

Finance and Talent: How to Succeed in the Digital Era



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As the finance function moves into the digital era, one of the biggest questions CFOs are asking is, “Are we ready?” Technology advancements and the proliferation of data are dramatically reshaping the role of the finance function. As companies face increasing competition and ongoing change, they expect finance to leverage technology and turn data into insights they can use to guide strategy and support decision-making.

Naved Qureshi, associate partner in the Finance, Risk, and Fraud Centre of Competence at IBM Global Business Services, describes how the role of finance is evolving. “Closing the books and transaction processing are now table stakes,” he says. “While increasing operating efficiency remains important, the CFO and finance team are becoming strategists and revenue enhancers, in search of new profit pools and insights on growth opportunities.” They’ll be expected to do all this by leveraging an “avalanche of information,” he adds.

But while data and technology can create greater value, there will be no real benefit to the business without the right people with the right skills to use them effectively. CFOs and finance leaders should begin preparing now for the team they will need in the future, or risk falling behind.

This story looks at the future finance function and explores the skills that will be needed to support it. It also discusses the current readiness of finance teams, and how finance leaders can begin to find and develop the talent they will need.



WHILE INCREASING OPERATING EFFICIENCY REMAINS IMPORTANT, THE CFO AND FINANCE TEAM ARE BECOMING STRATEGISTS AND REVENUE ENHANCERS, IN SEARCH OF NEW PROFIT POOLS AND INSIGHTS ON GROWTH OPPORTUNITIES.

A look at the future finance team

Data and analytics

While traditional accounting and finance skills will always be important, the finance team of the future will look very different to today. According to the study “The DNA of the CFO 2016” from EY, “the next evolution for the finance function will be to become a data-driven decision centre.”

With access to unprecedented amounts of information, finance teams will drive planning and support management across the business. Finance will focus on looking forward and using predictive analytics to model and predict the future, forecast performance, and manage risks. According to the study, 57 per cent of group CFOs believe that delivering the data and advanced analytics for business intelligence and management information will be a critical capability for tomorrow’s finance function.

Finance will also look to bring in different types of data to plan and forecast – such as data from clinical staff scheduling systems in healthcare or student systems in higher education – for a greater perspective on the business.

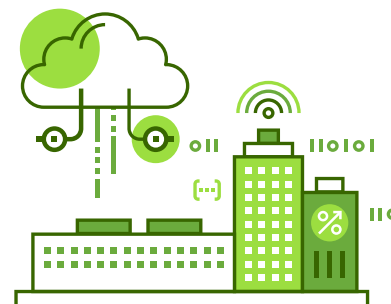
Business partnership

Business partnership in the future will be an imperative. Future finance teams will work closely with executives and operational leaders across the business in a number of different ways. According to Qureshi, “Finance will partner with CEO and C-suite executives to accelerate performance by supporting appropriate value

areas such as profitability and economic analysis, pricing, demand planning and forecasting, product and services development, and mergers and acquisitions.”

Many finance organisations look to improve in this area. According to “The DNA of the CFO 2016” study, 67 per cent of CFOs worldwide believe that improving business partnering between finance and the business is a major priority.

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The study suggested one potential partnership model could include a finance business partner, data scientist, and a leadership team member working together. Leadership identifies a problem and shares with the finance business partner; that person then works with a data scientist to analyse the data, identify reasons for issues and trends, and model different scenarios for solutions.

Technology

Technology will play a significant role in supporting the future finance function in two main ways: automating traditional functions and enabling more sophisticated analysis and insights. According to “The DNA of the CFO 2016” study, the future of finance will be one that embraces technological innovations to improve effectiveness, increase efficiency, and enhance insight.

Digital technologies – the cloud, in-memory computing, mobility, cognitive computing – will have a big impact. Cloud models are helping to streamline and automate business processes and transactional activities that have held finance teams back from focusing on strategy. In fact, the study predicts that all transactional finance processes will be fully automated in “captive finance factories” – a model based on shared services, managed services, and outsourcing.

Greg Acevedo, business development manager for Workday Financial Management at Alight Solutions, describes how automation is impacting the role of finance. “Thanks to the continuing automation and consolidation of financial systems, the finance team is evolving from an organisation centred on transactional responsibilities to one tasked with providing the business with analytics and strategic insight,” he says.



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Finance systems leveraging in-memory computing also allow finance to transact, analyse, and report on live data, enabling real-time consolidations and dramatically shortening the financial close process. Easy and fast access to data, along with the required controls for proper access, will be important in supporting future management and statutory requirements.

“We are living in a much more complex world, and that complexity is translating into more stringent requirements for timely and accurate information, both for management and different government agencies and tax authorities,” says Dan Giurleo, financial systems consultant at Care.com. “Finance professionals need to be equipped to focus more on the substance and less on the compilation of financial reporting.”

Technological advancements are also improving the planning, budgeting, and forecasting processes, and helping organisations achieve business outcomes and mitigate the risks of underperformance. For example, new approaches are bringing together planning, forecasting, reporting, and transactional finance and workforce data into a single system, stored in-memory, to give finance accurate and immediate access to business data and the capabilities to effectively collaborate with stakeholders across the business.

Cognitive computing will also grow in importance, especially in planning and forecasting. According to the IBM report [“Redefining Performance: Insights from the Global C-Suite Study – The CFO Perspective,”](#) 38 per cent of CFOs single it out as one of the technologies most likely to transform their enterprises within the next few years.

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Readiness is a problem

Many CFOs don't feel their finance teams are ready for the future and have major talent gaps. In “The DNA of the CFO 2016” study, 47 per cent of CFOs say their current finance function does not have the right mix of capabilities to meet the demands of future strategic priorities.

Charles Phillips, manager director at Deloitte Consulting LLP, says finding talent to support digital finance can be challenging. “Talent models for digital finance are tilting towards data science and business partnering, but many finance organisations don't have the right people with the right skills in place to make the shift,” he says.

The report [“Building a Team to Capitalize on the Promise of Big Data”](#) from the Institute of Management Accountants and Robert Half described significant shortages of accounting and finance professionals who possess the technical and

non-technical skills for data analytics initiatives. Specifically, these skills included identifying key data trends, data mining and extraction, operational analysis, technological acumen, and statistical modelling and data analysis.

Other challenges stand in the way of finance progressing into a more strategic role. Despite advances in technology, many teams still use legacy financial management systems that drain resources and time, and don't provide easy access to data or the depth of insights needed to keep pace with business change.

Company culture also plays a role in organisations becoming more data-driven. Beyond finance teams, management across the business must be open to change and willing to incorporate data and analytics into decision-making. Finance will play an important role in helping managers understand the value of data and learning how to use it.

Tying analytics to business goals

The finance function of the future will need a balance of both technical and business skills. "Finance talent today demands a solid knowledge of technology and data science, as well as a deep understanding of the business itself," says Phillips.

Being able to analyse and interpret data in the context of the business is critical. "Finance professionals will need both data science skills and an understanding of industry trends, cost and revenue drivers, and the ability to develop action plans and understand financial impacts," says Qureshi.

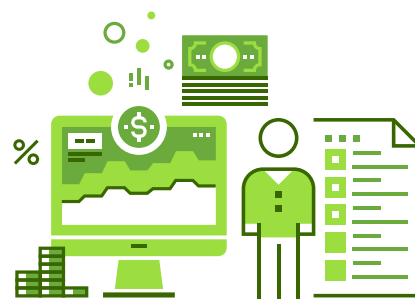
Finance professionals will also need to understand modern technologies and have the know-how to use them. In the "The DNA of the CFO 2016" study, 55 per cent of respondents said that "improving digital technology skills in areas such as mobility, the cloud, and SaaS" would be a significant people and skills priority for the future finance function.

Soft skills will also be essential to partnering with leaders across the business and helping to create a data-driven culture. "Finance professionals will serve as trusted

advisers to the business. They will need to build confidence by being accurate, timely, and relevant, and have the collaboration skills to work across a wide variety of teams with diverse functional backgrounds,” says Qureshi.

Communication skills will be critical, especially the ability to interpret data and communicate what it means to the business. According to the “Building a Team to Capitalize on the Promise of Big Data” report, “Using their knowledge of the business, staff must also be able to turn the information they mine into actionable guidance. The ability to communicate findings and make recommendations is a requisite for success with data-related initiatives.”

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Preparing the future finance function

Finding the right talent and mix of skill sets is becoming a higher priority for CFOs. In “The DNA of the CFO 2016” study, 22 per cent of CFOs cited “meeting the need for new skills by transforming how finance talent is recruited, retained, and developed” as their number-one strategic priority for the finance function of the future.

Shamus Rae, head of Artificial Intelligence at KPMG, describes how his clients are planning for the future. “Our clients are starting to think ‘What does the organisation look like in 5 to 10 years’ time if technology lands in the way we think it does? And who do we need?’ There is an issue with where finance professionals come from in the future, as the whole training model changes,” he says.

Finding and developing these skills may prove difficult for many organisations. According to “The DNA of the CFO 2016” study, a talent shortage has hit the

developed world, and competition is tough for the best data analytics and digital talent. This sentiment was echoed in the report “Building a Team to Capitalize on the Promise of Big Data,” which stated that “Finding accounting and finance professionals with business analytics skills is difficult.”

So how should CFOs prepare for future talent? One way to start is by identifying specific roles that will be needed on the team, and the skill sets that would be best aligned to each role. “The DNA of the CFO 2016” study described what this might look like.

“Finance leaders must look keenly at the skills profile, as well as ongoing training and education (including exposure to new technologies), career development, and performance measurement and rewards for each finance role on the team,” the report states. “For example, the leader of a finance factory will need to have skills and experience in driving process excellence through lean techniques and state-of-the-art technologies. This is a very different profile from that of an economist in the forecasting centre of excellence, whose skills and experience may be in analysing and modelling changes to the business model, such as the introduction of new digital services and products.”

Data scientists may also play a critical role on finance teams, helping to interpret and analyse data. “The DNA of the CFO 2016” study suggests the skills finance leaders should look for: “Look beyond traditional financial analysis skills. Data gurus – such as statisticians and data scientists, and even behavioural scientists – will be critical in helping the finance function of the future turn data into fresh perspectives and strategic insight.”

Organisations can also look to develop these skills from within the current finance team, but it may require more than traditional training approaches. “Most finance leaders cannot simply place their teams back in maths class to ramp up their skills in data analytics,” says Acevedo. “While formal training is an option, finance organisations can also prioritise group projects, brainstorming and collaboration sessions, and job rotations all while encouraging feedback throughout in an effort to find and develop important skills.”

Qureshi also highlighted the importance of giving employees experiences in other parts of the business. “Start with targeted high-potential recruitment and put these employees and selected others into rotational programmes with other functions and business units. This builds links of business, finance, and cross-functional acumen and teaming skills,” he says.

Organisations should also consider demographic changes in the workforce and how that could impact the way they recruit and retain talent. By 2025, millennials will comprise 75 per cent of the workforce. This generation has different values and needs, and desires new experiences and opportunities to learn – the traditional finance career path may no longer be enough.

Success of the future finance function will come from having both the right technology and the right talent and skill sets. Now is the time to explore if your finance team is ready and what will be needed to support the future needs of the business.



Workday | Phone: +44 (0)20 3318 2336 | workday.com/uk

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