

# Foreword: Continuously Working on Future- Ready Finance Functions

## THE FUTURE FOR THE FINANCE FUNCTION: THE NEED FOR A FINANCE TRANSFORMATION

High performance is the achievement of results that surpass expectations: a high-performance organization (HPO) performs exceedingly better than its competitors over the long term. But what does high performance mean for the finance function? Moving toward a high-performance finance function (HPFF) is generally referred to as finance transformation: overall, this involves the development of strategic initiatives aimed at improving the finance function within an organization. The transformation of the finance function may consist of restructuring the finance operating model, improving accounting methods, processes and systems, or re-platforming the finance and accounting systems. More specific examples include shortening a budget cycle, implementing new accounting software, adopting activity-based costing (ABC), reducing overhead costs, shifting to predictive accounting including driver-based budgeting and rolling financial forecasts. The goal of any financial transformation is the same: to align Finance and Accounting with the overall company strategy, to become more efficient as a function, and to provide better service and information to internal customers so they can develop clearer insights in the status and development of their organization and make better decisions.

Transforming the finance function has to be achieved in an integrated fashion, given that it entails a mixture of processes, systems, and professionals; this makes a financial transformation quite complex. Changing the finance function, or better yet, developing the finance function to achieve the next phase of quality and maturity is not blueprint change management, initiated by consultants or top-down management: it involves developing, learning, prioritizing, and focusing—in a step-by-step sequence—by the finance function leaders and financial professionals. Developing the finance function is a continuing journey with intermediate travel destinations. Once a destination is reached, the finance team formulates the destination for the next ‘season’ while learning from the previous stretch.

The future for finance functions is challenging. Information technology (IT) has turned out to be a game changer in improving processes. Developments in IT (such as digitalization, robotic process automation, predictive analysis, process mining, artificial intelligence, or blockchain) provide opportunities to improve reporting, planning, performance management, and workflow management as well as silo busting and resolving process inefficiencies. Although IT has enabled financial processes to become more efficient and effective, these processes still have to be executed by people. The notion that with the time regained from efficiencies the finance function can focus more on analysis and value-added activities should not be considered a given: this saved time could and should (also) be used for making the transformation a success. This is done by prioritizing the transformation, having a clear and inspirational view of the

future finance function, having the courage to take the next steps (or leaps) forward, creating a superior finance team, being adaptable and flexible to new challenges and uncertainties, and constantly learning. In organizational changes, the people involved, i.e., the finance leaders and the finance professionals, play a pivotal role; therefore, sufficient time should be dedicated for them to develop.

## **CHANGING TO A HIGH-PERFORMANCE FINANCE FUNCTION**

High performance and transformation are key words for the authors of this book. While the term “high performance” focuses on the end in mind, finance function transformation suggests a roadmap to a goal. However, once the transformation is achieved, this, of course, is not the end of the project; rather, it is a step to the next phase. Almost every organization that wants to transform its finance function has some form of a roadmap; high-quality organizations, in particular, typically view transformation as an ongoing and evolving process rather than as a defined project with a beginning, middle, and end.

“What would high performance mean for the finance function?”: this is a question the authors have asked themselves over and over again in their professional lives. André de Waal first investigated, over many years, the ingredients that make organizations high-performing, i.e., so-called HPOs. Subsequently, the three authors—André, Eelco, and Jacques—together began to examine the finance function, starting with the following questions: What factors dictate the priorities for finance leaders to act upon? What is the correlation with HPO? What are the obstacles encountered by the finance function? What is the case for change? What are the expectations of internal customers? What are the megatrends and disruptors that have impact on the finance function? These are just a few areas they have researched in the context of the finance function; furthermore, it is not only research that the authors have undertaken—they have also developed instruments with the vision to put their insights into practice. As a result, this book is divided into two parts: the first, a synthesis of what a high-performance finance function should look like (the *what*); and second, cases and ideas from finance experts and professionals to inspire finance leaders and professionals in supporting the finance function’s next steps into the future (the *how*).

In this book, the authors present their integrated view and knowledge on what they have learned so far on developing a high-performing finance function. They have translated their thoughts into insights, ideas, and a framework. They have published their insights in academic papers that are all aligned with the theory of HPOs. Their mission is to help finance functions improve and serve the community of finance professionals. They have built a robust piece of thinking, with concepts that have been academically reviewed and that provide novel insights representing the best ideas to put into practice. The concept of “best ideas” in itself is noteworthy: the authors define a “best idea” as the alternative between best practice and best guess. A best idea is a working idea in practice in a certain context, and may be of value when experimented with in the relevant context. The important lessons are not to simply copy best practices but to show boldness and initiative, constantly experiment, act while also learning, and evaluate the results along the way, in your own context.

## **WHY SHOULD YOU READ THIS BOOK?**

This book is aimed at financial professionals with ambition: if you aim to initiate your journey and bring your finance function a step further than where it is today, the framework presented here (the *what*) is extremely useful for realizing an integral vision and serving as a reference point for the steps to be taken; and the transformation approach with its cases and best ideas (the *how*) will provide inspiration for your journey in the context of your own finance function. The book is full of examples and insights for you to take the next step in the journey to your own high-performance finance function and, at the same time, elevating your organization as a whole to the next quality level.

From my own career experience—40 years of experience in the finance function (initially as a financial controller and then with Deloitte, KPMG, EDS, and SAS) and as a thought leader and author on corporate and enterprise performance management (CPM/EPM) methods—I fully endorse the principle that change will only result when people feel compelled to change or when they are intrinsically motivated to change. To create change and overcome human behavior’s natural resistance to change, it is necessary to create the need for change. One method to accomplish this is to leverage the existing high levels of dissatisfaction and discomfort of your colleagues and the executive team: this is your best lever for getting their buy-in for new ideas and innovation regarding the finance function. Ask your colleagues these questions: “How do we know what initiatives we should initiate first to grow as a finance function as a whole, to take a leap into the future, to fulfil the needs of our internal customers, to contribute to becoming an HPO? How much time should we spend to reach this point? How much effort should we put into the new direction?” In many cases, your colleagues will not have good answers. Then ask them: “Is that a good thing? How long do we want to perpetuate making decisions without knowing these answers?” If you ask these thought-provoking and deliberately disturbing questions in the right way, you will not need to spend much time on promoting the necessary changes.

A second method is having a vision of what “better” looks like. When people see a different view of their circumstances that can lead to an improved condition, they will consider changing. Do not spend too much time overpromoting this vision: this is because if people perceive the vision as being overly theoretical, complicated, costly, or impractical, this would discourage them from pursuing changes to realize that vision. Then, make the vision attainable. Take the first practical steps. Examples are pilots, proof-of-concept workshops, rapid prototyping with iterative remodeling, small process-improvement steps, learning-by-doing on the job, and experiments to demonstrate value and prove concepts. These activities accelerate learning and lead to more buy-in.

## **TAKE THE NEXT STEP**

For finance leaders and professionals: this book incites, urges, encourages, and enables you to take the necessary next step. Finance leaders should start communicating the need for change; act as a change champion, including enrolling employees in idea generation, and ensure that finance teams have the right mix of digital, technical, business, and people skills to deliver insight, influence, and impact. Leading organizations take the initiative early; they are preparing their employees for new, yet undefined, future roles. Financial professionals will take the next step when recognizing that the skills developed through their professional training are no longer an automatic passport to a sustainable career: although these skills represent a foundation to build upon, the commitment to lifelong learning and embracing change remains the personal responsibility of every financial.

Learn from this book. I wish you success with your journey to the high-performance finance function.

*Gary Cokins*

*Analytics-Based Performance Management LLC, Cary, USA*

*[www.garycokins.com](http://www.garycokins.com)*