



HOW TO WIN BACKING FOR YOUR **FINANCE** **TRANSFORMATION**

FINANCE TRANSFORMATION AND YOUR BUSINESS

The headwinds facing today's global economy are well-publicised. Rising interest rates, inflation, and even possible recession hold the headlines, but in truth this is an era of opportunity for finance professionals.

Advanced digital finance systems have revealed new potential for the finance function to act as a strategic partner to the wider organisation, providing insights to decision-makers and driving overall efficiency. A successful transformation, however, cannot be limited to the finance function, and hinges on selling the whole vision to stakeholders to secure the necessary resources to make it a reality.



PEOPLE, PROCESS, TECHNOLOGY AND DATA



PEOPLE

Selecting the right talent is key to starting change in the right way and giving the programme the best chance of success. Programme leadership, governance, change management and technology roles all require skilled individuals.



PROCESS

New digital systems require new processes, but this is an opportunity to be embraced. Beginning a finance transformation journey is a chance to overhaul existing processes across the business, reexamining and recalibrating them to ensure outputs are optimal.



TECHNOLOGY

Today's digital cloud business platforms are comprised of Enterprise Resource Planning (ERP) systems, Enterprise Performance Management systems (EPM), and data analytics solutions. Whether a system is the right one depends on the context, so it's important to take stock of business objectives, risks, and the systems and processes already in place before making a choice.



DATA

Using data to shape business strategy has always been a core part of the finance function's value proposition. Now big data analytics, machine learning and other forms of AI are increasing the efficiency of finance activities, enabling innovations such as real-time recording and reporting on transactions.

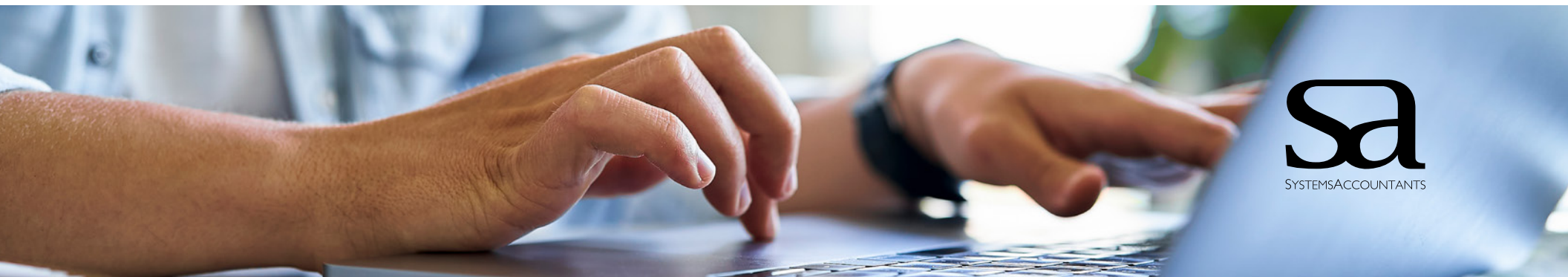
A DILEMMA AND OPPORTUNITY FOR MID-MARKET FIRMS

Sooner or later, digital transformation – or its absence – becomes an existential issue for mid-market firms. Defined as businesses with a revenue of £50 to £500 million, and 100 to fewer than 10,000 staff, they are more agile than their larger counterparts, with more resources than small businesses. Despite this, many fail to attract investors due to their ongoing reliance on outdated legacy technologies and processes.

These legacy systems - while cheaper in the short term than investing in a new finance system - undermine the foundations of a business slowly over time. A loss of customers, a drain of talented staff

poached by rivals, diminished availability of product, challenges accessing funding – all of these can arise from the obsolescence of systems and workflows.

On the other hand, greater finance automation is a highly desirable quality to private equity or VC firms seeking businesses with untapped potential. Dealmakers can use enterprise data to gather more accurate information about mid-market companies as they weigh up whether these businesses fit their investment criteria or have enough growth potential to deliver.



HOW TO SELL TRANSFORMATION AS A GROWTH DRIVER

Successful finance transformation has to be accompanied by a major shift in the culture of a business. CFOs must be prepared to drive sweeping changes to an organisation's strategy, structure, processes and workforce at all levels.

Of course, this cannot be achieved by the finance function alone. In many organisations, the initiative for transformation may come from other departments, or from the very top of the C-suite, but in other situations it will be finance executives who understand the need for change and have to achieve buy-in from senior leadership and other key stakeholders.

The evidence for the potential ROI and necessity of digital transformation is visible in almost every market. But how to convince decision-makers of the value of finance transformation?



1 TAKE THE BOARD ON A JOURNEY

Finance executives have a critical role to play in readying their business for the market environments of tomorrow.

Eyes around a boardroom table may begin to glaze over when a CFO is pitching the need for digital strategists, DevOps engineers and data scientists, but history is littered with businesses that ignored the ground moving under their feet.

This makes the strategic vision for how to execute a digital transformation a critical aspect of the process. While the costs and time frame will vary depending on the individuals involved and the scale of the business, articulating that the transformation may take years, be complex, arduous and expensive, but ultimately worth it, sets expectations accordingly and puts the CFO in a stronger position to deliver.

2 COMMUNICATE THE COST OF STANDING STILL

While the positive case for transformation is seductive, mid-market firms often back off as costs begin to rise and the risks come into focus. This is dangerous territory. The negative case for transformation is important too: businesses that fail to invest in it often fall behind. The cost of inertia is most often higher than the cost of change.

Organisations that locate the efficiency and productivity boosts that transformation brings will outcompete those that do not.



3 BE CLEAR ABOUT THE RISKS AND HOW TO FACE THEM WITH RESILIENCE

Along with multiple advantages, disruption creates risks for the finance office and the wider business. Exposure to risks like security, time burn, and costs are often prominent in stakeholders' list of concerns.

Other potential downsides to transformation can arise when the process of change is badly managed. In this case, transformation becomes a burden, not a benefit. "If a program gets off on the wrong foot you will always be fighting to bring it back," says Reid.

Whatever the risks of transformation, the case should be made to the C-suite that few other steps they can take will better increase overall organisational resilience. By increasing data transparency and analytics capacity, transformation helps businesses to understand where and how they're exposed, massively increasing risk tolerance.

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Without the proper help, the CFO will quickly become consumed by the change management process. That may mean hiring project or program managers with specialisms in transformation.

PIERS REID, GROUP CEO OF SYSTEMSACCOUNTANTS



SKILLS AND TECHNOLOGY REQUIREMENTS

In years gone by, accountants and finance professionals would be more than happy to outsource technological matters to their business' IT departments. Today, CFOs and CIOs work in tandem to optimise operational efficiencies.

The plethora of solutions on the market requires close collaboration between technology and finance leads to ensure the best fit for the business.

"All the key solutions are great in their own way, they do everything necessary for a transformation," says Reid. "But what the CFO and their team must figure out is what the specific needs are for their company. The regimented selection process is such an important aspect some companies miss when speaking to vendors, where they can become blinded by bells and whistles or the best salesperson. You really need to 'get under the bonnet' to ensure you choose the right applications that will implement well for your purpose."

KEY TAKEAWAY

Budget is a key factor when choosing a digital system, and that's often particularly the case for mid-market firms, but there are other crucial elements to consider like ease of use, accessibility, scalability, maintenance, and the level of ongoing support.

FINDING THE RIGHT TALENT

“It’s not just about the systems going in. The project needs the right calibre of people involved, or it’s doomed to fail,” says Nicola Sutcliffe, Group CFO of SystemsAccountants. “You must also have a clear path for what you are aiming for, and that requires someone (or a team) who can take ownership of delivery, like project managers. If mid-market companies do not have those resources in-house, they must see it as part of the investment.”

As Reid puts it: “Front-load your spend on people.”

Finance professionals in a digital-first organisation will be expected to perform new roles and activities, often combining accounting and digital technology know-how to meet these changing demands. This could include knowledge of cloud ERP, reporting and forecasting applications, data analytics, data science, knowledge of digital business strategy and business models, and knowledge of information systems architecture. Also key are accelerated change and transformation methodology competencies, such as knowledge of agile, lean, and design thinking.



Finance offices need technology leaders, digital strategists, designers, DevOps engineers, data scientists, process owners, solution architects and artificial intelligence specialists as much as they need accountants. Competition for workers will be intense; finance offices all over the globe are hunting similar types of people, who are also in demand from other functions and sectors, including technology firms themselves.

“Mid-market particularly has suffered a double whammy,” says Reid. “These firms don’t have the deep pockets of a consultancy who can leverage talent at a day rate, or the big US tech firms that can offer huge salaries. When the latter hunt talent it’s the mid-market who are often raided, and when looking to replace or add new skill sets they often have to be educated on the costs.”

KEY TAKEAWAY

Hiring and retention strategies change as firms require new digital-first skill sets in areas such as cloud ERP, EPM, data visualisation, analytics, data management, data science, programming, and experts in predictive analytics. Finance professionals possessing one or more of these abilities can expect salaries with a higher base than those without.

FINANCE TRANSFORMATION AND YOUR BUSINESS

Finance Transformation Consultant Julie Downs successfully guided a FTSE 250 publishing company through a global finance transformation programme.

She oversaw a three-year global finance transformation plan, helping the publisher implement a cloud computing ERP system.

Julie cultivated a team of experts to help the group migrate to cloud-based ERP system, streamline its CRM programmes and install consolidating and simplifying Salesforce programmes across multiple divisions.

The delivery also brought previously siloed systems like cybersecurity together under one platform, and introduced new events management software.

Julie's advice for finance professionals embarking on a transformation begins with creating a "bullet-

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One of the main roadblocks to successful digital transformation is businesses not truly knowing what their requirements are, and not really knowing what their challenges are.

JULIE DOWNS, FINANCE TRANSFORMATION CONSULTANT

proof business case” and pursuing a minimal viable product (MVP) to help hit digital transformation goals. For finance transformation leads, that means acting as the conduit between multiple business functions such as IT and sales, and understanding how they connect to the finance system and what the pain points are. Her advice is to be “technology agnostic, but focus on business needs”.

Often the biggest roadblock in a transformation is an intangible: company culture.

“For any business that has maintained the same structure and processes for many years, the biggest challenge may come down to culture: the company simply will not have a culture of integrating technology to drive continuous improvements,” she says.

The way to overcome this is by fully committing to the transformation, bringing along evangelists, converting sceptics, and appointing the right people to deliver.

“Convincing all business stakeholders that the transformation is right for the business and the benefits they can achieve is like convincing a toddler to eat their vegetables – you have to put the same vegetable in front of them around 20 times sometimes before they will try it. You have to continually and consistently sell the benefits of the transformation on a regular basis and at every stage of the project.”

KEY TAKEAWAY

Finance transformation holds many benefits. By advocating for it, finance leaders can elevate their department, gain career-boosting experience, and bring new levels of success to their business. Nothing this rewarding is easy, however, and a project this ambitious will require a clear-eyed understanding of the unique context faced, as well as a collaborative mindset that seeks to move the whole organisation forward in unison.

As a highly specialised recruiting & staffing consultancy, SystemsAccountants has been providing Financial Systems experts to organisations across the UK, USA and Europe for over 25 years. We're a global leader, bridging the gap between Finance & IT to help companies run, scale, and grow through back-office operations and maximise their investments for Financial Systems, ERP, EPM, Analytics, Process Automation and Finance Transformation projects.

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