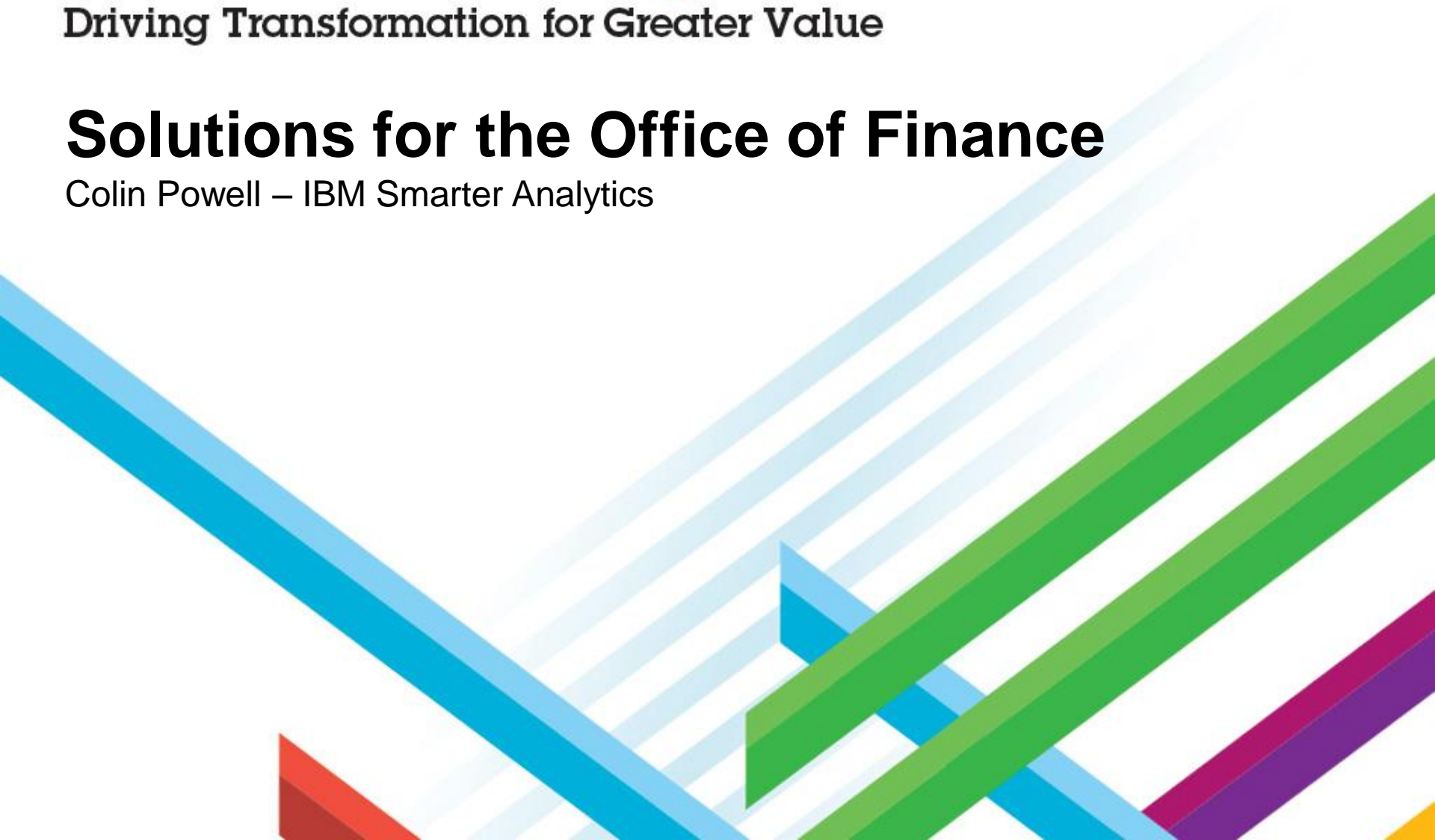# IBM LeadershipConnect

Driving Transformation for Greater Value
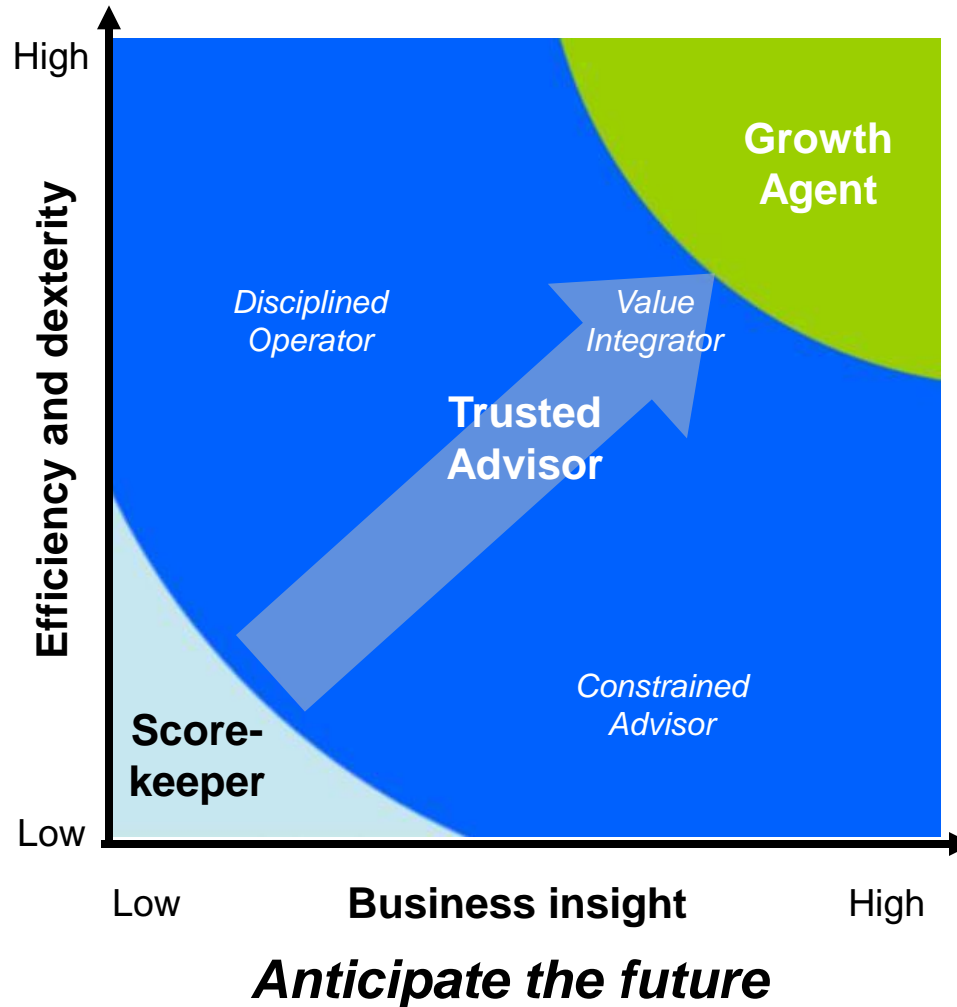
Solutions for the Office of Finance

Colin Powell – IBM Smarter Analytics

Trusted Advisors leverage five transformation levers to achieve higher performance

Drive financial and non-financial data commonality and integrate information across the enterprise

Seek the proper balance of skills and capabilities for Finance transactional, control/risk and decision support

People

Data & Analytics

Operating Model

Process

Technology
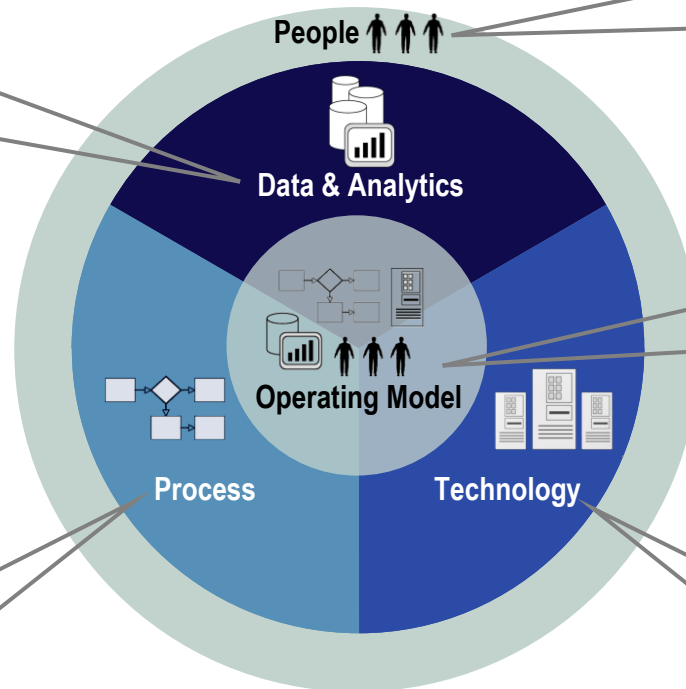
Use alternative Finance process delivery models to accelerate standards and improve Finance decision support

Drive Finance process commonality and use process ownership to accelerate standards

Leverage common Finance applications to accelerate standards and use proper analytics technology

We interviewed over 1400 companies face-face, and then conducted half day deep dive sessions with 15 of the best

Half-day deep dive sessions with 15 of the best

Enterprise		Headquarters	Industry	FY09 Revenues
Adani Group	ADANI	India	Energy & Utilities	Rs.25,923 crores(2010)
Air New Zealand	AIR NEW ZEALAND	New Zealand	Travel & Transportation	NZ4,609 MN
Bank of New Zealand	bnz	New Zealand	Banking	NZ69.8 BN (Assets)
Celanese	Celanese	United States	Chemicals & Petroleum	US$5,082 MN
DC Water	dc water is life	United States	Public	US$334 MN
Dublin Airport Authority	daa	Ireland	Travel & Transportation	€547 MN
Hays	HAYS Recruiting experts worldwide	United Kingdom	Professional Services	£2,691 MN (2010)
Highmark	HIGHMARK	United States	Healthcare	US$13.7 BN
IBM	IBM	United States	High Tech	US$95.8 BN
Isetan Mitsukoshi Hold	ISETAN MITSUKOSHI HOLDINGS	Japan	Retail	¥12,916 (100 MN ¥)
Kao Corporation	Kao	Japan	Consumer Products	¥1,184 (1 BN ¥)
Kuehne + Nagel	KUEHNE+NAGEL	Switzerland	Travel & Transportation	CHF17,406 MN
Rhodia Brazil	Rhodia	Brazil	Chemicals & Petroleum	€4,031 MN
Statoil	Statoil	Norway	Energy & Utilities	NOK465.4 BN
Williams Co.	Williams	United States	Energy & Utilities	US$8,255 MN

We have summarized the findings into three themes

Different catalysts, common objectives	• One of four catalysts drives Finance transformation • The case for change balances strategic and operational benefits • Broader enterprise benefits trump traditional savings
A playbook for Finance transformation	• The participants use all levers, but usually not by design • Technology simplification is the most common starting point • The prevalent path is transparency then insight
Success = people and culture	• The best resources top to bottom must be committed • Success requires open-mindedness and a relentless execution focus • Executive sponsorship and rigorous planning are essential
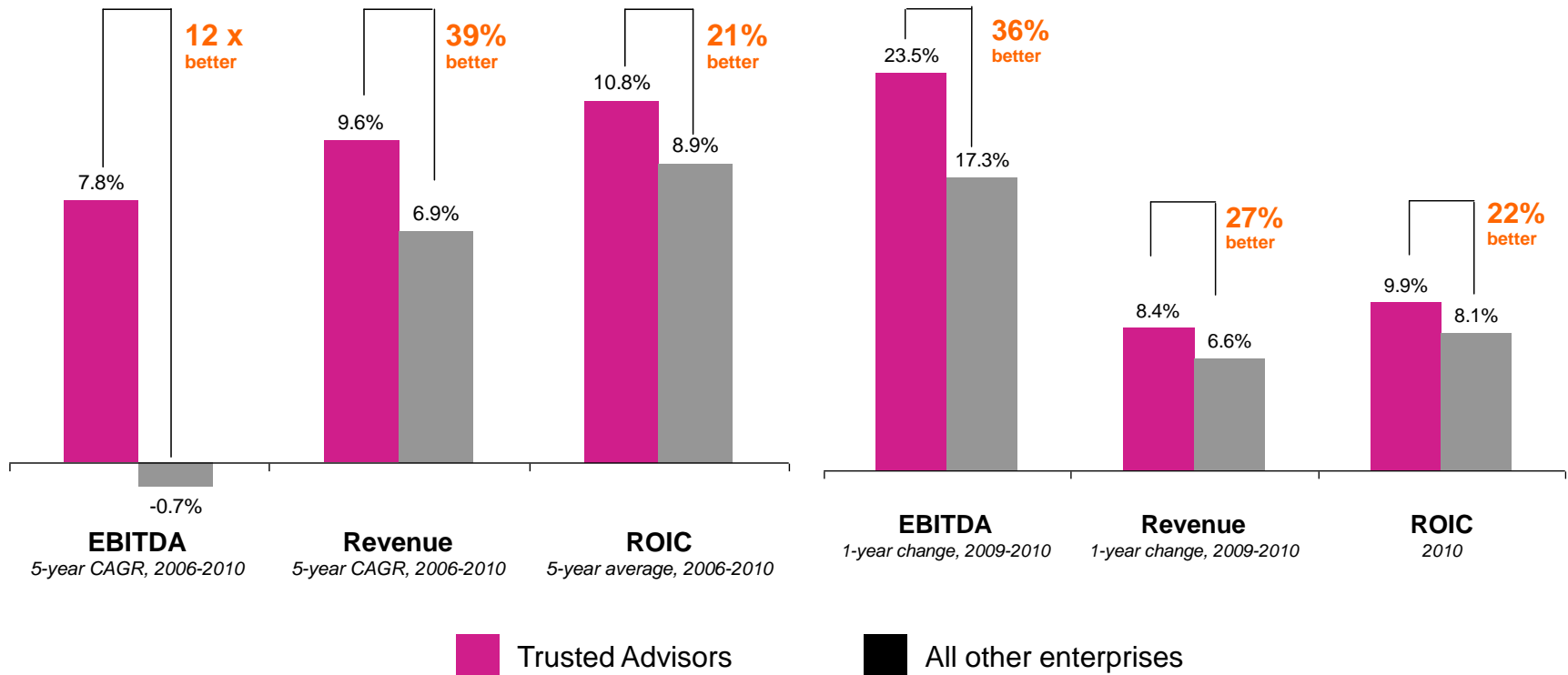
Contents

- Different catalysts, common objectives

- **A playbook for Finance transformation**

- **Success = people and culture**

While the specific catalysts varied for each, generally they fall into four categories

Catalysts for Finance Transformation

Growth / Margin Management

Globalization and rightsizing administrative functions

Entity Restructure

Business model innovation through M&A, spin-offs, IPO, restructuring

Crisis / Survival

Economic, industry, internal disruption threatening ongoing survival of the enterprise

New Leadership

Changes in CFO leadership

The case for change as expressed by participants includes a balanced mix of strategic and operational goals

Case for Change

Catalyst	Enterprise	Strategic Goals						Operational Goals		
		Provide Greater Transparency	Mitigate Structural Complexity	Support Scalability / Globalization	Enhance Controls / Risk	Improve Customer Satisfaction	Build Skills / Competency	Reduce Costs	Drive Greater Efficiency / Productivity	Improve Cash
Growth / Margin Management	Adani Group	✓	✓	✓						
	Isetan Mitsukoshi		✓	✓				✓	✓	✓
	Kao Corporation		✓	✓	✓			✓	✓	✓
	Kuehne + Nagel			✓	✓			✓		
	Statoil		✓	✓				✓	✓	
Crisis / Survival	Air New Zealand	✓	✓			✓			✓	
	IBM	✓	✓	✓				✓	✓	
	Rhodia Brazil				✓	✓		✓	✓	✓
	Williams Co.	✓			✓			✓		✓
Entity Restructure	Celanese	✓	✓	✓	✓	✓	✓	✓	✓	
	DC Water						✓	✓	✓	
	Highmark	✓						✓		
New Leadership	Bank of New Zealand	✓				✓	✓		✓	
	Dublin Airport Authority	✓	✓					✓		
	Hays	✓	✓	✓			✓		✓	✓

Contents

- **Different catalysts, common objectives**

- A playbook for Finance transformation

- **Success = people and culture**

Technology simplification is the most common starting point, with some enterprises coupling technology and process together

Leading Lever – Where did they start?
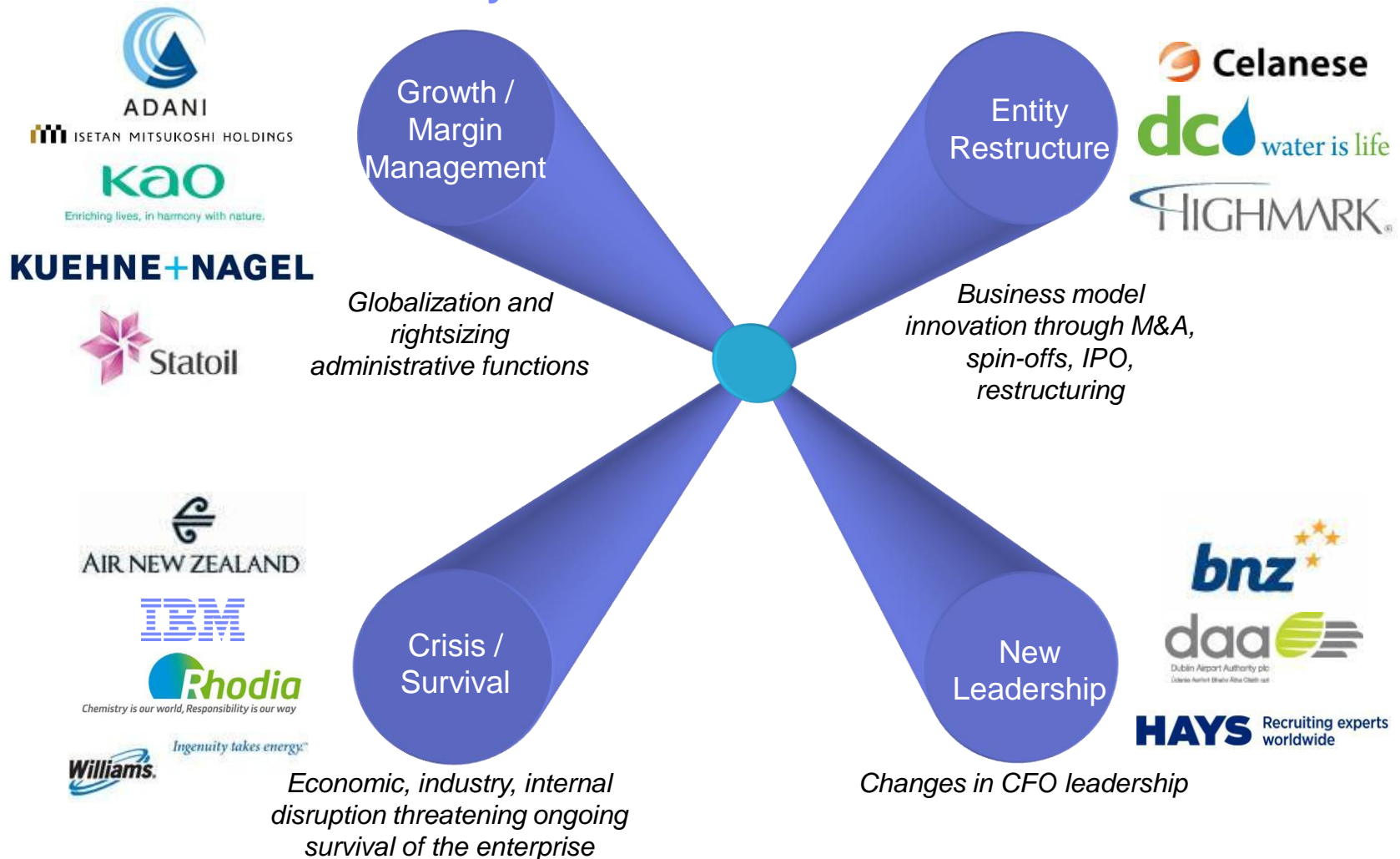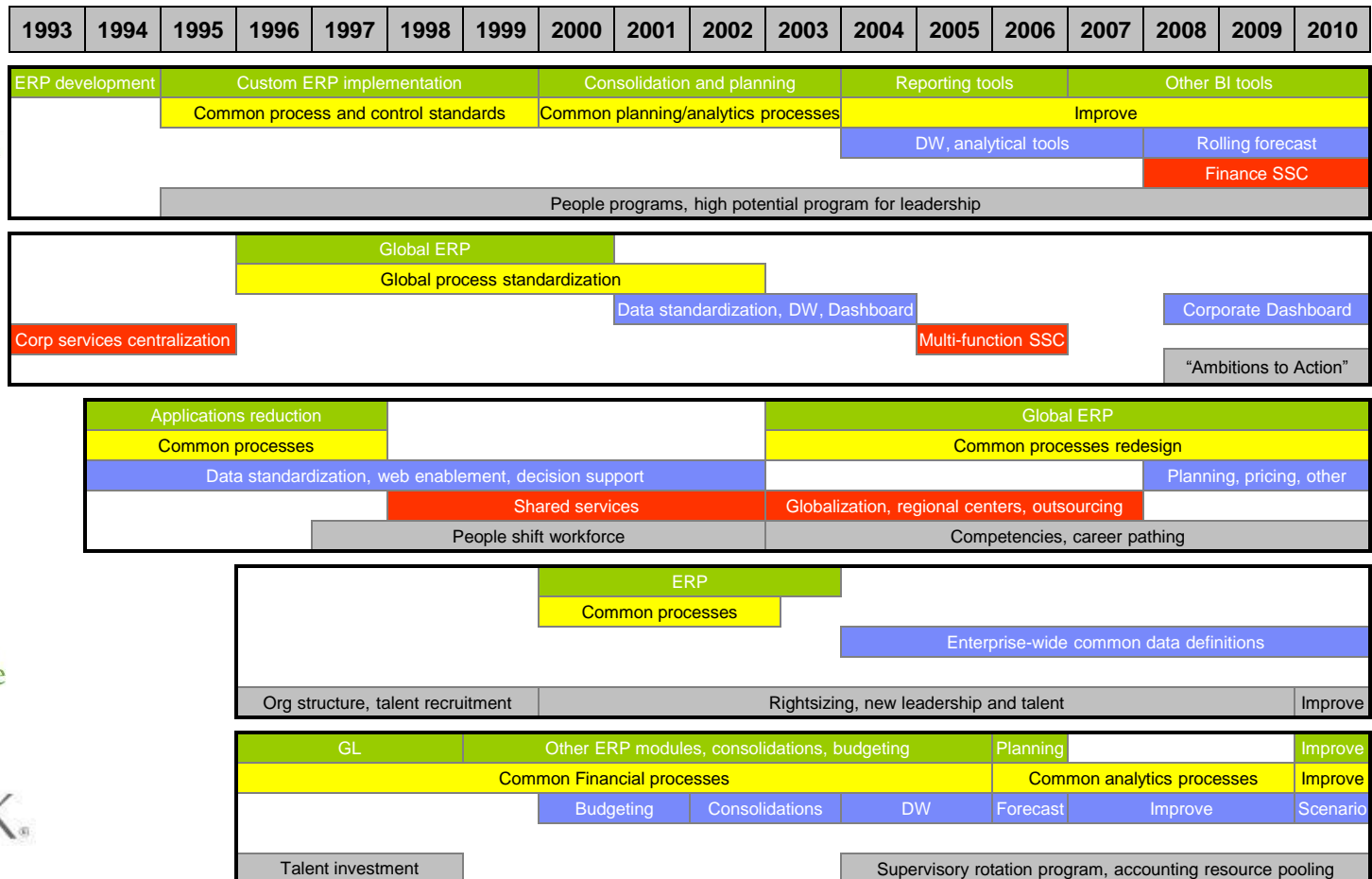
Enterprise	Technology	Process	People	Op Model	Data	Comments
Dublin Airport Authority	✔	✔		✔	✔	Transformation involved a significant number of steps happening in parallel including Process Consolidation, Common Policy Definition, Integrated System, Data Cleanup / Consolidation, the IT Infrastructure and Communication / Change Management
Bank of New Zealand	✔	✔	✔		✔	World Class Finance Program focused on Leveraging Business Intelligence, Planning, People, Continuous Improvement and Visual Management
Williams Co.	✔	✔		✔		Focus on shedding non-core businesses through outsourcing, consolidation of systems and common processes
Isetan Mitsukoshi	✔			✔		Need to align systems and centralize and reduce workload
Highmark	✔	✔				Need for a common ledger to run the business and process commonality due to the combination of two entities
Adani Group	✔	✔				Implementation of SAP and related processes to support growth, including industry specific solutions for trading, logistics, mining, etc.
Kao Corporation	✔	✔				For the 21st century efforts, 2003 SAP, followed by SSC in 2005
Air New Zealand	✔		✔			Single instance ERP to put information in one place, drive good data and partner with the business; restructured Finance to solid line reporting
Kuehne + Nagel	✔					Focus on globally integrating operations through a new global financial system and globally consistent processes
Hays	✔		✔			Upgrade of front-office systems and back-office systems to support longer-term growth; built team who could drive change
Rhodia Brazil		✔				Need to drive operational excellence
Celanese			✔			The new entity had to build a new Finance team from scratch
DC Water			✔			The new independent authority required a new management team
Statoil				✔		Corporate initiative to re-organize administrative functions
IBM	✔		✔		✔	Need to assemble the facts - common data definitions came to be the foundation of a comprehensive information management strategy

Technology and process transformation have been the first step, with operating model and data & analytics following

Legend:
- Technology
- Process
- Data & Analytics
- Operating Model
- People

Transformation Journeys starting in the mid 1990's

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010

KUEHNE+NAGEL
- ERP development | Custom ERP implementation | Consolidation and planning | Reporting tools | Other BI tools
- Common process and control standards | Common planning/analytics processes | Improve
- DW, analytical tools | Rolling forecast
- Finance SSC
- People programs, high potential program for leadership

Statoil
- Global ERP
- Global process standardization
- Data standardization, DW, Dashboard | Corporate Dashboard
- Corp services centralization
- Multi-function SSC
- "Ambitions to Action"

IBM
- Applications reduction | Global ERP
- Common processes | Common processes redesign
- Data standardization, web enablement, decision support | Planning, pricing, other
- Shared services | Globalization, regional centers, outsourcing
- People shift workforce | Competencies, career pathing

dc water is life
- ERP
- Common processes
- Enterprise-wide common data definitions
- Org structure, talent recruitment | Rightsizing, new leadership and talent | Improve

HIGHMARK
- GL | Other ERP modules, consolidations, budgeting | Planning | Improve
- Common Financial processes | Common analytics processes | Improve
- Budgeting | Consolidations | DW | Forecast | Improve | Scenario
- Talent investment | Supervisory rotation program, accounting resource pooling

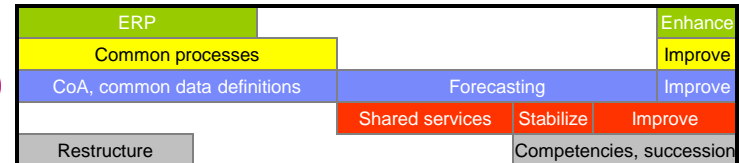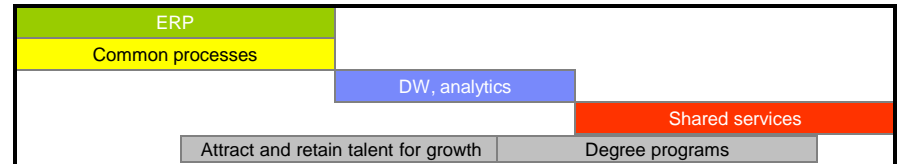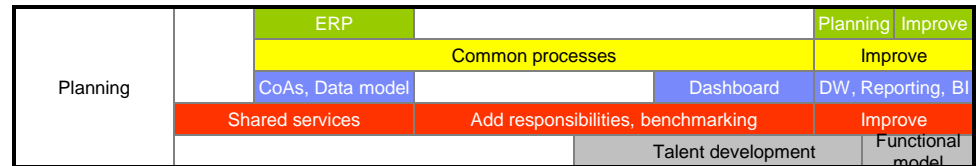Timeframes are approximated, within ½ year

As technology and operating model methodologies have matured, the transformation timeframes have shortened

Legend:
- Technology
- Process
- Data & Analytics
- Op Model
- People

Transformation Journeys starting in the late 1990's, early 2000's

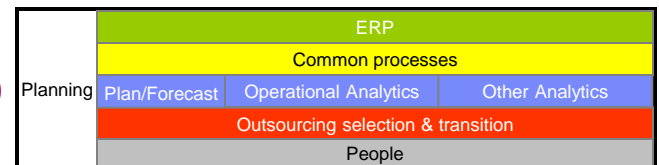| 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010

daa (Dublin Airport Authority plc):
- Planning
- ERP
- Planning | Improve
- Common processes
- Improve
- CoAs, Data model | Dashboard | DW, Reporting, BI
- Shared services | Add responsibilities, benchmarking | Improve
- Talent development | Functional model

ADANI:
- ERP
- Common processes
- DW, analytics
- Shared services
- Attract and retain talent for growth | Degree programs

AIR NEW ZEALAND:
- Enterprise-wide data warehouse
- ERP | Enhance
- Common processes | Improve
- CoA, common data definitions | Forecasting | Improve
- Shared services | Stabilize | Improve
- Restructure | Competencies, succession

Kao (Enriching lives, in harmony with nature):
- ERP in phases by geo
- Common processes
- Reporting, Analytics
- Shared services | Redesign | Outsource
- Culture of continuous improvement, people talent development

Williams (Ingenuity takes energy):
- GL Consolidation
- SSC for payroll, property, general accounting
- Planning
- ERP
- Common processes
- Plan/Forecast | Operational Analytics | Other Analytics
- Outsourcing selection & transition
- People

Timeframes are approximated, within ½ year

For companies starting today the starting point is less important than a clear plan to focus on each transformational lever

Transformation Journeys starting in the mid 2000's

Legend:
- Technology (green)
- Process (yellow)
- Data & Analytics (blue)
- Op Model (red)
- People (grey)

ISETAN MITSUKOSHI HOLDINGS

	2004	2005	2006	2007	2008	2009	2010
Planning		ERP & Consolidation		Merger integration		Migration to ERP	
		Common process				Process migration	
		Planning, analytics and scorecard models					
					SSC planning	SSC implementation	
		Align behaviors with scorecard					
		Rotational program for finance staff					

Rhodia — Chemistry is our world, Responsibility is our way

(magenta callout) • Integrated ERP • Shared Services Center

		Global ERP					
	MIFA, Six Sigma, benchmarking, Mgmt by Process						Improve
						Cockpit	
							Global SSC
Verticalize	Recognition, succession, Finance attributes						Improve

Celanese

Build the Finance Team	Standardize systems, implement ERP					Advanced analytics	
	Process standards, control weaknesses, fast close, SOX					"GL Excellence"	
	Align Organization		Finance SSC		Decision Support		
	Common rptg.		SAP B/W		Common Analytics		
	MBA prgm. L.D. & Emp. Dev programs						

HAYS Recruiting experts worldwide

Planning	Staff Projects & Backfill	New Leadership	ERP & Ops system				
			Finance & Ops				
			Multi-function SSC				
			Common Dashboard & Reporting				
			People				

bnz

(magenta callout) • ERP • Data warehouse • Common processes • Take back BI technology SSC

World class finance (WCF) vision							
				Consolidation			
			Benchmarking		Kaizen		
			COE				
			BI Platform	Planning, visualization			
			People				

Timeframes are approximated, within ½ year

All participants share a number of leading practices across the five transformation levers which enable better performance

Common Practices of Trusted Advisors

Technology

Technology

Workflow-enabled single instance financial system (General Ledger, transactions)

▶ Single version of the financial truth

Process

Process

Process ownership by super process

▶ World class practices

Operating Model

Operating Model

Advanced alternative delivery models

▶ Higher focus on analytics and insight

Data & Analytics

Data & Analytics

Data warehouse coupled with data automation, and analytics platform

▶ Enterprise performance dashboard

People

People ↑↑↑

Talent and leadership development with cross-pollination with the business

▶ High performing organization

Transformation path requires building commonality (efficiency) and investing in analytics & consultative skills (insight) to drive growth
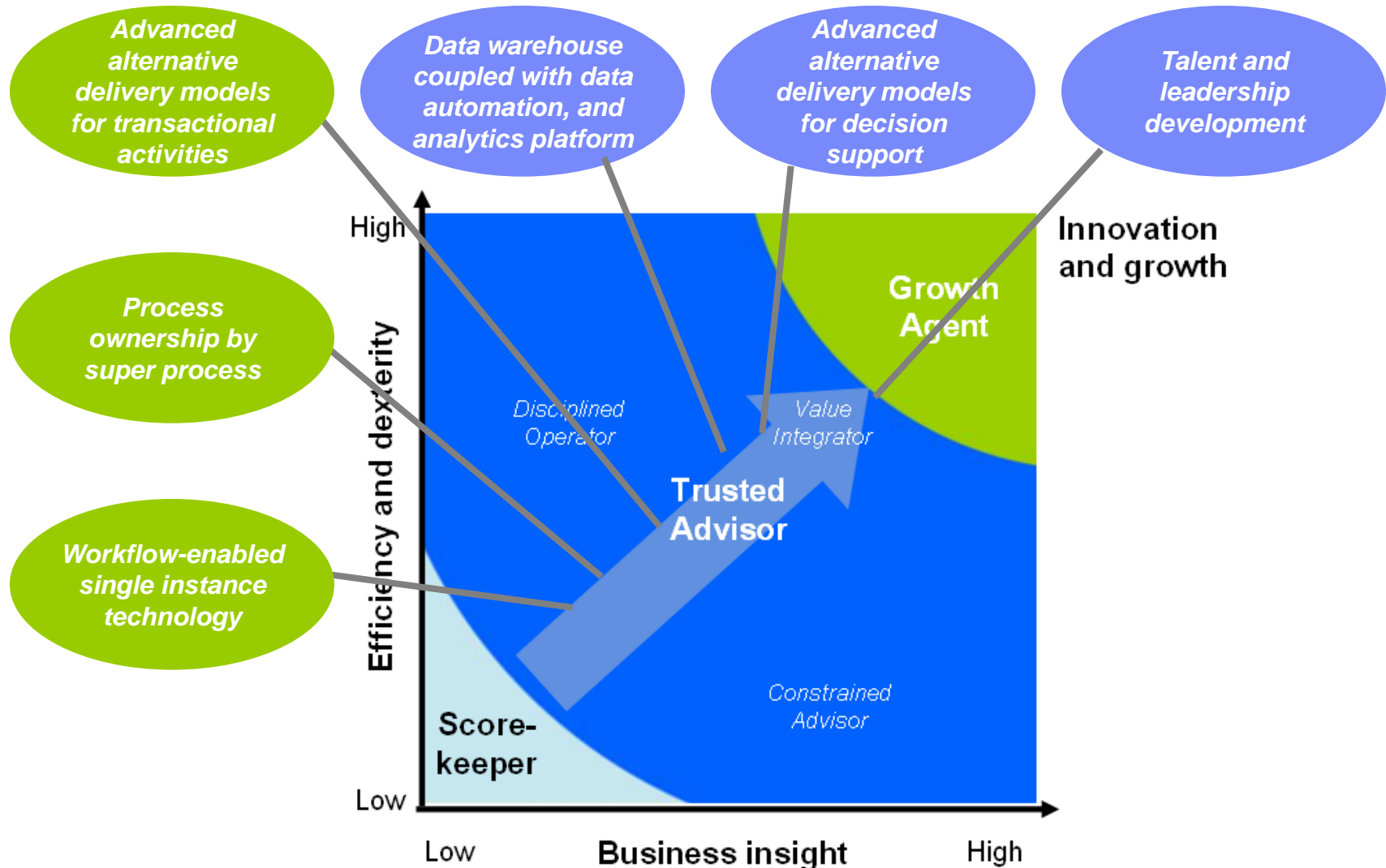
IBM is uniquely positioned to be your partner on this journey

Common Practices of Trusted Advisors   ## IBM Capabilities

Technology

Workflow-enabled single instance financial system (General Ledger, transactions) ▶ Single version of the financial truth

- Finance Strategy & Transformation
- Information Management
- Business Analytics
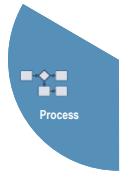
Process

Process ownership by super process ▶ World class practices

- Finance Strategy & Transformation
- Finance Business Process Services

Operating Model

Advanced alternative delivery models ▶ Higher focus on analytics and insight

- Finance Business Process Services
- Information Management
- Business Analytics

Data & Analytics

Data warehouse coupled with data automation, and analytics platform ▶ Enterprise performance dashboard

- Business Analytics
- Information Management
- Finance Strategy & Transformation

People ↑↑↑

Talent and leadership development with cross-pollination with the business ▶ High performing organization

- Finance Strategy & Transformation

Contents

- **Different catalysts, common objectives**

- **A playbook for Finance transformation**

- Success = people and culture

The distinguishing success factors are the soft side of people and culture

Distinguishing Success Factors

Strong resources at an executive and project level

Full time core implementation team containing some of the top talent

Execution focus

Culture of continuous improvement

Transformation Considerations

- Base the business case on broader enterprise benefits

- Leverage your best people and dedicate them full-time to transformation

- Drive greater transparency through commonality and improve insight

- Implement sustainable technologies

- Relentlessly execute

- Promote an improvement culture across the enterprise

Next Steps

- **2013 Global C-Suite Study**
  Participate and learn from peer comparisons across 2,500 respondents globally

- **Finance Health Check**
  Uncover the financial process changes and analytical improvements required to transform Finance into a Trusted Advisor

- **Analytics Quotient (AQ) Survey**
  Determine how well you are applying analytics and what to do next

- **Finance Exchanges**
  Meet with IBM corporate Finance executives and learn from IBM's transformation

2013 Global C-Suite Study

CMO CFO CSCO CIO CEO
CFO CEO CMO CHRO CIO CSC
CIO CMO CSCO CEO CFO
CHRO CEO CFO CIO CSCO CM
CEO CSCO CIO CFO CHRO

What's Your AQ?

01 | 15

What types of data sources do you analyze when making decisions?

- Separate, individual data sources.
- Individual data sources plus shared sources for some company-wide efforts.
- Enterprise sources across some functions and processes with some use of data from text, point of sale, RFID, social media, etc.
- Standard enterprise sources across most functions combined with data from text, point of sale, RFID, social media, etc.

NEXT

Legal Disclaimer

Graveyard

Four Finance profiles become apparent when participants are segmented by efficiency and business insight

Corporate philosophy of information standards

Standard Chart of Accounts

Standard data definitions

Standard processes

Finance Efficiency

High

Low

32%

23%

33%

12%

Low   High

Business Insight

Operational planning and forecasting capability

Finance talent development

Common planning platform

Scorekeepers
- Data recording
- Controllership
- Multiple versions of the "truth"

Disciplined Operators
- Finance operations focused
- Information provision
- Performance interpretation

Constrained Advisors
- Analytics focused
- Sub-optimal execution
- Fragmented data

Value Integrators
- Performance optimization
- Predictive insights
- Enterprise risk management
- Business decision making

Source: 2010 IBM Global CFO Study

Technology enablers mitigate structural complexity, reduces costs, enables process transformation and improved analytics

Technology: Workflow-enabled Single Instance Technology

Objectives

- Institutionalize and sustain transformation
- Reduce application, integration and data complexity
- Increase automation
- Common data and information definitions
  - Single source financial data
  - Single source of operational data
- Process automation through workflow
- Improved controls through automation
- Improved performance reporting with data warehouse and modern BI tools

Outcomes / Benefits

Strategic
- Mitigate complexity
- Scalability / variabllize technology costs
- Enable world class practices
- Enable a scalable operating model
- Single version of the truth

Operational
- Lower technology maintenance costs
- Real time / near real time information updates
- Increased self service
- Automated processes

Enterprise Examples

Air New Zealand
- Better systems management, governance and meeting business requirements

Celanese
- Mitigate technology complexity
- Reduced costs

Highmark
- Reduced system maintenance costs
- Faster delivery of financials

Hays
- Reduced technology complexity
- Single front-office platform (BOND)
- Single back-office platform (PeopleSoft)

IBM
- 70% reduction in finance applications (145 to 44)
- 91% reduction in finance data centers (67 to 6)

Kuehne + Nagel
- Reduced technology complexity with a common operational and financial platform (Custom)

Statoil
- ERP (SAP), data warehouse and enterprise dashboard aligns strategy, metrics and behaviors

Process transformation drives common, global, standard practices, establishes accountability, improves controls and drives efficiency

Process: Process Ownership & Excellence

Objectives

- Standardization
- Scalability
- Efficiency
- Accuracy
- Accountability
- Transparency
- World class practices
- Cost savings
- Operational improvements
- People / culture change towards continuous improvement philosophy

Outcomes / Benefits

Strategic
- Increased speed, efficiency, accountability and transparency
- Improved controls and risk management
- Scalability / variabilize operating costs

Operational
- Up to 80% faster period close
- Cost of Finance < 1% of revenue
- Process efficiencies up to 50%
- Headcount reductions up to 50%

Enterprise Examples

Air New Zealand
- Cost of Finance <1%

Bank of New Zealand
- Cost of Finance <1%

Celanese
- 80% reduction in time required to close the books
- 48% reduction in audit fees

Dublin Airport Authority
- Reduced headcount by 46%

IBM
- Reduced finance costs by 43%
- Reduced finance FTE by 46%
- Reduced close time 62% from 18 to 7 days

Rhodia Brazil
- 30% reduction in Finance FTE
- 80% improvement in DSO
- World class processes

Isetan Mitsukoshi
- Faster close cycle
- 50% reduction in staff
- Improved cash management
- Improved vendor leverage

The operating model institutionalizes and sustains the transformation, creates service scalability and variabilizes costs

Operating Model: Alternative Delivery Models

Objectives

- Scalable
- Globally consistent
- Optimized
- Right-shored / right-sized
- Cross-functional / cross silos
- Service oriented
  - Service level agreements
  - Governance model
- Improved measurement and monitoring of processes
- Implement continuous improvement methods

Outcomes / Benefits

Strategic
- Scale economies
- Variabilized cost structures / Scale (up and down)
- Sustained, high levels of customer satisfaction

Operational
- Up to 50% reduction in headcount
- Up to 60% reduction in transaction processing costs
- Shift resources to COEs
- Shift resources to lower cost shores

Enterprise Examples

Adani Group
- Scaled Finance operations and analytics to support and enable sustained growth

Bank of New Zealand
- Business Intelligence center of excellence for the bank

Dublin Airport Authority
- Multi-tower SSC (Finance, HR, Procurement, Business Services)

Celanese
- 20% reduction in total finance costs
- 98% reduction in the number of late closing entries and errors
- Low-level business planning and analysis activities to SSC

Hays
- Multi-function SSC
- 50% reduction in headcount
- Labor arbitrage via India location

IBM
- Migrated 42% of resources to regional centers, centers of excellence
- Planning Centers of Excellence

Statoil
- Enterprise-wide standard processes and service delivery through multi-function SSC

Williams
- Outsource to 3rd party with strong governance model and reduced G&A costs

Analytics depends on a foundation of standard processes and common data definitions, enabling a single version of the truth

Data & Analytics: Data Warehouse + Automation of Rules Engine

Objectives

- Actionable analytics
- Enterprise performance dashboard
- Operational dashboard
- CFO dashboard
- Single version of the analytical truth
- Data governance
- Common data definitions
- Integration of operational, financial and risk metrics
- Reduce manual involvement in data sourcing, cleansing, correction and reconciliation
  - Automated business rules gateway
- Align activities, performance, behaviors and strategy

Outcomes / Benefits

Strategic
- Greater focus on action versus analysis
- Aligned view of Strategy and Performance
- Outcome based analytics focus

Operational
- Greater speed in production of information
- Analytical truth
- Performance headlights
- Improved operational analytics – DSO, cash management, controls fraud
- Improved performance analytics – growth strategies, capital investments, M&A

Enterprise Examples

Adani Group
- Improved data integration and accuracy

Air New Zealand
- Confidence in information
- Single source of the truth
- Increased Speed in decision making

Celanese
- Improved data transparency for investors and for internal business decision-making

Hays
- Dashboard drives vastly improved front-office operations

IBM
- Self service of Finance data (CFO Portal)
- Decision support 70% of Finance activity

Isetan Mitsukoshi
- World class retail store and customer analytics

Statoil
- Enterprise dashboard rolls up 1,100 "ambition to action" performance goals into Enterprise Strategy

Williams
- Highly accurate and predictive cash management and forecasting
- Streamlined budgeting, planning and forecasting

People are essential however their effectiveness and behaviors are dependent upon the controls, processes, data and analytics

People: Talent and Leadership Development

Objectives

- Develop higher order skill sets
- Build analytical and business knowledge
- Develop leadership
- Attract and retain talent
- Develop succession plans

Outcomes / Benefits

Strategic
- High performing workforce
- Reduced risk
- Behavioral alignment to strategic goals

Operational
- Lower attrition rates / retention
- More time spent on analytics
- Less time spent on transaction processing

Enterprise Examples

Bank of New Zealand
- Scorecard for all employees (financial performance, customer satisfaction, continuous improvement, employee satisfaction (managers))
- Top talent is a recent action – Top 9
- Quarterly succession planning is done down to a layer below leadership team
- Focus on improving people management skills (e.g., forums sponsored by HR)
- Just rolled out capability cards which provides success profiles for key roles

Celanese
- MBA leadership recruiting program, with two 1 year rotations (finance & business) with 3rd year MBA recruit's choice
- Employee Career Development (Top 100 include CEO review) goals and career development (10% formal, 90% O.T.J.
- Leadership Development Program includes annual review process, individual development planning, leading to career progression, leadership and succession planning

Rhodia
- Finance resources are oriented by process with emphasis on servicing the business
- Formal program of recognition
- PPDS (People Plan and Development for Succession) conducted annually
- 20 attributes worldwide for Finance (what services does Finance provide) and asked the business to evaluate Finance on these attributes to identify gaps

Enterprises have embarked on transformation projects or pursued excellence as a function of the catalyst that drives them

Catalysts for Finance Transformation by Enterprise

Catalyst	Enterprise	Description
Growth / Margin Management	Adani Group	Managing growth through efficient, scalable operations and rapid, reliable information
	Isetan Mitsukoshi	Growth of the business and need to reduce operational, administrative and other compliance costs
	Kao Corporation	Creation of an efficient and scalable operating environment to support globalization
	Kuehne + Nagel	Globalization strategy required integration of the operations and financial controls to manage costs and maintain margins
	Statoil	Re-organization to provide an improved platform for future growth and margin management.
Crisis / Survival	Air New Zealand	Failure of the Ansett Australia airline acquisition
	IBM	Company survival was at risk. Analysts began to call for break-up. New leadership came into the C-Suite. The company decided to run the business on facts and to tighten controls
	Rhodia Brazil	Industry raw materials crisis
	Williams Co.	A severe capitalization decline after a drop in the telecommunications market
Entity Restructure	Celanese	Spin off as an independent, publicly traded German firm, then private and then again became a public company—this time, based in the U.S
	DC Water	Creation of an independent authority of the District of Columbia providing services to the region
	Highmark	Consolidation of two Pennsylvania licensees of the Blue Cross and Blue Shield Association
New Leadership	Bank of New Zealand	New CFO who brought a new perspective and created a vision for a world-class Finance team
	Dublin Airport Authority	New CFO was appointed and a new strategy developed including an IPO, expansion of the international business and regulation of the domestic airports business
	Hays	New Group Finance Director was appointed and had significant Finance transformation experience

How do you build a winning business case for change?

Enterprises have embarked on transformation projects or pursued excellence as a function of the catalyst that drives them

Catalysts for Finance Transformation by Enterprise

Catalyst	Enterprise	Description
Growth / Margin Management	Adani Group	Managing growth through efficient, scalable operations and rapid, reliable information
	Isetan Mitsukoshi	Growth of the business and need to reduce operational, administrative and other compliance costs
	Kao Corporation	Creation of an efficient and scalable operating environment to support globalization
	Kuehne + Nagel	Globalization strategy required integration of the operations and financial controls to manage costs and maintain margins
	Statoil	Re-organization to provide an improved platform for future growth and margin management.
Crisis / Survival	Air New Zealand	Failure of the Ansett Australia airline acquisition
	IBM	Company survival was at risk. Analysts began to call for break-up. New leadership came into the C-Suite. The company decided to run the business on facts and to tighten controls
	Rhodia Brazil	Industry raw materials crisis
	Williams Co.	A severe capitalization decline after a drop in the telecommunications market
Entity Restructure	Celanese	Spin off as an independent, publicly traded German firm, then private and then again became a public company—this time, based in the U.S
	DC Water	Creation of an independent authority of the District of Columbia providing services to the region
	Highmark	Consolidation of two Pennsylvania licensees of the Blue Cross and Blue Shield Association
New Leadership	Bank of New Zealand	New CFO who brought a new perspective and created a vision for a world-class Finance team
	Dublin Airport Authority	New CFO was appointed and a new strategy developed including an IPO, expansion of the international business and regulation of the domestic airports business
	Hays	New Group Finance Director was appointed and had significant Finance transformation experience

How do you build a winning business case for change?

Technology simplification is the most common starting point, with some enterprises coupling technology and process together

Where did they start?

Enterprise	Technology	Process	People	Op Model	Data
Dublin Airport Authority	✔	✔			
Bank of New Zealand	✔	✔			
Williams Co.	✔	✔			
Isetan Mitsukoshi	✔				
Highmark	✔	✔			
Adani Group	✔	✔			
Kao Corporation	✔	✔			
Air New Zealand	✔				
Kuehne + Nagel	✔				
Hays	✔				
Rhodia Brazil		✔			
Celanese			✔		
DC Water			✔		
Statoil				✔	
IBM					✔

Technology is the fundamental enabler for process and data commonality, and a scalable operating model

Technology as an Enabler for Other Transformation Levers

Enterprise	Technology Drives			
	Standard Chart of Accounts, Data Commonality	Process Commonality		Foundation for Operating Model
		Financial Processes	Business Insight Processes	
Adani Group	✓	✓		✓
Air New Zealand	✓	✓		
Bank of New Zealand		✓	✓	
Celanese	✓	✓	✓	✓
DC Water		✓		
Dublin Airport Authority	✓	✓	✓	✓
Hays	✓	✓	✓	✓
Highmark	✓		✓	
IBM	✓	✓	✓	✓
Isetan Mitsukoshi	✓	✓	✓	✓
Kao Corporation	✓	✓		✓
Kuehne & Nagel	✓	✓	✓	✓
Rhodia Brazil	✓	✓	✓	
Statoil	✓	✓	✓	✓
Williams Co.	✓	✓	✓	✓

Regardless of the starting point, all participants ultimately ended up wielding all the enablers to some degree, to achieve their objectives

Finance Transformation Paths and Timeline

| | 1990 | 1995 | 2000 | 2005 | 2010 |

KUEHNE+NAGEL — All levers

Statoil — All levers

IBM — All levers

dc water is life — All levers except operating model (centralized Finance function)

HIGHMARK — All levers except operating model (centralized Finance function)

daa — All levers

ADANI — All levers

AIR NEW ZEALAND — All levers

KaO Enriching lives, in harmony with nature — All levers

Williams. Ingenuity takes energy." — All levers

ISETAN MITSUKOSHI HOLDINGS — All levers

Rhodia Chemistry is our world. Responsibility is our way — All levers

Celanese — All levers

HAYS Recruiting experts worldwide — All levers

bnz — All levers

Each of our participants have driven success across these prevalent levers

Summary of Enterprises by Lever

Enterprise	Technology	Process	Alternative Delivery Models		Data & Analytics	People
			Transaction	Decision Support		
Adani Group	SAP	Mostly achieved	Enterprise-wide SSC	--	Enterprise-wide	Learning center / Institute with a degree program
Air New Zealand	PeopleSoft	Enterprise-wide	Enterprise-wide SSC	--	Enterprise-wide	Competencies in SSC
Bank of NZ	SAP	Partially achieved	Enterprise-wide SSC	BI COE	Enterprise-wide	Top 9 talent; capability cards
Celanese	SAP	Mostly achieved	Regional SSCs	Some planning & analysis to SSCs	Enterprise-wide	Cross-pollinate with business; clear career paths
DC Water	Lawson	Enterprise-wide	Enterprise-wide SSC	--	None	Focus on top tier managers
DAA	Oracle	Enterprise-wide	Enterprise-wide, multi-tower SSC	Some budgeting to SSC	Enterprise-wide	Job rotations across Business Units; unique skills in Finance used by business
Hays	PeopleSoft	Mostly achieved	Regional SSC	Some front-office	Enterprise-wide	Top 50 talent and resulting compensation
Highmark	PeopleSoft	Mostly achieved	Enterprise-wide SSC	--	Enterprise-wide	Resource pooling; supervisory rotational program
IBM	SAP (in process)	Enterprise-wide	Regional SSCs	Planning COEs	Enterprise-wide	Career focus to develop finance staff as trusted advisors
Isetan Mitsukoshi	Oracle	Enterprise-wide	Enterprise-wide SSC	--	Enterprise-wide	New hire rotations across business
Kao Corporation	SAP per geo (4)	Enterprise-wide	Enterprise-wide SSC + Outsourcing	--	Enterprise-wide	Cross pollination of Finance and Business unit staff as a result of BPO
Kuehne + Nagel	ACON (custom)	Mostly achieved	Regional SSCs	--	Enterprise-wide	Formal high potential program
Rhodia Brazil	SAP	Partially achieved	Regional SSC	--	Enterprise-wide	Business evaluates 20 Finance attributes
Statoil	SAP	Enterprise-wide	Enterprise-wide, mult-tower SSC	Control & risk, decision support in SSC	Enterprise-wide	Enterprise dashboard with 1,100 "ambitions to action" aligned to individual performance objectives
Williams Co.	Oracle	Enterprise-wide	Outsourcing	--	Enterprise-wide	New succession planning

Many found that planning needs to be transparent, holistic and contextual and implementation requires ownership and speed

Transformation – Lessons Learned

Planning

Transparency
Paint a clear end-state picture so that everyone can internalize it and link changes to future benefits

Clear communication
Communicate, communicate, communicate

Holistic
Approach change management holistically
Think ahead to information management and reporting
Incorporate into initial planning and scope

Contextual, workable and timely
Account for pre-existing business conditions since there is more than one finance transformation path

Implementation

Speed and resolve
Secure effective facilitation and strong governance
Set aggressive deadlines and prioritize forward progress

Ownership and understanding
Secure executive level leadership and sponsorship
Increase executive understanding of what they are gaining versus losing (e.g., the size of the opportunity)
Drive early wins to garner respect and overcome initial skepticism

These are typical success factors. Are there any that stood out for the Value Integrators?

In the future, each of the Value Integrators will continue to drive improvements across the five transformation levers

What's Next

Higher

Maturity

Technology — **Finalize ERP implementation**   **Update technology**   **Simplify / standardize technology**

Process — **Further simplify / standardize processes**   **Drive continuous process improvements**

Operating Model — **Add functions into SSC**   **Optimize delivery models**   **Continue to deploy / evolve**

Data & Analytics — **Improve business intelligence**   **Enhance planning**   **Leverage performance dashboards**

People — **Attract / retain talent**   **Develop leadership / career paths**   **Conduct analytics training**

Lower

These Value Integrators exemplify strong executive sponsorship and key project leaders

Distinguishing Success Factors: Strong Resources

Celanese
Built the leadership team in Finance (8-12 resources) to drive transformation and put these people in place to run the future organization

dc water is life
Brought in first top management and key first level managers to drive the transformation

daa Dublin Airport Authority plc
Brought in key hires (e.g., head of SSC)

HAYS Recruiting experts worldwide
Appointed new Group Finance Director with significant experience, new head of SSC, new CIO and identified 25 top staff who could drive change

ISETAN MITSUKOSHI HOLDINGS
Leveraged the knowledge and experience of a third party advisor

These Value Integrators dedicated full-time resources to transformation

Distinguishing Success Factors: Full-time Team

bnz — Had little traction with transformation with part-time resources; brought in full-time resources to drive the workstreams and a full-time program manager

Celanese — Put the best people on the most important projects vs. who is available

daa (Dublin Airport Authority plc) — Recruited in on contract to back-fill existing roles

Found some new stars amongst younger staff and from amongst more experienced staff found people who thrived in a focused project

HAYS Recruiting experts worldwide — Dedicated 25 full-time resources to drive change and back-filled their prior roles

HIGHMARK — Dedicated full-time resources to transformation to maximize benefits

These Value Integrators have an intense focus on execution

Distinguishing Success Factors: Execution Focus

AIR NEW ZEALAND — Embraced change

Celanese — Set stretch but achievable goals to provide a sense of urgency with clear metrics and progress tracking. Dealt with resources that could not execute immediately

HAYS Recruiting experts worldwide — Built team that could drive change, held ruthless Steering Committee meetings, and dealt with resources that did not deliver

Rhodia Chemistry is our world, Responsibility is our way — Accepted change with open-minded viewpoint

Williams. Ingenuity takes energy. — Demonstrated a willingness to explore new functionality, technology, and process improvements with third-party provider to enable better performance

These Value Integrators have put in a culture of continuous improvement

Distinguishing Success Factors: Continuous Improvement

Company	
ADANI	Six Sigma
bnz	Kaizen
Celanese	Leading method for evaluating and implementing continuous improvement opportunities
Kao — Enriching lives, in harmony with nature.	Continuous improvement culture
Rhodia — Chemistry is our world, Responsibility is our way	Six Sigma – large percent of staff are green/yellow belts

Transformation Considerations

Base the business case on broader enterprise benefits

Follow the "playbook" suggested by the 15 case studies

Leverage your best people and dedicate them full-time to transformation

Drive greater transparency through commonality before improving insight

Implement sustainable technologies

Relentlessly execute

Promote an improvement culture across the enterprise