needed. By redefining the engagement models between different business functions and finance, and between business units and shareholders, businesses can enhance the sharing of information and data, thereby improving the decision-making process at all levels.



## ORGANISATION STRUCTURE

Another key area is to review and define the future operating model, roles and responsibilities of the finance function and ensure that it is aligned to the optimised ways of working. This includes staffing the department with the right people and the right skillsets. One particular aspect that should be reviewed is the method of operations. Finance functions can be centralised or decentralised, or even outsourced altogether. The shared services model is also another option that's gaining popularity.



## DIGITAL SOLUTIONS AND AUTOMATION

Best-fit digital solutions and automation can create room for data-driven decision-making that is available on demand through cloud-based solutions. This can go a long way towards enhancing the productivity, efficiency and visibility of finance functions.

Automation also improves cost-efficiency by helping to redesign and streamline processes, significantly improving the speed and completion of transactional processes. This will ensure that tasks are completed quickly, efficiently, and without error. These optimised processes improve overall productivity, which saves time and costs.

Digital Solutions available to companies that decide to implement financial transformation initiatives include:



### DIGITAL TOOLS

Technologies like cloud-based automation, robotics, and AI can completely transform processes for treasury, accounting, budgeting, invoicing, and expense management.

By simplifying tedious processes through these technologies, finance can create room for data-driven decision making, which will create a more forward-thinking and agile team.

When data flows more freely, finance can easily share it with other departments such as sales and marketing, human resources and IT.



### BUSINESS ANALYTICS

Companies worldwide are using data to:

- Boost process and cost efficiency
- Drive strategy and change
- Monitor and improve financial performance

A study by the Business Application Research Center highlights an average 8% increase in revenue and 10% cost reduction in businesses that are able to quantify their gains from analysing data.<sup>4</sup>

However, the main challenge faced by companies in this context is turning raw data into actionable insights. CEOs and CFOs are looking for quick, easy, automated ways to obtain them.



# THE RENOIR ADVANTAGE

Renoir has worked extensively in consumer finance, insurance, holding companies, private equities, retail and business banking, as well as government-linked agencies. We have the best practices to ensure that finance transformation will be implemented successfully and efficiently.

Renoir believes in “setting the house in order first” before enhancing finance functions with digital solutions. That way, the transformation is holistic and sustainable.

Achieving improved efficiencies starts with addressing the needs of the customer in a systematic manner. Our methodology ensures that our clients are positioned to deliver on this promise. Our industry-agnostic approach means that we actually bring overall best practices to the table, regardless of the type of final function you want to have.

Renoir will leave clients with a functional ecosystem that is holistically set up by:

- Aligning the transformation initiative with company strategy
- Helping to define the mission statement of the finance function
- Delivering optimised processes and reports
- Defining the best-fit finance organisation structure to support your business
- Identifying the best digital solutions to use to enhance your finance functions. We make sure what is really needed is really needed
- Taking clients through the adoption process to ensure that change is implemented successfully throughout the organisation

We approach finance transformation in two key phases: We begin with a comprehensive gap analysis of the current state of the business before proceeding to the transformation journey.

In the analysis phase, we will identify your future business needs, capture and quantify key activities by reviewing processes, reports, functions, responsibilities, management control system reports, as well as the overall system landscape, data landscape and the required best-fit digital solutions. We review and understand the pain points and challenges, and with our know-how, provide best practices that are missing in every stage of the decision-making process.



The aim is to collaboratively build a list of opportunities for improvement. Once this list is ready, the transformation journey can truly begin. With the finance transformation roadmap, we work together with the client to execute, deliver and implement those opportunities that we have uncovered during the analysis phase. This is how Renoir can help organisations bring a level of transformation and a sustainable competitive advantage required for the organisation from a finance perspective.

## RENOIR'S APPROACH TO FINANCE TRANSFORMATION

### ANALYSIS

#### Map and review:

- Finance processes and interfaces
- Management systems, operational and financial reporting
- Data and system landscape

#### Identify:

- Opportunities for improvement
- Roadmap and actions to address gaps
- Future business needs and corresponding services

Tailored approach to support in Phase 2

Quantify operational and financial benefits

### SOLUTION DEVELOPMENT

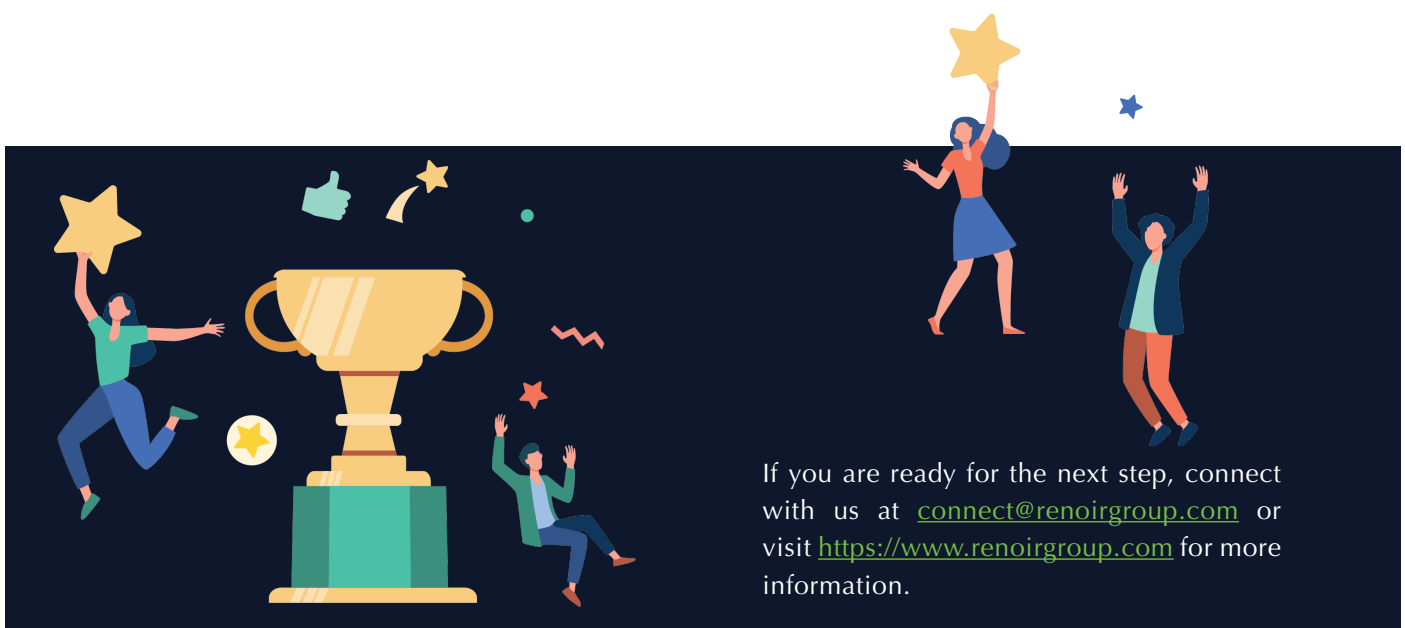
#### Strategic alignment and effective implementation planning

- Gain common understanding of solution
- Get buy-in from users and ensure IT support
- Identify what needs to be done to change
- Detail design/refine solutions
- Support in sourcing best-in-class solutions
- Implement an agile methodology to incrementally drive change

### IMPLEMENTATION

#### Making change happen — together — and creating a sense of ownership

- PM/Deliver initiatives
- Manage process against plans
- Manage and mitigate risk
- Ensure training before change
- Support implementation
- Ensure knowledge transfer



If you are ready for the next step, connect with us at [connect@renoirgroup.com](mailto:connect@renoirgroup.com) or visit <https://www.renoirgroup.com> for more information.




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## ABOUT RENOIR

Renoir Consulting is the trusted business transformation partner for the world's many leading companies and institutions for more than 25 years. We have partnered with clients from diverse industries in more than 50 countries to co-create bespoke solutions that produce real outcomes and sustainable change. Our boutique approach means that our clients receive the highest level of professionalism, expertise and leadership ownership.

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## ABOUT THE EXPERTS

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**Winnie Wong** is a Transformation Manager at Renoir Consulting. She has extensive project management experience in implementing financial and business systems and to re-engineer processes to achieve operational efficiencies and the ability to bridge business and technology teams.

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