



Closer than you think

Planning for the future of the finance function

The finance function faces what is possibly the biggest era of transformation in its history. Process automation, the corporate digitisation agenda and the ongoing need to protect assets while managing costs are conspiring to bring real pressure on finance professionals. It's time for chief financial officers (CFOs) heading up the engine rooms of organisations across the world to consider how they should plan for the future of the finance function.

Many CEOs and boards already expect the CFO to expand their role to that of strategic adviser on growing the organisation, as well as serving as the steward of the bottom line. 'Come 2020, as that expectation increases, CFOs may need to bring a much more multidisciplinary skill set to the job ...' according to Frank Friedman in CFO.com.¹

That means CFOs considering not just how the value that finance delivers to the business will change, but what impact this change will have on day-to-day operational finance, strategic business and financial analysis, innovation, information and systems – and not least their people.

Contents

Finance function taking a more active role	2
Meeting operational finance objectives today	3
Is automation the only consideration?	5
Case study: Digitisation planning requires stages	6
Expectations from the business	7
Talent management	9
Six core steps to prepare for 2020	11
Are you ready for the battle ahead?	12

¹ Frank Friedman is CFO and COO of Deloitte LLP and Global COO of Deloitte Touche Tohmatsu Limited.

Finance function taking a more active role

Why does the finance function exist? **Peter Simons**, Head of Future of Finance Research at **CIMA Global**, discusses the fundamentals: *“While company directors share fiduciary and stewardship obligations for the business, the finance discipline takes care of statutory reporting and returns to the regulators. They are the essential discipline needed to get the numbers right.”*

However, CFOs increasingly need to find equilibrium between balancing the books and helping the business forecast and analyse trends to reach profitable growth goals. The focus of the CFO is changing still further as the need to remain compliant yet meet the increased expectations of the business for strategic advice and planning builds.

“Due to rising uncertainty in the outside world, including technology developments and developing markets, it is becoming increasingly important to consider the risks alongside the opportunities with any strategic planning.”

Anneke Wieling – Managing Director at **Protiviti**

As businesses operate more in real-time, complex markets, the value of the insights the finance function can provide the business is increasing. But how should finance professionals work out what the business actually needs?

Simons believes it's all about asking questions: *“As accountants, we are great at coming up with the answers, but we need to change our perspective and start listening. Asking probing questions generates objective insights in collaboration with business managers. Then it's a question of percolating the right data upwards and ensuring it cascades down to those who need it.”*

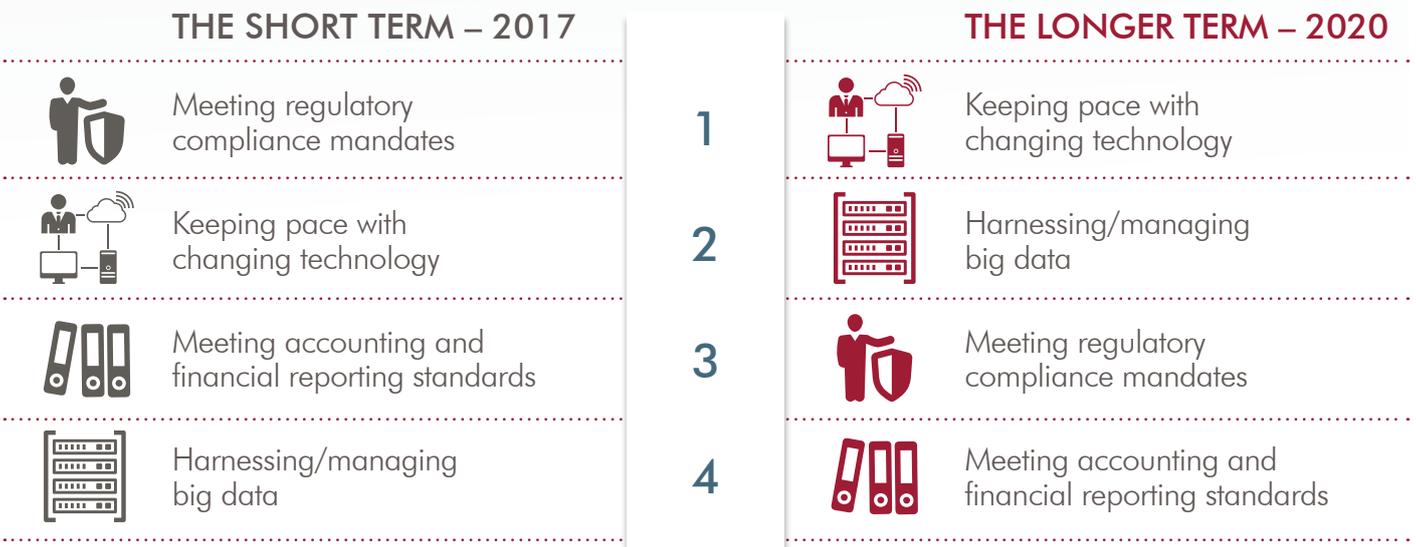
So has that message begun to filter through? According to CFOs, the top priority is 'meeting regulatory compliance mandates', closely followed by 'keeping pace with changing technology'.

Looking forward, CFOs believe that while corporate governance, risk management and regulatory compliance will still be important expectations from the business, the most important factors by 2020 will be keeping pace with technology change. Given that change in expectation in a relatively short time, how will finance teams need to change, and what role will automation play?

Meeting operational finance objectives today

Ever since the introduction of the calculator, automation has played a huge part in improving the efficiency and effectiveness of financial processes. More recently, the transactional aspect of finance has been automated still further to allow for greater data validity, with straight-through processing for everything from funding to invoice reconciliation helping to achieve huge gains in business efficiency and customer service quality. Automation and the need for greater analysis of information will play an ever-increasing role. As **Wieling** sees it, *“technology and the internet will become the decisive business factors in the future, and having timely and relevant data to gain a competitive advantage will be a key role for CFOs looking ahead.”*

HOW CFOs SEE THEIR PRIORITIES CHANGING IN...



Source: 200 CFOs were asked to rank initiatives in order of priority.



Interestingly, keeping up with accounting and financial reporting was ranked higher as a priority among small businesses (22%) compared with large companies (6%), according to CFOs. **Wieling** puts this down to the transition businesses are having to make to meet new regulation and reporting standards. As large businesses have been seeing incremental changes, with the likes of IFRS, for example, they are now further along the process. They also benefit from the dedicated staff and advisers who are able to manage the implications of these new reporting standards. Small businesses are experiencing this transition more recently with UK GAAP and having to manage all-encompassing changes as a result. This leaves less time to analyse and discover innovative solutions for the business to remain competitive.

SMALL BUSINESSES PLACE GREATER PRIORITY ON ACCOUNTING AND FINANCIAL REPORTING



Source: survey of 200 CFOs in the UK.

Another interesting issue that's emerging is whether automation is a threat or an opportunity for finance teams. **Liz Collins**, Chief Financial Officer at **Bonhams**, believes it is definitely the latter: *"The business expects finance to operate as efficiently as possible. Optimising the delivery of traditional transactional processing and technical reporting allows the finance function to reallocate resources away from these areas into financial analysis and strategic planning. This allows finance professionals to use their skills to challenge the business to optimise their decision-making with strong financial input. Finance should be more focused on where they can influence the direction of the businesses in which they operate in order to optimise the use of scarce resources that face all organisations."*

Is automation the only consideration?

Keeping up with technology is key to making progress in providing better data analytics. Organisations may be doing a great job of data analysis, but are still working with legacy systems based on spreadsheets that take far too much time to complete.

“The key goal is not to digitise for the sake of reducing headcount, but in order to add value to the business.”

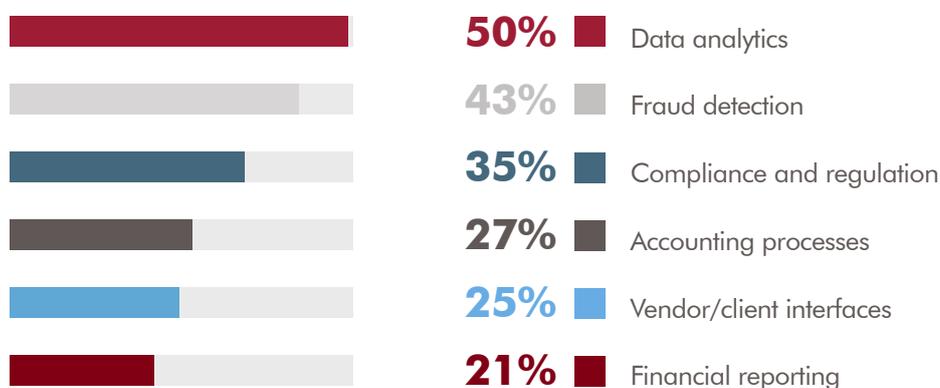
Jim McAuliffe – Financial Director at **Bristol Airport**

The digitisation of the finance function can help facilitate the transition that will allow the greater support of business finance. Half of finance leaders will invest in data analytics as part of their digitisation plans.

Digitisation in good shape

The majority (89%) of UK finance leaders say digitised finance functions are in good shape to meet future business challenges compared with 83% of counterparts in Europe. However, 87% of CFOs expressed challenges in rolling out their digitisation plans, with technology limitations (40%) cited as the greatest challenge in the UK.

CFOs' INVESTMENT PLANS IN THE DIGITISATION OF THE FINANCE FUNCTION TO INCLUDE...



Source: survey of 200 CFOs across the UK. Multiple responses permitted.



Case study: Digitisation planning requires stages

The finance function at energy and services company **ENGIE** in the UK and Ireland is firmly on the road to digitisation. However, says **Richard Blumberger**, former Chief Financial Officer and now Deputy CEO, transformation cannot happen overnight and needs to be a journey undertaken in stages.

"It's important to get the foundations right before you start changing processes wholesale," he says. "However, we have a large team of talented accountants who are still spending time chasing paper documents who should be providing more value to the business. That's why we have implemented a single procurement system, single payroll system and single finance system, which has made life easier for the business and the finance team."

Driven by this vision for the finance team, Blumberger has agreed a development plan for each employee so that the team is in the best shape possible to embrace a different way of working.

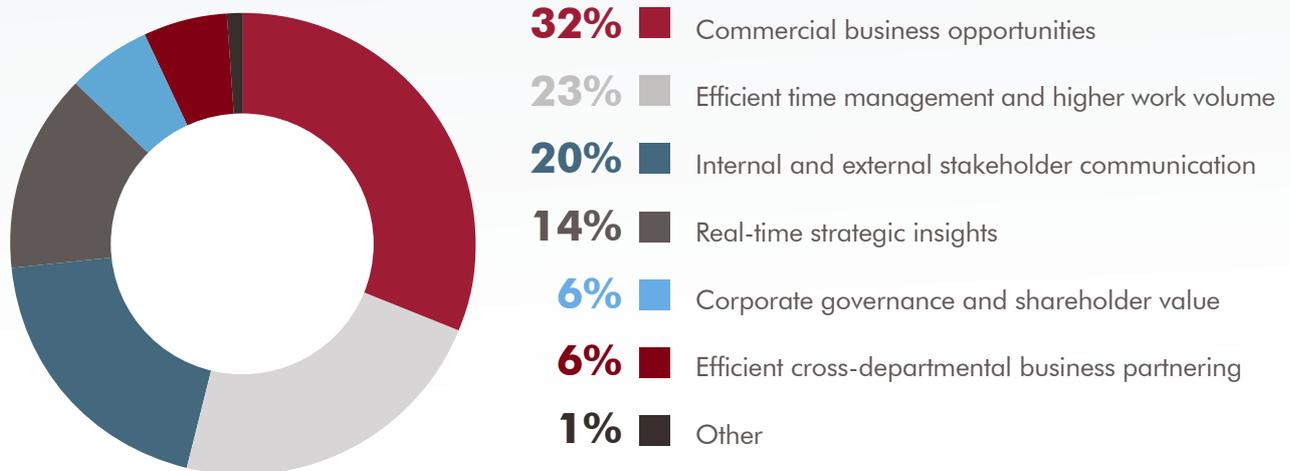
"We don't have a skills gap as much as we have a skills application gap," he explains. "We have all trained as accountants – and we will remain accountants first and foremost. Our main responsibility is to protect the corporate assets, and this will not change. But we need to think about how we innovate processes within the finance team, as well as contribute to innovation across the wider business."

Insights from **Richard Blumberger**, Deputy CEO, **ENGIE** UK and Ireland.

Expectations from the business

What is the business looking for from the finance function of the future? Big data, forecasting and analytics are providing the business with actionable insights to support decision-making, but how do CFOs work out what they need?

EXPECTATIONS OF THE FINANCE FUNCTION BY 2020



Source: survey of 200 CFOs in the UK. Responses do not total 100 per cent due to rounding.

Looking forward, CFOs identified the most important areas the business will expect support by 2020 as 'commercial business opportunities' (32%), 'efficient time management and higher work volume' (23%) and 'internal and external stakeholder communication' (20%).

The place to start is with a common business objective, says **McAuliffe**. "As a key regional airport, our growth goal is to increase passenger numbers to some eight million a year by 2019. It's not just finance that needs to change to accommodate that goal but the whole organisation, although we are planning for change more than most."

This is where financial business partnering – working alongside the business to find efficiencies and to support profitable growth – has become a part of the finance mission. Stakeholders – including the CEO, the board, business heads and shareholders – are increasingly looking to the CFO to communicate strategic advice that supports the business vision.

Barriers that prevent this happening can include silos in the business, which get in the way of collaboration between different teams. If finance directors (FDs) do experience pushback from people in the business who don't believe it is their responsibility to step in and provide strategic advice, they should do it anyway.

Simons says: *"The biggest challenge is that a CFO does not have either the credibility or the mandate to suggest change. However, if they can show the business how to make money, save money and/or remain compliant, they will be invited back to the table again and again. If you can prove empathy and rapport in your dealings with the business, you will become even more interesting."*

All this means that the importance of communication skills for finance professionals will continue to grow over the next few years. CFOs need to ask the right questions and understand the individual goals of different teams as well as be able to distil the insights to the business in a way that people can understand and action.

"The bottom line is how to help the business deliver its budget, whether that's getting more value from the supply chain or working out how to automate sales and marketing processes."

Liz Collins – Chief Financial Officer, **Bonhams**

CFOs already have respect from the business as holders of the purse strings as well as guardians of compliance and are potentially the only people in the organisation who can act with professional objectivity to assess the cost, risk and value of particular courses of action. *"As well as all of that, they have access to the huge well of data that companies now collect and the means to present it in the right format,"* says **Simons**.

Talent management

The skills shortage will continue to grip the nation. Over the last few years, the vast majority of CFOs experiencing challenges in sourcing skilled candidates has not dropped below 85%.

90% of UK CFOs are challenged in finding skilled accounting and finance professionals today

Resource and succession planning are important elements for any CFOs looking at the future of the finance function, says **Phil Sheridan**, Senior Managing Director at **Robert Half**. *"This is all about understanding what skills you're going to need in the future and where the gaps are likely to be. You may not be able to predict everything that's going to happen, but you can be as prepared for the future as possible."*

It may not just be about recruiting new staff, but also about getting more out of the people you have already, says **Simons**: *"As one of our CIMA members said when asked why the company trained people when they might leave, he answered 'why would we not train them when they might stay?'. People need clarity in their roles and an understanding of where they are headed in the future."*



In the news...

"Finance firms cannot find the staff they need to grow" – The Telegraph²

"Business bosses plan hiring spree" – Yahoo! Finance UK & Ireland³

"UK finance chiefs are worried about losing their top workers amid competition for talent" – CityAM⁴

² [telegraph.co.uk/finance/jobs/11706654/Finance-firms-cannot-find-the-staff-they-need-to-grow](https://www.telegraph.co.uk/finance/jobs/11706654/Finance-firms-cannot-find-the-staff-they-need-to-grow)

³ uk.finance.yahoo.com/news/business-bosses-plan-hiring-sprees-050006658.html

⁴ cityam.com/232595/uk-finance-chiefs-are-worried-about-losing-their-top-workers-amid-competition-for-talent

IMPORTANT SKILLS FOR FINANCIAL PROFESSIONALS TO DEVELOP IN THE NEXT 5 YEARS

Soft skills



33%

Leadership



25%

Communication



21%

Commercial acumen



15%

Flexibility/open to change

Technical skills



45%

Financial software packages



30%

Accounting and financial reporting standards



16%

Regulations/risk management/compliance



10%

Analytical skills

Source: survey of 200 CFOs in the UK. Responses do not total 100 per cent due to rounding.

Further research of CFOs and FDs identified that finance professionals need to develop their technical abilities through greater knowledge of financial software packages (cited by 45% of respondents). Leadership, communication and commercial acumen were cited as the soft skills finance professionals need to develop the most in the next five years. The demands of regulatory reporting and compliance mean that technical, niche experts are in increasingly short supply, and this is identified as the major reason for CFOs finding difficulty in identifying new hires.

However, as outlined earlier, it is not just the technical skills that finance professionals need to display, but the softer skills required to collaborate effectively with the business.

Sheridan explains: *“Leadership, and not necessarily people management, is also growing in importance as accountancy and finance professionals engage more with the business and need to demonstrate the ability to steer and guide decision-making with confidence.”*

Six core steps to prepare for 2020

CFOs are operating in an uncertain world and need to succeed despite a series of external factors over which they have no control, including currency fluctuations and political instability. What they do have control over is the ability to plan for the future shape of their team.

1 Create a competency framework. Ensure your team can support operational finance needs and changing expectations from the business moving forward. What are the new skills that are required in the finance function of the future?

2 Perform a gap analysis. Audit current resources, including skills, headcount and expertise. Include in this process any insight you have about individual members of the team and their own ambitions for changing work patterns. Anticipate as far as possible when key members of the team are likely to want to move up the career ladder or even leave to take up other opportunities.

3 Create a talent pipeline and develop a training and development plan. How are your team members likely to develop into the future, and what are their areas of interest? Is a particular team member already demonstrating empathy with the business and can they be encouraged into a finance business-partnering role in the future? Are there others who will be more suited to an operational role?

4 Identify areas for automation. Assess which of your current processes or operational finance actions can be automated to both create efficiencies and enable the team to add more value to the business. Is it time to replace outdated finance systems with new software that can streamline day-to-day processes yet also provide data that supports insight for the business?

5 Adopt a flexible recruitment strategy. For businesses to make sure they have the right people in the right places at the right time, they need to incorporate some flexibility in their recruitment plans. Project professionals are increasingly working on a project-to-project basis and are able to bring a unique skill set with them.

6 Establish attraction and retention strategies. Planning now to ensure your finance function has the talented professionals needed to succeed in 2020. This should include a salary benchmarking process to ensure you are offering competitive rates of remuneration and an attractive benefits package, including the ability to work on a flexible basis.

Are you ready for the battle ahead?

The future is here. Businesses are operating in a fast-changing environment, which is often complex and uncertain. The needs of the business from the finance team are growing, and the balance between meeting operational finance objectives and the need to support and provide strategic insight to the business is in a state of flux.

Sheridan explains: *“While the task ahead may seem daunting, especially with the ongoing day-to-day pressures from ‘business as usual’, many CFOs already have well-thought-out plans in place for resource allocation, training and development, recruitment, new technology, finance process automation and business innovation in place. “This is not a battle that can be won overnight, but a planned programme of transformation that can be tackled successfully with the right blend of technology, people and process.”*

Acknowledgements

We would like to thank the following interviewees for their participation and contributions to this report:

- **Richard Blumberger**, Deputy CEO, **ENGIE** in the UK & Ireland
- **Liz Collins**, Chief Financial Officer, **Bonhams**
- **Jim McAuliffe**, Financial Director, **Bristol Airport**
- **Phil Sheridan**, Senior Managing Director, **Robert Half UK**, South America and the Middle East
- **Peter Simons**, Head of Future of Finance Research, **CIMA Global**
- **Anneke Wieling**, Managing Director, **Protiviti**

About Robert Half

Robert Half is the world's first and largest specialised recruitment consultancy and a member of the S&P 500. Founded in 1948, the company has over 330 offices worldwide providing temporary, interim and permanent recruitment solutions for accounting and finance, financial services, technology, and administrative professionals.

Robert Half is also the parent company of Protiviti, a global business-consulting firm that helps companies solve problems in finance, technology, operations, governance, risk and internal audit. Through its Enterprise Solutions practice, the two organisations offer a unique collaboration, providing the deep expertise, tools and methodology of a leading global consultancy with the flexibility of responsive staffing.

Research methodology

The annual study was developed by Robert Half UK and is conducted by an independent research firm. The study is based on more than 200 interviews with senior finance executives from companies across the UK, with the results segmented by size, sector and geographic location.

0808 169 2330

roberthalf.co.uk



rh Robert Half®

