About ACCA

ACCA is the Association of Chartered Certified Accountants. We’re a thriving global community of 227,000 members and 544,000 future members based in 176 countries that upholds the highest professional and ethical values.

We believe that accountancy is a cornerstone profession of society that supports both public and private sectors. That’s why we’re committed to the development of a strong global accountancy profession and the many benefits that this brings to society and individuals.

Since 1904 being a force for public good has been embedded in our purpose. And because we’re a not-for-profit organisation, we build a sustainable global profession by re-investing our surplus to deliver member value and develop the profession for the next generation.

Through our world leading ACCA Qualification, we offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. And using our respected research, we lead the profession by answering today’s questions and preparing us for tomorrow.

Find out more at www.accaglobal.com

About PwC

At PwC, our purpose is to build trust in society and solve important problems. It is this focus which informs the services we provide and the decisions we make.

With offices in 157 countries and more than 276,000 people, we are among the leading professional services networks in the world.

We work with our stakeholders to build trust in society and solve important problems. From developing new technology solutions to address our clients’ challenges, to helping people build digital skills, to enhancing the quality of our services, and much more.

PwC’s purpose means working with others to help address the biggest issues facing the world in a way that builds trust. For our people, this means living our purpose in all their daily interactions. One of the most pressing challenges today is the growing mismatch between the skills people have and those needed for the digital world. We’re committed to tackling this challenge and encouraging others to join us.

We are on a digital transformation journey marked by key investments in technology and a focus on upskilling our people. Our aim: to use the combination of people and technology to be the most relevant organisation for our stakeholders and one of the most cloud-enabled organisations in the world.

This publication has been prepared for general guidance on matters of interest only and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, to PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining from acting, in reliance on the information contained in this publication or for any decision based on it.

In this document, ‘PwC’ refers to PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom) which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.
The role of the finance function in organisations is changing, not least in the way that it provides its stakeholders with insights based upon a range of data sources. In this report we explore the trends and projections for how finance functions need to adapt.

The insights in this report are based upon several interviews and roundtables conducted with ACCA members and other interested parties and the results of a survey of 3,502 accountancy and finance professionals, including ACCA members and future members, contacts and clients of PwC and members of the Shared Service Forum based in India, which was conducted in February 2020.
We continue to live in times of rapid change, competitive markets, and uncertainty. Throughout this period, understanding and responding to customer needs is critical to business success. At the same time, the digital revolution is transforming the way organisations operate and interact with a wide range of stakeholders including governments, employees, the public and their suppliers, business partners and their customers.

Maintaining focus in these areas and balancing the short- and long-term views of performance is especially important in the light of the economic impact of the global COVID-19 pandemic. During this period, it has been critical to focus not only on risk but also on opportunity and as these two factors change it is vital that organisations have an agile, data-rich approach to rapidly explore their options. Understanding customers’ voices and those of the wider stakeholder groups in society is paramount for achieving sustainable growth.

Although many things have changed over the past few months, the core challenges of our society also remain. The impact of our activities on the climate, for example, means that as individuals and organisations we are thinking more broadly, more ethically, about those who we transact with as our customers and employees. Similarly, the impact organisations have on the society and communities in which they operate is also in focus for most businesses. For many, articulating their purpose and how they address the use of resources and create a sustainable business model is as important as short-term financial performance when it comes to attracting talent and driving the sustainable growth they are looking for.

For the accountancy and finance community, this provides an opportunity for developing new ways of thinking about how organisations measure and mitigate risk, how they articulate the value they deliver and how they identify and grasp the opportunities for growth. Using lenses such as the six capitals of integrated reporting broadens the view and aligns to organisational purpose. Delivering business insight from the vast amount of data available is critical to achieving these objectives and finance professionals are uniquely placed to provide it. In the current climate, they should feel empowered to develop innovative ideas based upon robust data and well-crafted analysis and to challenge the thinking of the organisation using this insight. Times of crisis, particularly, bring these skills to the fore. They are, however, skills that need to be continually invested in. As the potential of data and insight grows, the ability to weave the business narrative could well be the difference between success and failure.

This report highlights the fundamental role of the finance business partner to support this constantly changing business model through robust insight, founded upon their core competencies including our ethical approach. The ideas have been validated with a range of those with an interest in this area. The message is clear; accountancy and finance professionals have a robust skill set that can play an ever-important role in driving business performance.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive summary</td>
<td>7</td>
</tr>
<tr>
<td>Why insights matter</td>
<td>9</td>
</tr>
<tr>
<td><strong>1. Redefining performance for organisational purpose</strong></td>
<td></td>
</tr>
<tr>
<td>1.1 The purpose-centric organisation</td>
<td>14</td>
</tr>
<tr>
<td>1.2 The finance business partner</td>
<td>15</td>
</tr>
<tr>
<td><strong>2. The business partner role</strong></td>
<td>17</td>
</tr>
<tr>
<td>2.1 The transformation of the finance function</td>
<td>17</td>
</tr>
<tr>
<td>2.2 What is a finance business partner?</td>
<td>17</td>
</tr>
<tr>
<td>2.3 Today’s finance business partner: A fundamental part of the business?</td>
<td>19</td>
</tr>
<tr>
<td>2.4 Forward-looking insights</td>
<td>28</td>
</tr>
<tr>
<td>2.5 Finance business partners in a time of crisis</td>
<td>34</td>
</tr>
<tr>
<td>2.6 Finance business partnering in small and medium-sized enterprises</td>
<td>34</td>
</tr>
<tr>
<td><strong>3. The evolution of finance insights</strong></td>
<td>37</td>
</tr>
<tr>
<td>3.1 Six hypotheses for the future of finance insights</td>
<td></td>
</tr>
<tr>
<td>3.1.1 Business partners will offer strategic and collaborative support to operational decision-making</td>
<td>38</td>
</tr>
<tr>
<td>3.1.2 Oversight, guardianship of data integrity will be an essential part of the role</td>
<td>40</td>
</tr>
<tr>
<td>3.1.3 Business partners will increasingly focus on predicting performance against organisational purpose</td>
<td>41</td>
</tr>
<tr>
<td>3.1.4 Business partnering will become more commonplace than other finance roles</td>
<td>42</td>
</tr>
<tr>
<td>3.1.5 Failure to evolve skills will render the role obsolete</td>
<td>43</td>
</tr>
<tr>
<td>3.1.6 Self-service reporting, artificial intelligence and machine learning will free business partners from previous responsibilities</td>
<td>43</td>
</tr>
<tr>
<td>3.2 Barriers to evolution</td>
<td>45</td>
</tr>
<tr>
<td><strong>4. The future vision?</strong></td>
<td>47</td>
</tr>
<tr>
<td>4.1 Re-evaluating performance</td>
<td>47</td>
</tr>
<tr>
<td>4.2 The six capitals of the Integrated Reporting (&lt;IR&gt;) framework</td>
<td>48</td>
</tr>
<tr>
<td>4.3 Using the six capitals for performance reporting</td>
<td>49</td>
</tr>
<tr>
<td>4.4 The capitals evaluated</td>
<td>51</td>
</tr>
<tr>
<td>4.5 Technology agenda</td>
<td>59</td>
</tr>
<tr>
<td>4.6 Developing the finance business partner of the future</td>
<td>60</td>
</tr>
<tr>
<td>4.7 Starting a finance career as a business partner</td>
<td>61</td>
</tr>
<tr>
<td><strong>Conclusion</strong></td>
<td>63</td>
</tr>
<tr>
<td><strong>Acknowledgements</strong></td>
<td>65</td>
</tr>
<tr>
<td><strong>References</strong></td>
<td>67</td>
</tr>
</tbody>
</table>
THE MESSAGE IS CLEAR; ACCOUNTANCY AND FINANCE PROFESSIONALS HAVE A ROBUST SKILL SET THAT CAN PLAY AN EVER-IMPORTANT ROLE IN DRIVING BUSINESS PERFORMANCE.
Executive summary

In this fast moving and dynamic world, organisations who will thrive and surpass others will be those who exploit their data to derive insights and discover opportunities. A story emerges that encompasses a variety of data sources and is aligned to the overall organisational purpose, which is not achieving a purely financial goal.

There is a temptation in responding to the COVID-19 events, as organisations and economies seek to recover, that the sole focus is on the financial imperative. That may well ignore the import of other disturbances that society will continue to face and may lead to narrow responses to broader issues that are connected to the financial performance.

As a society, we are expecting our businesses to be more ethical in their approach. We can no longer afford to ignore issues such as climate and resource constraints. Not only are our employees increasingly demanding this more ethical and purpose-driven approach, but so are our customers and our investors.

The finance community within an organisation is not immune to these trends. Rather, it needs to play its role at the centre of them. Performance and insight are domains that we rightly occupy. The culture of organisations is changing. Customer-centricity requires agility, which in turn demands cross-organisational collaboration; here, the finance community is best placed to gain a central position.

Much of finance activity has focused traditionally on reporting the historic: perhaps inappropriately backward-looking in this economic environment. Finance teams need to deliver new insights in more relevant ways in order to address business needs. A failure to do so threatens to marginalise the finance function and to allow shadow organisations and other groups to exploit the demand for this new approach.

Much attention has focused on the finance business partner: individuals, or a group of individuals, who are seen as the conduit between finance and its stakeholders. What role do they play and how should they respond to this changing dynamic?

A changing role for the finance professional

ACCA and PwC jointly conducted a survey, a workshop, and several interviews with leading finance professionals to explore current perceptions of the roles and the extent of the opportunities. The opportunities open to accountancy and finance professionals were reflected in six hypotheses that suggested a future direction of travel for this community and the insights that it provides. This has been highlighted through the contribution that these individuals have played in the context of the current business turbulence. Having the agility to support and influence business decision-making in rapidly changing times, supported by access to robust data sources that give an organisation wide insight. The important skills of adaptability and trust come to the fore in situations such as this. Technology and data on their own are never the complete answer.

Our survey showed that while most of the respondents claimed that finance business partnering was a proactive role in their organisations, only 37% reported that it was truly embedded: a fundamental part of decision-making and strategy. The two most valued aspects in the role were the support of business strategy and the analysis of current performance; this suggests that finance professionals might not yet be achieving the forward-looking view on which the future of the finance function may depend. Chapter 2 explores this in more detail.
The opportunity for finance insights

Our hypotheses (Chapter 3) allow us to explore the opportunity for finance insights and the role of business partners in generating these.

Those respondents who saw themselves as embedded were more forward-thinking about their journey.

Over half the respondents stated that the journey to achieving strategic insight and the oversight of data quality was under way, but fewer than half considered that the finance function had yet to make as much progress towards achieving a purpose-centric view of performance and gaining the ability to use data to drive the insights. Finance needs to use the trends in the assurance of data, applying an ethical lens and being the trusted adviser to the business, integral to decision-making at all levels.

Finance insights aligned to the purpose of the organisation and the value so created were similarly seen as perhaps not immediately achievable, as the workshop participants commented, because of a lack of clarity about how this performance could be measured (Chapter 4). Over 70% of the respondents argued that this would be achieved in the next three to five years, highlighting a significant shift in the finance community’s contribution to the organisation.

The six capitals of the integrated reporting framework (Table ES1) provide a basis upon which we can understand and evaluate organisational purpose. In Chapter 4 we explore how these can be used and observe how organisations are being challenged in the current circumstances to address this broader picture.

Value is created in many ways and a traditional view of business cases based on the pure financial imperative may well mean that necessary investments that address a longer-term sustainable purpose are not made. Nonetheless, there is a need to develop a finance skill set to accommodate this shift; one that embraces a range of technical skills, softer skills and business acumen driven by a new world view. Having a view across the organisation through many different views of performance is essential. Operating models are changing to become more customer centric and broader in objective. The finance community needs to recognise this shift and assess performance in a broader sense across the range of capitals. To be too narrowly focused on the financial disclosures would negate the view of true operational value and decision-making. A failure to ignore the inherent value of data, a component of the intellectual capital, in realising value may well bias our decision-making. The human and social capitals are strongly aligned to organisational purpose and the ways in which consumers, employees and other stakeholders evaluate it. The natural capital is one that cannot be ignored. Embracing each of these drives value in the organisation across a broader agenda.

There is an opportunity for the finance community to seize; it needs to be embraced.

FIGURE ES1: Six hypotheses about the future development of finance insights
TABLE ES1: The Six Capitals of Integrated Reporting

<table>
<thead>
<tr>
<th>CAPITAL</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td>The funds available to an organisation to produce goods or provide services. These funds are sourced through debt, equity or grants, or generated through operations and investments.</td>
</tr>
<tr>
<td><strong>Manufactured</strong></td>
<td>Manufactured physical objects available to an organisation to produce goods, or provide services, including buildings, equipment, infrastructure (such as roads, bridges, water-and waste-treatment plants).</td>
</tr>
<tr>
<td><strong>Intellectual</strong></td>
<td>Knowledge-based intangibles, including intellectual property, such as patents, copyrights and software, rights and licences; ‘organisational capital’ such as systems and protocols; and ‘tacit knowledge’ (knowledge of the business that is held by employees and managers but that is difficult to communicate).</td>
</tr>
<tr>
<td><strong>Human</strong></td>
<td>People’s skills, abilities, experience, motivation, intelligence, health and productivity. It includes their support for an organisational governance framework, risk management approach and values; their understanding of an organisation’s strategy and the ability to implement it; and their loyalty and ability to lead and collaborate.</td>
</tr>
<tr>
<td><strong>Social and relationship</strong></td>
<td>This category includes institutions and relationships within and between communities, stakeholder groups and other networks; shared norms, common values, and behaviour; trust the organisation has fostered, brand and reputation; and an organisation’s ‘social licence to operate’.</td>
</tr>
<tr>
<td><strong>Natural</strong></td>
<td>All renewable and non-renewable environmental resources and processes that provide goods and services that support the organisation’s past, present and future prosperity, including air, water, minerals, forests, biodiversity and ecosystem health.</td>
</tr>
</tbody>
</table>
WHY INSIGHTS ARE INCREASINGLY IMPORTANT
In the transformed world data is key. It is a source of competitive advantage. Whether this is through appraising investments, profitable growth opportunities, new markets, or channels, or understanding complex positions and strategies. It comes down to access to data and how you generate value from it using interpretative insights. The reality is that barriers to entry are now a lot lower. Understanding the position of the organisation and how it compares to its competitors is essential. The data that we possess and the insights that we can generate from this is a fundamental component of our decision-making.

The COVID-19 pandemic has required organisations to focus on their strategy, how the business processes really enable this, and the risks faced. The robustness of organisations has been called into question in ways in which we have not previously foreseen. It has required a speed of response and a level of agility that many have not expected. When we spoke of insight in the past, we often looked at historic performance and how we faired in the normal course of business. The pandemic has refocused us on the immediate, not only from a financial perspective but also from how we, as an organisation, have contributed to the social good. We have been required to be forward looking and adaptable in our decision-making. Having robust insights to support this has proved essential.

PURPOSE OF THE ORGANISATION AND THE ROLE OF INSIGHTS
The purpose of the organisation has been placed in sharp focus. There is a clamour for more transparency in business because, if it does not demonstrate this, it will lead to a destruction of financial value. It is possible that given the recent events we will see a change in stakeholder demands of organisations to question how the organisation has responded to the crisis. In addition to questioning profitability and dividends of organisations they are focusing on the continued employment of their people and whether they have supported health services or critical workers. This is going to persist as we transition out of this phase and the broader measurement and evaluation of organisational purpose is becoming increasingly fundamental. It is a different dimension to the narrative and how decisions need to be taken.

The key challenge is how we, as the finance function, work within the organisation to evaluate the value that is added through the activities. We need to address the demand to evaluate performance, aligned to purpose, by utilising concepts such the six capitals of integrated reporting. The six capitals can be applied, for example, to demonstrate how in the human capital, we have safeguarded the well-being of our employees, how intangible assets drive value creation, the in natural capital the sustainability agenda has been addressed and we have optimally used the natural resources required.
Why insights matter

THE ROLE THAT FINANCE NEEDS TO PLAY

Decision-making needs to reflect this broader agenda and with the scope across the organisation it has the ability to break down the barriers and silos that may well be constructed around the data and to capture it more holistically. We have traditionally placed our focus on financial reporting and quarterly returns. Just as we are embracing changes in how we work we need to change our mindsets to recognise how these imperatives are broadening. If we consider the levels of collaboration needed in recent times to address the threats to organisations, through increased agility and virtual collaboration it is important that we do not lose these gains. The scenario planning necessary has involved supply chain, marketing, risk, and other teams to provide a comprehensive insight. But for many, finance has been the centre of the response.

Different sources of data from across the organisation and the speed by which you can provide the analysis and insight; to support and enact decisions is fundamental. The need to be agile in pivoting from one analysis to the next is paramount. Organisations have realised that they have probably not been as quick as they would have liked to have been. There is a need to be more proficient in sourcing the data quickly, collaborating across teams to analyse and visualise that response.

One key lesson from the pandemic will be how truly transformative a lot of organisations have been digitally. It has exposed for some whether they have been able to respond adequately because they lack the data and insight to support the necessary rapid decision-making. As finance we need to act as the aggregators across the data sources and to ensure that they can be exploited in the right way. We need to question data sources and whether we have access to the appropriate internally and externally sourced data.

The future world will be different because of the recent events. We are used to taking decisions with profitability in focus. Now we need to adapt to the broader agenda and how we broaden the social consciousness in what we do. Finance teams need to be conscious of the organisation, applying the informed, ethical lens to the narrative. We need to reimagine insights.

Brian Furness, Global Head of Finance Consulting, PwC

Jamie Lyon, Portfolio Lead, ACCA
**So, in summary, what should I do?**

In this table we present a summary of the key considerations highlighted as part of this research. Each of these recommendations is considered in the report.

<table>
<thead>
<tr>
<th>ORGANISATIONAL PURPOSE AND INSIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure that you have a clearly defined purpose for the organisation that encompasses the value to society that it plans to achieve.</td>
</tr>
<tr>
<td>Map this against the relevant capitals to determine how the purpose can be achieved.</td>
</tr>
<tr>
<td>Recognise the shift to making decisions for areas beyond the traditional finance boundaries and how data and insight can drive operational excellence.</td>
</tr>
<tr>
<td>Encourage a culture of purpose-centric decision-making that does not focus only on financial return.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INSIGHT STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create a clear structure for finance that supports the business partnering and insight agenda, with clear roles defined; educated across the broader range of value metrics and embracing the six capitals as a part of decision-making.</td>
</tr>
<tr>
<td>Appraise the current finance business partner capability in your organisation against the survey results.</td>
</tr>
<tr>
<td>Develop, or review, the role of the finance business partner as part of the overall finance function strategy to ensure that it serves organisational needs.</td>
</tr>
<tr>
<td>Recognise that the mindset able to generate insight is equally necessary in Small and Medium Sized Enterprises (SMEs) and in larger organisations.</td>
</tr>
<tr>
<td>Identify the value that the finance business partners can and should add across the organisation. Their role needs to be embedded in the organisational structure in alignment with the business model and value should be enhanced by a culture of agile decision-making.</td>
</tr>
<tr>
<td>Establish reporting mechanisms across the organisation that reflect performance from a range of perspectives, aligned to the achievement of the organisation’s purpose, and measure and reward performance accordingly.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ORGANISATIONAL CULTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure that you have an organisational culture that supports the development and delivery of agile insights and executes plans based on the recommendations.</td>
</tr>
<tr>
<td>Create a culture of agility and innovation developed around customer-centric operations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PEOPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognise that the skills of finance business partners who operate at a strategic level are often different from those needed in other finance roles and require different developmental paths.</td>
</tr>
<tr>
<td>Appraise the skills of the current finance business partners and identify opportunities to develop their skills in line with expectations.</td>
</tr>
<tr>
<td>Support innovative and creative thinking and reward ideas and appropriate action.</td>
</tr>
<tr>
<td>Invest in data skills for finance business partners, enabling them to realise these opportunities and drive insight.</td>
</tr>
<tr>
<td>Create and implement career paths that reflect the need to develop the future skills needed by the function.</td>
</tr>
</tbody>
</table>
### EXECUTIVE SUMMARY

**PROCESS**

- Optimise business processes to exploit collection of data both operational and financial to support insight generation and decision-making across the range of capitals.

- Instigate a performance management approach that thinks broader than financial return and aligns to organisational purpose.

- Review the approach to scorecard measurement of performance and align processes to reflect customer centricity and value creation.

**TECHNOLOGY**

- Exploit the investments in technology and data across the organisation to maximise their potential.

- Identify the technology suite that enables you to model and interrogate the data to develop scenario models.

- Use technology and available data to develop a business model that supports business activities, while accepting that the concept of the ‘digital core’ of the organisation can involve using cloud-based applications relevant to this sector.

- Develop and implement a technology strategy for the finance function, as part of the wider organisation, that provides access to robust data sources and the appropriate visualisation.

- Identify and remedy technology and data weaknesses in the organisation, focusing on the data sets necessary to create customer value by yielding useful insights.

**DATA**

- Clean and accurate data is essential for effective insight generation. Establish appropriate governance over the data in the organisation to support insight generation.

- Ensure that data is collected from various relevant sources to measure the value to society.

- Finance functions need to develop a constructive mindset around data, to explore it and play with it, be inquisitive and understand the business impact of things rather than force structure, reconcile it to try and make it accurate.

- There is a need to develop a balanced approach to risk taking. Appreciating that there is not always a need for pinpoint accuracy or does the 80:20 work well enough.
1. Redefining performance for organisational purpose

1.1 The purpose-centric organisation

Since the advent of accountancy concepts in ancient Mesopotamia, and certainly since Europe moved towards a monetary economy in the 13th century, organisations have been defined by a financial imperative – the need to return capital to those who have invested in them. This has been enshrined in the legal frameworks that govern organisations. Our performance processes have become focused on the measurement of the value through monetary means – the basis of the accountancy and finance community. We have developed corporate measurement systems based on key performance indicators (KPIs) and critical success factors (CSFs). These often drive organisational behaviours, not all of which are goal congruent.

The focus on the impact that organisations have on the climate and other issues, such as the exploitation of natural resources and the real economic cost of this, have forced us all to step back and reappraise. While that financial motive remains important, we now talk of organisational purpose – how organisations contribute to society and deliver value. In so doing we appraise the resources that they use to do this: the natural resources whose overuse may be contributing to climate change; the human resources that facilitate the operation of the organisation itself; the resources that we use to create the product or service that the organisation provides. Increasingly, as a society, we are looking through that ethical lens. Investors, NGOs and other stakeholders are increasingly challenging organisations on this agenda and directing funds to those organisations that are seen to appreciate the issues and appropriately manage the risks. As individuals, we use this lens to make decisions on whether to engage with organisations – do we wish to work for them? Do we wish to buy or consume their products? And so on.

If the lens through which everyone perceives organisations is changing, how can we, as accountancy and finance professionals working in them, play our part in ensuring that those organisations succeed?

A survey conducted by PwC in 2016 indicated that 79% of business leaders surveyed believed that an organisation’s purpose is central to business success, yet 68% revealed that purpose is not used as a guidepost in leadership decision-making processes within their organisation (PwC 2016). Furthermore, from the survey, PwC conclude that millennial employees are 5.3 times more likely to stay with their employer if they have a strong connection to their employer’s purpose in comparison to those who do not, in contrast to 2.3 times for other employees in the same position, but in practice only 33% of employees drew real meaning from their employers’ purpose.
Caterina Bulgarella (2018) notes that purpose can be defined in two ways: linear and transformative. A linear purpose focuses on linear growth, using existing assets to broaden the range of products that can be delivered but it will not affect the lives of customers. In contrast, transformative purpose focuses on what the organisation can do to harness its transformative potential and identify possibilities that it has not previously foreseen. For the finance professional, providing data and information to support this transformative purpose is a key role. In this sense, a broader agenda based on multiple capitals is essential to support the transformative purpose.

While the impact of the COVID-19 pandemic may focus organisations’ attention on short-term measures to support liquidity, it would be wrong to forget the ever-present impact of the climate emergency and the role that finance professionals can, and should, play in ensuring that organisations address that issue. There is a strong business requirement to focus on the climate and resource issues. They will not disappear. Transformative purpose is here to stay. It requires an organisational culture that is true to the organisational objectives. A transformative purpose requires a transformative and agile culture. Achieving this is often a challenge.

Within organisations, we need to take this wider perspective. The role of the finance professional in interceding with other teams in the organisation is often framed as that of the ‘finance business partner’.

1.2 The finance business partner

One of the key activities in the finance function in recent years has been the development of the role of the finance business partner. He or she is the key channel between the finance function and internal, and sometimes external, stakeholders. Yet the term ‘business partner’ has many connotations and no clear job description. For some organisations, it is a tactical role, for others, a strategic one. It is, perhaps, what the role holder makes it, an ethos. If finance functions are to play their role fully in the development of the purpose-centric organisation, especially in the way that performance across the organisation is measured, then defining the role of the finance business partner becomes ever more important.

Above all, it is making use of professional insights that will enable organisations to grow and attain their strategic objectives. That finance teams have a substantial role to play in that may be a given, but how we can best do this is not.

The trend of digital transformation, highlighted by the COVID-19 pandemic, has emphasised the need for organisations to be agile and have a clear view of performance. Those who have most readily adapted are those who have good data models and robust analytical capabilities.

In this report we explore the interaction of the two topics: the generation of insight and future performance (closely linked to the role of the finance business partner) and the emergence of the need to measure organisational performance against strategic objectives in the purpose that the organisation serves. In Chapter 2 we evaluate the current state of the finance business partner role; with a specific focus on some of the implications of the COVID-19 pandemic considered in section 2.5. Chapter 3 takes six hypotheses for the future development of the activity and considers the implications of these, and Chapter 4 describes the evolution of performance management for the business partner in addressing organisational purpose and concludes with an assessment of the skills that finance business partners need to if they are to generate insights across the organisation.

THE TREND OF DIGITAL TRANSFORMATION, HIGHLIGHTED BY THE COVID-19 PANDEMIC, HAS EMPHASISED THE NEED FOR ORGANISATIONS TO BE AGILE AND HAVE A CLEAR VIEW OF PERFORMANCE. THOSE WHO HAVE MOST READILY ADAPTED ARE THOSE WHO HAVE GOOD DATA MODELS AND ROBUST ANALYTICAL CAPABILITIES.

1 The nature of a transformative culture and how finance leaders can play their part is discussed in Digital Leadership: Leading finance digital transformation (Cui and Webb (2019)).
2. The **business partner** role

2.1 The transformation of the finance function

ACCA/PwC’s report *Finance: A Journey to the Future?* (2019) establishes several trends in the development of the finance function. Key among these is the use of data to derive insight for the function’s stakeholders. That report makes several recommendations about data, technology and processes, skills and culture in the organisation, which finance functions might consider embracing to ensure that they remain relevant.

Fundamental to achieving this future vision is the ability of the function to present, in an effective manner, the ‘story’ of the business. This is seen as a responsibility that is associated with the finance business partner. In this report, and following on from the ideas developed in ACCA/PwC (2019), we evaluate this fundamental role and how it might develop.

In ACCA/PwC (2019) we presented an overview of the structure of the finance function that put the business partner role at the centre.

2.2 What is a finance business partner?

There is considerable literature available on the role, skills and attributes of the finance business partner. Many commentators seek to define the business partner in various ways. According to the vision for finance outlined in ACCA/PwC (2019), the finance business partner is a strategic player in the organisation, supporting decision-making and having a deep insight into the business model.

Recruitment consultancy Randstad comments that ‘a finance business partner needs to be an excellent project manager as well as a creative thinker. This is a role that calls for both a starter and a coordinator’ (Randstad 2019).

PwC Netherlands defines finance business partnering as ‘the role that the financial function takes by supporting and challenging the “business”, aiming to ensure that the strategic path chosen will create the desired value, [balanced] against acceptable levels of risk’ (PwC 2017).

![FIGURE 2.1: A finance function of the future?](source: ACCA)
A lot of people discuss whether finance business partnering is a role or mindset. I’m personally a strong believer in that it is a role with a specific mindset. I’ve also come across CFOs who firmly believe that it’s a mindset, and that everyone in finance should have that mindset.

**FIGURE 2.2:** Perceptions of the finance business partner role

Is a key objective for most finance functions and entails effective partnering with the business to create value. Delivering relevant and timely management information and supporting the corporate performance management models are key priorities.

Have been at the top of the agenda in recent years. The future business needs to optimise risk management, compliance and control to establish a sustainable cost effective control environment, which meets today’s requirements and is flexible in terms of future changes in regulations.

The purpose of business partnering is value creation. My definition of the role is that the business partner should be changing conversations and changing decisions.

Business insights are something that you choose. That choice comes with an investment that you need to make in individuals and in resources to support them. The payback is measured in the challenging conversations and changed decisions that these individuals deliver. For finance business partnering to be effective, the partners need a seat at the senior table and to be able to use it. There is no value in a function that purely provides data, it needs to challenge the organisation and promote growth. For me that is the only way that a finance business partner can be effective. They need to be co-located with the business and in teams that reflect the organisation of the business itself, not the structure of finance.

Claus Thorne Madsen, Partner, PwC Denmark
One interviewee, a CFO in a leading industrial entity in India, commented that, as business partners, ‘we’re expected to provide solutions – and often that requires integrating knowledge of your market or industry, non-financial data, such as macroeconomic trends and financial data, and to synthesise that into a solution for your strategic business partner, whether it’s a new strategy, new markets, new products or repositioning an existing product to optimise income.’

Yet in conversations with finance leaders among the ACCA membership and the PwC client base there is a definite belief that there is room to improve the relevance of the role. The term ‘finance business partner’ meant different things to different people and while it was in accepted use there was no clarity as to what exactly it meant, except for the fact that it was vital to the future success of the finance function in organisations.

In support of this, one of our interviewees, an experienced finance consultant, commented that finance business partners ‘are seen to add value to whatever discussions are going on with the business, whether those are budgetary, whether it’s supporting investment. It’s hard to get that seat at the table if you don’t have the right skills and experience or the potential to do that’.

What is the perception of the finance business partner in today’s workplace?

2.3 Today’s finance business partner: A fundamental part of the business?

The initial consideration was to establish whether finance business partners were a core part of the finance organisation (Figure 2.3). Has finance business partnering become an established part of the organisation, and if so, to what extent? Is it perceived as a strategic role or a tactical one?

Among the survey respondents, 59% thought that the role of the finance business partner was either embedded in, or a fundamental part of, the organisation. To differentiate these two categorisations, the embedded business partner operates in cross-functional teams but is not an active contributor to the decision-making process, instead providing data and insight to support it. In the context this shows that the role is perceived by the respondents as being a core part of the finance function and potentially operates more at the strategic than tactical level by providing insight and commentary that focuses on supporting the business objectives and forward development, rather than just reporting what has been achieved already.

One senior CFO interviewed commented that, for him, ‘the litmus test is how many people from operating divisions are calling or standing in line to get the advice of my finance staff’. The theme of an active partnership between finance and those with whom it interacts across the business was seen by many interviewees as fundamental to the role. The percentages of those who see the role as ‘embedded’ and ‘fundamental’ underline this.

Figure 2.3: On a scale of 1 to 5, to what extent has the role of the finance business partner become established as a core part of your organisation at the present time?

59% OF RESPONDENTS THOUGHT THAT THE ROLE OF THE FINANCE BUSINESS PARTNER WAS EITHER EMBEDDED IN, OR A FUNDAMENTAL PART OF, THE ORGANISATION.
There were, however, variations by sector (Figure 2.4) and geography (Figure 2.5).

Clearly the SSC industry sees a significant advantage in the business partnering activity, which is to be expected; yet the greatest impact, according to our respondents, is in the corporate sector, with over 41% indicating that it is a fundamental part of decision-making. For those in SSCs globally\(^2\) we are seeing an evolution from transaction processing to more valued-added analysis and interpretation.

Once more there are clear variations. The respondents from Australia reported the most significant extent of the role played by the finance business partners, yet half the respondents from all geographical regions reported that finance business partners were either embedded in or fundamental to their organisations, with the exception of Hong Kong SAR, where the results may indicate the greater importance of local businesses that may have fairly traditional approaches to the role of finance.

**Figure 2.4:** On a scale of 1 to 5, to what extent has the role of the finance business partner become established as a core part of your organisation at the present time?

Analysis by sector – respondents who ranked the role at 4 or 5 only

**Figure 2.5:** On a scale of 1 to 5, to what extent has the role of the finance business partner become established as a core part of your organisation at the present time?

Analysis by significant geographical region – respondents who ranked the role at 4 and 5 only

---

\(^2\) The shared service centre respondents have a broad geographic base, with only 10% being located in India.
Forward or backward looking?
The survey respondents were asked whether their finance business partners were focusing on historic performance, future performance, or both. In the survey conducted for the report Finance: A Journey to the Future? (ACCA/PwC 2019), 25% of survey respondents reported that their finance function spent all its time generating insights, and expected that to rise to 47% in the next three to five years (the medium term). The finance function, as outlined in Figure 2.1, will continue to have a broad range of responsibilities, and the balance between these continues to shift. The importance of insight in supporting business growth is recognised and it is likely that finance business partners will in future be spending 100% of their time in delivering these. What is the nature of these insights provided by finance business partners?

Among our respondents, 74% claimed that finance business partners focus on both historical and future performance. This is a clear endorsement that, as accountancy and finance professionals in business, we are making a transition from using only an historic lens to applying a more strategic and forward thinking approach. When the survey responses from only those respondents who indicated that they were in the ‘C-suite’ (chief executive officer and chief financial officer) are considered, the percentage rises to 77%.

It should be noted, however, that 18% of respondents stated that finance business partners focus on historic performance. So, a potentially significant minority, from nearly one-fifth of the organisations represented by the respondents to the survey, indicated that progress is still to be made.
There were limited variations in these results by sector (Figure 2.7) or by geography (Figure 2.8).

In all sectors approximately three-quarters of respondents claimed that finance business partners focus on both historic and future performance. Most markedly, 20% of public sector respondents claimed that they focus only on historic performance.

The Australian respondents clearly had the strongest belief that they were significantly progressing away from a pure historical perspective and towards business partnering activity, while the Republic of Ireland was the most conservative, from the respondents’ perspective.

To contrast this, the survey respondents were asked to evaluate the situation as they perceived it in their organisation (Figure 2.9).

The respondents indicated a gap between perception and experience, suggesting that while efforts may be made to focus on both historic and future performance, perceptions of the latter might not always reflect reality and that 20% of respondents were aware of a variability in their focus. It is recognised that self-reported performance tends to exaggerate the forward-looking focus. As finance professionals, we need to point this out without undermining our perspective on the data.

**FIGURE 2.8:** Which one of these statements best summarises how the role of finance business partnering is currently mainly perceived in your organisation?

Percentages indicating a focus on only historic performance: by geographical region

**FIGURE 2.9:** Which of these statements best describes your personal assessment of the role of business partnering in your organisation?
Challenge of meeting leader’s expectations

While the picture across sectors was relatively consistent, there was more variation in the evaluation of the personal assessment by geographical region (Figure 2.10).

One final assessment of the approach of the finance business partners was whether they were perceived by our respondents as either proactive or reactive. This is demonstrated by Figure 2.11.

The respondents perceived that their finance business partners are essentially proactive in approach. Those respondents who identified themselves as having roles in the C-suite in the survey had a similar, but higher, 59:41 split in favour of proactivity. This suggests they are responding to stakeholders’ demands for more proactivity.

**FIGURE 2.10:** Which of these statements best describes your personal assessment of the role of business partnering in your organisation?

**FIGURE 2.11:** Do you consider that the current business partnering activities within your organisation are...

THE RESPONDENTS PERCEIVED THAT THEIR FINANCE BUSINESS PARTNERS ARE ESSENTIALLY PROACTIVE IN APPROACH.
There are some significant variations by geography of our respondents’ perceptions of the proactivity and reactivity of finance business partners (Figure 2.12).

There are distinct ranges in the balance of perceptions of the proactivity and reactivity of finance business partners. The Republic of Ireland and the UK score significantly lower than other countries on the level of proactivity that is perceived by the respondents. This contrasts substantially with mainland China, Malaysia and India, where respondents see finance business partners as more proactive. This may, in part, reflect the nature of the businesses that are covered in the survey, with those in mainland China and India having more SSCs with collaborative infrastructure than is the case elsewhere. The balance for those respondents who worked in an SSC was 49:51 in favour of a reactive role, although this may be because SSCs are providing data for finance business partners in retained finance functions. An effective SSC will be analysing its data to identify performance improvement opportunities and coordinating with the retained finance business teams to achieve these.

In general, therefore, the intention of the finance business partners, as benchmarked by the respondents to the survey, is to be both backward and forward looking. There is some indication that this may not be being achieved, as one in five suggested that the balance varied a great deal in their organisation. Equally, while a forward-looking approach may be, in part, characterised by a proactive approach, just under half the respondents stated that finance business partners were not predominantly proactive. Proactivity is an important element of achieving insight and solutions to business problems. Realising this is fundamental to the transition to a more proactive approach.

For one CFO, proactivity characterised the finance business partner: ‘when I think about [the] finance business partner I think about a smaller number of more capable finance individuals that [have] a wider outlook on life and can join the dots and can facilitate discussion in the business.’

Another finance leader commented, ‘I think in many aspects of the finance function, a good finance business partner will be seen as, and will become more of, an enabler for the rest of the business [rather] than just someone who you go to make sure that there’s adequate budget provision for the next lump of expenditure that the operations team needs [and who can] automate some of the necessary changes to reflect changing circumstances in that area of the business.’

**FIGURE 2.12:** Do you consider that the current business partnering activities within your organisation are...

**Analysis by significant geographical region**

United Kingdom
mainland China
Republic of Ireland
Pakistan
United Arab Emirates
Malaysia
Hong Kong SAR
India
Nigeria
Singapore
Australia

Proactivity is an important element of achieving insight and solutions to business problems. Realising this is fundamental to the transition to a more proactive approach.
One of the challenges for a business partner is to ensure that they spend the right amount of time on the right activities: those that add real value to the organisation.

FIGURE 2.13: The six stages of the business partnering value chain

Historic – reactive

Value creation – proactive

Data → Reports → Analysis → Insight and recommendations → Decisions → Drive actions

If we consider a value chain across the business partnering activities, you may identify six stages (Figure 2.13).

Many business partners start by making sure they have access to the right data and that it is of appropriate quality. Then they build reports, define them, and distribute them. These reports trigger further questions and require further analysis. Why does this number look different to what we expected? Why are we much better than budgeted, or much worse? So, then they develop an analysis, completing the first three steps.

Those are the activities that I really see business partners perform and being comfortable with. They lend themselves towards the classic accounting and analytical data crunching skills. In general, these are activities that look at historic data and are essentially reactive in nature. These activities are often performed behind a screen, at your desk with little or no interaction with the business. For many organisations, this is where most of the time is spent.

The real value comes in taking this analysis and turning it into insights and recommendations.

The analysis that we offer is all too often the end of the story. “Here is the report that you requested”. I’ve even done it myself when I was a business partner: “I’ve sent off an analysis, say, the cost of profitability split. Here it is”. We don’t always follow up on the consequences.

My argument is that we should always come up with recommendations. The mentality needs to change to say, “here is the analysis, I can see these three options and I recommend the second option”. So, you take the analysis and bring recommendations. Then when you put that recommendation on the table you facilitate a decision. You influence and facilitate a decision. All too often, good business partners make recommendations but fail to drive home the decisions that are necessary from them.

Lastly, when the decision is made, we need to drive that decision to business actions, otherwise there will be no impact and no value creation. We made the decision in the leadership team and then we expected somebody to implement it. We never followed up. We might not even have followed up on a business case we made.

The last three steps are significantly different from the first three steps. These three all require that you do them together with the business. The first three steps you can do behind your screen. The last three are out in the business.

One client recently asked me to refocus their business partnering activities. They had focused two-thirds of their effort on the first three stages and one-third on the last three stages. They need to flip the ratio. It is a frequent discussion, but it is also about minimising the first three activities because data should be of the right quality and should be available as self-service analysis. Then in the latter three, that’s where you should use the majority of your time, because there’s no value created in sending off a brilliant analysis and then nothing happens.

Claus Thorne Madsen, Partner, PwC Denmark
What do we value in our finance business partners? The survey respondents were asked to rank, in order, the seven most important attributes for finance business partners. These were attributes of the finance business partner’s role in the organisation that affect the services that they offer to their stakeholders and enable insight into the respective contributions of those services to the organisation overall (Figure 2.14).

The most valued attribute, when considered by aggregating the first and second preferences, was business strategy development, followed by analysis of current performance. This is followed by problem identification and board-level support. Resolution of detailed queries and forward prediction were the least valued attributes.

The high score for business strategy development suggests that what is valued most is the strategic input that a finance business partner can give. Yet the lower evaluation for board-level support suggests that this may be more tactical than strategic. Clearly, this is an opportunity for the finance function to develop.

The low score for scenario modelling compared with that for the analysis of current performance may suggest that business partners are focusing on the descriptive and diagnostic (‘what and why’) analytics, rather than on the predictive aspects that scenario modelling might imply. This raises the question of whether they are producing tactical or strategic insights in the work that they do.

A comparison by geography based upon a ranking of the mean scores of the respondents is shown in Table 2.1. In general, there is a similar pattern across the geographical regions, with either business strategy development or analysis of current performance being the leading attributes. There is some variation in the middle-ranked group, but all regions ranked the resolution of detailed queries as the least important attribute.

Table 2.2 shows a similar ranking when responses are analysed by sector. The pattern is essentially the same as Table 2.1, although the respondents in SSCs placed a greater emphasis on forward prediction than the other sectors.

**FIGURE 2.14:** Ranking of attributes of finance business partners – 1 = most important and 7 = least important

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Most Important</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7 = least important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of current performance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Resolution of detailed queries</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Forward prediction</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Scenario modelling</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Board level support</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Problem identification and resolution</td>
<td>6</td>
<td>7</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Business strategy development</td>
<td>7</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

The high score for business strategy development suggests that what is valued most is the strategic input that a finance business partner can give. Yet the lower evaluation for board-level support suggests that this may be more tactical than strategic.
### TABLE 2.1: Ranking of attributes of finance business partners by geographical region – 1 = most important

<table>
<thead>
<tr>
<th>Attribute</th>
<th>OVERALL</th>
<th>UNITED KINGDOM</th>
<th>MAINLAND CHINA</th>
<th>REPUBLIC OF IRELAND</th>
<th>PAKISTAN</th>
<th>UNITED ARAB EMIRATES</th>
<th>MALAYSIA</th>
<th>HONG KONG SAR</th>
<th>INDIA</th>
<th>NIGERIA</th>
<th>SINGAPORE</th>
<th>AUSTRALIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of current performance</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Resolution of detailed queries</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Forward prediction</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Scenario modelling</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Board-level support</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Problem identification and resolution</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Business strategy development</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

### TABLE 2.2: Ranking of attributes of finance business partners by sector: 1 = most important

<table>
<thead>
<tr>
<th>Attribute</th>
<th>OVERALL</th>
<th>ACCOUNTING</th>
<th>CORPORATE SECTOR / FINANCIAL SERVICES</th>
<th>FINANCIAL SERVICES - SMALL / MEDIUM</th>
<th>FINANCIAL SERVICES - LARGE</th>
<th>CORPORATE SECTOR</th>
<th>NOT-FOR-PROFIT</th>
<th>PUBLIC SECTOR</th>
<th>SHARED SERVICE CENTRE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of current performance</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Resolution of detailed queries</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Forward prediction</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Scenario modelling</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Board-level support</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Problem identification and resolution</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Business strategy development</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
2.4 Forward-looking insights
The ability to produce forward-looking insights is reflected in a more role-specific view of the finance business partner. Above all, however, the successful finance business partner needs a blend of soft and hard business skills. ACCA considers the skills that accountancy and finance professionals need to be successful in the report Professional Accountants – the Future: Drivers of Change and Future Skills (ACCA 2016). This introduces the concept of the professional quotients that represent the blend of technical and ethical as well as more behavioural skills (Figure 2.15). The importance of the finance business partner to be able to effectively communicate the story behind the analysis is fundamental to success in the role (as explored further in section 4.6).

Many of those interviewed stressed the importance of trust in the relationship between the finance business partner and their stakeholders. Trust is important as when considering the future there is no confirmed narrative, rather it is an opinion or view that needs to be concurred with. Trust in the individual and the integrity of their work is important. In this regard it is helpful to consider the definition of trust that David Maister, Charles Green and Robert Galford (academics working in business faculties in the US) have developed (Maister et al. 2002). They define trust as shown in Figure 2.16.

Trustworthiness is the combination of credibility (the way that the individual presents themselves); reliability (how the others perceive the consistency of the individual’s actions); and intimacy (how safe the stakeholder feels in being honest with that individual) over the individual’s self-orientation (their focus on their own perspective or agenda). So the greater the level of self-orientation the lower is the individual’s perceived trustworthiness. For the finance business partner, it is important to build and develop relationships at a significant level of trust, to become the true trusted adviser. Effective trusted relationships are built around the premise of a partnership of equals.

A finance business partner interviewed said that ‘what pleases you [is being the] best trusted adviser’, and continued, ‘you’ve got to be incredibly careful about how you build that relationship. You must do a lot for them and deliver a lot. And it takes a long time to be able to get [them to] come to you for advice rather than just go off and do something’.
Technical and ethical skills can never be enough on their own. One CFO commented that a finance business partner was ‘moving from a very pure job description [one based on] personality’.

One interviewee, a transformation consultant, commented that an effective business partner needs to have ‘the real-world real knowledge of the business, so real practical ability to understand the commercial aspects as well as the practical aspects of how the business works’. It is important to emphasise the combination of skills in this context.

Influence and the ability to drive organisations to take decisions and act upon them was frequently cited as a key skill by the interviewees. Robert Cialdini (1984/2007), a professor at Arizona State University, has noted that there are six principles of influence:

- **reciprocity** – people feel obliged to respond in mutual interest
- **commitment / consistency** – the value of consistent behaviour in individuals
- **social proof** – people look to their peers when making decisions
- **authority** – people react negatively to commands
- **liking** – people respond better to those whom they like
- **scarcity** – the scarcer something is the more valuable it is perceived to be.

The skills of an effective finance business partner, who is developing trusted relationships, are fundamental to the ability to help others make decisions. Cialdini notes that, in a complex world, people fall back on generalisations when making decisions. The ability to counter this with insight and analysis is fundamental to the business partner’s role.

The importance of the finance business partner having a world view was emphasised by another CFO. He expanded upon this need by commenting, ‘I think the challenge in some of that is there are already business leaders out there who are quite capable of growing [the] narrative and doing things [for themselves]. So, what can a finance professional bring to that? And it has to be a slightly different worldview, or slightly different perspective. And it’s got to be complementary to the business leader.’

Exploring the attributes highlighted in the survey a little further the respondents were asked to consider which one was most valued by the ‘customer’ of the business partner (Figure 2.17).

Our responses focused on four key skills and behaviours that the finance business partner needs to be successful. This supports an assertion that the successful individual has a rounded skill set and does not focus on just one ability. They need to be flexible and support the organisation’s strategy and goals. In the faster-moving business scenarios that are developing, either through transformation or through external events, the need for rapid access to reliable and comprehensive data is evermore paramount.

---

**FIGURE 2.17:** What single aspect of business partnering is most valued by the ‘customer’ of the business partner?

---

3 The concept of worldview, or Weltanschauung, can be defined as the framework of ideas and beliefs forming a global description through which an individual, group or culture observes and interprets the world and interacts with it.
Focusing on the four most significant aspects there are variations by geographical region (Figure 2.18) and sector (Figure 2.19).

In the UK, the respondents highly valued knowledge of the business and the ability to interpret financial information. This contrasts with Singapore, for example, where problem solving was given a much higher ranking than in the UK. For both countries decision support is clearly among the most significant factors, though markedly more so for Singapore. As we have noted in *Finance: A Journey to the Future?* (ACCA/PwC 2019) the UK and Republic of Ireland show a marked reticence in evolving the finance function and this may be represented in these results.

The respondents who identified themselves as being in larger entities focused more closely on decision support than did smaller organisations, where the emphasis was more on problem-solving skills. This reflects the variable nature of the business partner relationship, according to the nature of the organisation and the challenges that it faces.
Data and the finance business partner

The ability to use data to generate insights is fundamental to the role of the finance business partner in the future. Finance professionals must be more comfortable with working with their organisation’s data and the technology that enables them to access it. However, that is not the complete picture.

The precondition is to have standardised data with appropriate governance over it and processes to support it. Organisations are in different stages of maturity and they need to see the value of the data and what you can do with it. This is a significant change and finance needs to be a part of it. Embracing the concept can be difficult across organisations but especially for those in finance who need to shift from a traditional view of reporting to external stakeholders to an internal view of generating insights to support decision-making that is less structured and defined.

Finance has traditionally been the primary location in the organisation where data has been processed. A lot of the traditional experience of working with and analysing data sits in finance. This makes finance the logical place to drive data integrity and standardisation. That is not to say that all data should be owned by finance, however it is important for the finance professional to have a wide understanding of the organisation and its data flows. Finance needs to be interested in data from across the organisation that presents trends and shows leading, as well as lagging, indicators. These need to be included in the performance management processes in the broadest sense.

Organisations may well have data scientists and data architects whose role it is to bring together and structure the data. However, the finance professional needs to work with these individuals; they need to be able to formulate the problem and understand how to use technology to access the data and to develop predictions that highlight solutions. They need to be technology savvy. It is always an interesting discussion; do you educate the finance team in technology and then organise the data or the other way round. The probable answer is that you need to do both in parallel, because as the data and the demand for insights develops so does the capability of the finance team to maximise the use of that data and to deliver well-constructed analyses.

This view of the data needs to expand beyond the traditional finance view, however. Organisations are starting to model decision-making based around multiple factors including the natural capital. This reflects the increasing demand from society to better understand the implications of actions from a business and a human perspective. A drive reflected internally increasingly by both the chief executive officer and the chief financial officer.

The challenge for many organisations, and in particular their finance teams, is that the appraisal of these non-financial factors is not on the basis of a series of norms that we have established, rather a series of harder to determine indicators such as the amount of plastic that we bring into the world from a particular process. This is hard for finance teams to determine, however, as this form of decision-making becomes ever more important, they need to grasp these variable norms. A failure to do so will leave them marginalised.

This sense of a lack of norms is also reflected in the use of artificial intelligence to develop forecasts. As a finance professional you need to gain experience and to develop a feel for the data. To know what it is telling you.

At the heart of finance insights going forwards is the ability to believe in the power of the data; to understand the role to be played in standardising and structuring that data and to ensure that they embrace the new realities of prediction and decision-making. It is an exciting future.

Iris de Jongh, Partner, PwC Netherlands
Changing importance of finance business partners
Is finance business partnering growing in organisations? Market Change is Faster than Ever – Is your Finance Function in the Race? (ACCA/PwC 2016) identifies four potential groups of roles for the finance function of the future. These represent views of how the finance function could potentially develop (Figure 2.20).

Finance: A Journey to the Future? (ACCA/PwC 2019) considers the relative evolution of these four roles as exemplified by the respondents to the survey that formed the basis of that report and shown in Figure 2.21.

The expectation was that the business partner role would increase in importance relative to other roles within the finance organisation. The implications of this are explored in more detail in that report.

For the current survey, our respondents were asked to consider whether they believed that the role of the business partner would increase or decrease in the next three years. The results were like those of the previous report (Figure 2.22).

---

**FIGURE 2.20:** The finance four-box model

![The 4-box finance model](source)

**FIGURE 2.21:** The shifting balance in finance activities: the finance four-box model – mean scores

![The shifting balance in finance activities](source)

**FIGURE 2.22:** Considering business partnering activities across your organisation, do you anticipate that the role of the finance business partner will increase or decrease in importance in the next three to five years?

![Survey results](source)
Over 78% of the respondents see the role increasing and most of them believe it will increase significantly. There were, however, marked geographical variations when considering the proportion of those who saw it ‘increasing significantly’ (Figure 2.23).

The response again is most marked in Hong Kong SAR, where the proportion of respondents saying that the role would ‘increase significantly’ was around half that seen among the leading geographical regions surveyed. This aligns with our previous comments on the respondents in this market, who, perhaps, focus more on traditional industries, where the pace of evolution for the finance community is relatively slow, than on the multinationals that dominate industry elsewhere.

The future of the finance business partner role
The finance business partner role is clearly seen as a significant asset to the finance function and to the organisation that it supports overall. The nature of the role is evolving from a reactive role focusing on historic insights to a more proactive, decision-support-based role. For many organisations, that appears to be a transition that is currently under way. It is also apparent from the range of variation in the geographic and sector responses that there is significant variation and differences in the maturity of this trend between organisations.

Overall, the trend is clear. Finance business partnering has a significant and increasing role to play in the finance function and how it interacts with the rest of the organisation.

**So, what should I do?**

✓ Create a clear structure for finance that supports the business partnering and insight agenda, with clear roles defined; educated across the broader range of value metrics and embracing the six capitals as a part of decision-making

✓ Appraise the current finance business partner capability in your organisation against the survey results.

✓ Develop, or review, the role of the finance business partner as part of the overall finance function strategy to ensure that it serves organisational needs.

✓ Appraise the skills of the current finance business partners and identify opportunities to develop their skills in line with expectations.

✓ Finance functions need to develop a constructive mindset around data, to explore it and play with it, be inquisitive and understand the business impact of things rather than force structure, reconcile it to try and make it accurate.

✓ There is a need to develop a balanced approach to risk taking. Appreciating that there is not always a need pinpoint accuracy or does the 80:20 work well enough.
2.5 Finance business partners in a time of crisis

Peter Drucker, a leading management educator, has said, ‘the greatest danger in times of turbulence is not the turbulence; it is to act with yesterday’s logic’ (Drucker 1993). In the finance community, we need to demonstrate that we can bring forward new thinking when it matters.

The ramifications of the COVID-19 pandemic have been experienced across the business community. Organisations have faced unprecedented challenges, both at a local level and on a global basis. While the scale of the disruption faced may well be significant it reminds us that organisations frequently encounter shocks and setbacks, often when they are least expected. The role of the finance business partner in the organisation in helping to manage the situation has been recognised by many of the interviewees as paramount. What lessons can be learned from this experience that have implications for finance business partners developing and communicating insights?

Several interviewees commented that those accountancy and finance professionals who play a significant part in managing the situation have a robust understanding not only of the business but also of the data that could be used to analyse performance, support forecasting and assess the impact of government initiatives. A vice-president of finance commented that ‘the role becomes important in the survival of the business in that they have to get all these numbers very quickly and accurately’.

As accountancy and finance professionals, we are naturally adaptable and have strengths that we have to emphasise at times of turbulence such as these. Our core values of respecting data integrity and ethics strongly support this.

For one finance leader among our respondents, the agility of the business partner community in his organisation had made the management of a rapidly changing scenario far more effective than it would otherwise have been had circumstances not changed. Finance business partners who understood the business and were able to interact effectively to interpret the changing scenarios had provided effective decision support for the organisational leaders.

At the core of the finance business partner role is agility, which is demonstrated at times of crisis. One interviewee commented that ‘the crisis tends to compress timelines and targets, so that instead of thinking on things, we’ve got [no more than] three months to figure this out.’

The finance business partner has a significant role to play in the recovery phase as organisations emerge from the immediate impact of the COVID-19 pandemic. The changes in our economic behaviours may well be significant. One PwC partner commented that there was a potential for a refocus of supply chains with organisations adopting a more portfolio approach and seeking to source more locally. This has clear implications for manufacturing processes and cost of goods. The disruption that this, and other, impacts will cause as resumption gets underway, calls for a greater need for scenario modelling that is based upon a detailed understanding of the business model.

With their clear understanding of the business model and the ability to access data from varying sources the finance business partner is well placed to drive the scenario modelling that is necessary to support organisations in times of crisis. Working with risk management teams, for example, to develop assessments of scenarios upon which organisational leaders can base decisions. These embrace scenarios such as changing customer behaviours, funding and liquidity and human capital challenges. Times such as these place the effective and trusted finance business partner at the heart of the organisation.

So, what should I do?

✓ Exploit the investments in technology and data across the organisation to maximise their potential.
✓ Support innovative and creative thinking and reward ideas and appropriate action.
✓ Identify the technology suite that enables you to model and interrogate the data to develop scenario models.

2.6 Finance business partnering in small and medium-sized enterprises

While larger organisations tend to have formalised teams and resources devoted to business partnering, it is nonetheless important for the small and medium-sized enterprises (SME) as well. This is reflected in the broad consistency of survey responses between those who identified themselves as working for larger organisations and those who defined their organisation as an SME.

Figure 2.24 compares the two groups to show the extent to which finance business partnering is a core part of each size of organisation. While it has a greater level of importance for the larger entities, in the SMEs over half indicated that it was either embedded or fundamental (54% compared with 63% for larger entities).

The attributes of the business partner in the smaller organisations were also broadly similar (Figure 2.25), with the business strategy and the analysis of current performance being the strongest factors for both groups.
The challenge for SMEs is to invest enough in both the data and the people skills needed to achieve the level of analysis and interaction required. The advent of more scalable software applications using cloud technologies, however, means that data is more accessible for this group than before. This can create the opportunity for greater than ever development of these insights. It becomes, therefore, a question of having the right talent, perhaps in combination with those in other roles, to be able to work to generate the strategic insight that is important.

**FIGURE 2.24:** On a scale of 1 to 5, to what extent has the role of the finance business partner become established as a core part of your organisation at the present time?

![FIGURE 2.24: Bar chart showing the extent of role establishment for small and medium-size vs. large enterprises.](image)

**FINANCE BUSINESS PARTNERING HAS BECOME ESTABLISHED AS A CORE PART OF 54% OF SMEs AND 63% OF LARGER ENTITIES.**

**So, what should I do?**

✓ Recognise that the mindset able to generate insight is equally necessary in SMEs and in larger organisations

✓ For medium-sized entities, it is important that partnering and insight are part of the mindset, but they do not necessarily need a formalised structure.

✓ Develop an approach to insight and analysis that yields results for the SME, accepting that this might involve external parties, such as a specialist practitioner. This is especially true for smaller enterprises.

✓ Use technology and available data to develop a business model that supports business activities, while accepting that the concept of the ‘digital core’ of the organisation can involve using cloud-based applications relevant to this sector.

**FIGURE 2.25:** Ranking of attributes of finance business partners – 1 = most important and 7 = least important

![FIGURE 2.25: Bar chart showing the ranking of attributes for small and medium-size vs. large enterprises.](image)
3. The evolution of finance insights

3.1 Six hypotheses for the future of finance insights

To assess the further potential development of the finance business partnering activity to generate effective insights with practical applications, six hypotheses were developed. These represented several potential scenarios for the development of the finance business partnering activity, and more broadly, the role that the finance function can play for the benefit of the organisation.

The hypotheses were tested with the survey respondents and with a limited number of workshop participants and direct interviewees. For each hypothesis, the respondents were asked to assess whether the proposed action was occurring now, planned in the short term, would occur in the medium (3 to 5 years) or longer term (5 to 10 years), or not at all.

A vice-president of finance commented that, ‘When I was looking at the six hypotheses, I [could] relate [them] to the situation that we’ve been going through for the past month [COVID-19], in the role of the accountants [in] trying to understand…which subsidies are relevant for the company. We have been doing a lot of different forecasts including cash-flow forecasts for the truly short term to see if we need an austerity plan or a regular plan. How are [we] going to survive? What …are [we] going to do next? Or is there anything that we must do [in the] interim to maintain our course? Is there any cost cutting that we must do? All these decisions…[are] all related to finance’. This emphasises the important role that finance insights play in protecting and developing organisations.

The hypotheses are shown in Figure 3.1.

The hypotheses are not intended to be mutually exclusive, but to represent a range of options for the finance function that can be tailored to the individual circumstances.

The hypotheses were initially validated through the survey and then through roundtables and interviews.

There are variations in the expectation of the likelihood that each of the hypotheses will materialise, with half of the survey respondents expecting that those related to strategic collaboration and oversight of data had already...
been realised or would be in the short term (Figure 3.2). Our inference from the responses is that finance insights are about to undergo a revolution, and that the change has already started.

The scores from those who considered that finance business partnering was a fundamental part of the business (Figure 2.3) indicated that they were more advanced in the adoption of the hypotheses as shown in Figure 3.3.

Below, we explore each of these hypotheses. According to our respondents, giving strategic and collaborative support to operationalise decision-making is the one most commonly happening now, while self-service reporting, artificial intelligence and machine learning is the least likely activity, at present. The order below is thus that of our respondents’ perception of the contemporary prevalence of these activities.

i. Business partners will offer strategic and collaborative support to operational decision-making

This hypothesis was developed from the observations made in Finance: A Journey to the Future? (ACCA/PwC 2019) that finance functions were increasingly focusing on forward-thinking analysis. This hypothesis was that finance business partners were likely to become more strategic and collaborative across the organisation, moving out of the traditional boundaries of the finance function into

**FIGURE 3.2: Evaluation of the six hypotheses**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>0%</th>
<th>20%</th>
<th>40%</th>
<th>60%</th>
<th>80%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic and collaborative to support operational decision</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oversight, guardianship of data integrity and standards will be an essential part of the role</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increasingly focus upon evaluating and predicting performance against the capitals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>More commonplace than other finance roles as a result of automation and process efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Failure to evolve the skills of the business partner will render the effectiveness of the role obsolete</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-service reporting and the emergence of AI and machine learning will free up business partners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**FIGURE 3.3: Evaluation of the six hypotheses – comparing views shown in Figure 3.2 with perceptions of factors considered fundamental to the business**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>0%</th>
<th>20%</th>
<th>40%</th>
<th>60%</th>
<th>80%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic and collaborative to support operational decision</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oversight, guardianship of data integrity and standards will be an essential part of the role</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increasingly focus upon evaluating and predicting performance against the capitals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>More commonplace than other finance roles as a result of automation and process efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Failure to evolve the skills of the business partner will render the effectiveness of the role obsolete</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-service reporting and the emergence of AI and machine learning will free up business partners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
the business. As the planning, budgeting and forecasting cycles become increasingly shorter and move away from the traditional performance cycles, which involve variance analyses at set points in the calendar, towards more real-time data analysis, and the increasing importance of decision-making, so this strategic and collaborative role grows in importance.

Among our respondents, 35% stated that this was already being achieved while a further 21% said that this was currently planned (Figure 3.2). This confirms the assessment that the finance functions in organisations are already starting to develop beyond the traditional boundaries and are well placed to add greater value through the insights that they provide.

At the heart of this is our assessment of the changing role of the finance function and how we see ourselves. There are clear variations across the globe in the responses (Figure 3.4) but all respondents expect this to be achieved within the short term. The role that finance plays in making operational decisions, especially as organisations move to greater customer-centricity and operational focus, is significant. The function also needs to recognise that its stakeholder base is broadening beyond the traditional customers of transaction processing and that it is becoming integral to the business.

Successful insights proactively address business issues. One CFO of a bank quoted an example where the finance business partner had highlighted how managing the range of credit types that were awarded to customers could give those customers more benefits but also provide more revenue to the bank. Another cited the example of a business partner who had addressed the question of optimal package sizing in a delivery company and, working with those sending the packages, had optimised the speed at which the deliveries had reached the customers. These are not finance issues, they are business opportunities that have real benefit.

**Workshop participant observations**

- What do we mean by ‘strategic’ and ‘collaborative’? The key is the need to earn trust.
- This hypothesis is true. Does the organisation think in the same way?

**So, what should I do?**

✓ Identify the value that the finance business partners can and should add across the organisation. Their role needs to be embedded in the organisational structure in alignment with the business model and value should be enhanced by a culture of agile decision-making.

✓ Recognise the shift to making decisions for areas beyond the traditional finance boundaries and how data and insight can drive operational excellence.

**FIGURE 3.4: The role of the finance business partner will become more strategic and collaborative to support operational decision-making across the organisation**
ii. Oversight, guardianship of data integrity will be an essential part of the role

The role that the finance community plays in ensuring the integrity of data across the organisation is often debated. The Digital Accountant: Digital Skills in a Transformed World (ACCA 2020a) highlights the important role that accountancy and finance professionals, with their strong ethical perspective, can play for the benefit of the organisation. This is grounded in a strong appreciation of the business model and of the data model that underpins it, including both financial and non-financial data. This extends to the information used in integrated reports, which may be traditionally the domain of corporate marketing departments.

In the evolution from ‘big data’ to ‘smart data’, where the latter consists of data that has been processed and is waiting to be turned into actionable information, the finance business partner has a key role to play in supporting the generation of insight by ensuring the integrity of the data and deducing the actionable information from it, while applying our core ethical values to that data. The advent of corporate performance management applications (known as CPMs) that draw on the available data sources to provide an integrated view of both reporting and planning, as well as generating visualisations, means that this is a key area for finance-driven insights.

This hypothesis that the finance business partner has oversight and guardianship of data integrity was used to evaluate the extent of the responsibility that falls to the finance business partner. As with the previous hypothesis, there was a strong claim that it was being achieved now (35% of respondents) or was currently planned (20%) (Figure 3.2) with this rising to nearly 80% for those who believed this would happen within five years.

There is a clear inference that this is a definite part of the finance business partner role. For many organisations, the convergence of financial and operational data through integrated applications, often cloud based, is becoming a reality4 (Figure 3.5).

**Workshop participant observations**

- The organisation’s key decision points should dictate the data over which business partners should have guardianship. This is industry driven.
- Data guardianship is a domain-ownership issue – it should sit with the person who cares enough that the numbers are right.

**So, what should I do?**

- Clean and accurate data is essential for effective insight generation. Establish appropriate governance over the data in the organisation to support insight generation.
- Invest in data skills for finance business partners, enabling them to realise these opportunities and drive insight.

---

4 This concept of the ‘digital core’ is discussed in ACCA/PwC’s report Finance: A Journey to the Future? (ACCA / PwC 2019).
iii. Business partners will increasingly focus on predicting performance against organisational purpose

How does the finance function use the data available to it to report performance? This hypothesis was that the finance function will increasingly focus on a broader definition of performance than is currently the case: one that evaluates performance not just against a financial objective but also across a broader definition more closely aligned to organisational purpose and value to society.

Of the overall respondents, 21% stated that this was being achieved now and a further 19% that it was currently planned (Figure 3.2). Cumulatively, 71% said that it would be achieved within the next three to five years. This is a significant shift in the role of the finance community.

At a country level (Figure 3.6), we are starting to see an increasing emphasis on purpose. In mainland China, 83% of the respondents expect to see that within the next five years the finance function will increasingly focus on a broader definition of performance. This level of confidence shows that the way that organisations are starting to see themselves is shifting against the traditional measures and they are appreciating how value might be assessed differently in future.

Workshop participant observations
- We need to be collaborative with other groups across capitals.
- How do you develop an appreciation of the other capitals?

So, what should I do?
- Establish reporting mechanisms across the organisation that reflect performance from a range of perspectives, aligned to the achievement of the organisation’s purpose, and measure and reward performance accordingly.
- Encourage a culture of purpose-centric decision-making that does not focus only on financial return.

FIGURE 3.6: Effective business partners will increasingly focus upon evaluating and predicting performance against the organisation’s overall purpose

Responses by geographical region

IN MAINLAND CHINA, 83% OF THE RESPONDENTS EXPECT TO SEE THAT WITHIN THE NEXT FIVE YEARS THE FINANCE FUNCTION WILL INCREASINGLY FOCUS ON A BROADER DEFINITION OF PERFORMANCE.
iv. Business partnering will become more commonplace than other finance roles

With the increased use of automation across the finance function to perform routine processing activities it could be expected that the balance of activities will shift towards those that support insight generation. We tested this hypothesis by asking respondents whether that shift was to be expected. Among them, 19% suggested that this shift was already happening and a further 19% suggested that such a shift was planned (Figure 3.2).

The use of intelligent automation tools5 to process transactional data is becoming a reality for many organisations. Data capture is now far easier than it was, no matter what size of business you operate. The controls for the capture and validation of that data are also becoming easier to apply. One CFO suggested that he could foresee when data processing, such as ‘procure to pay’ (P2P), could be undertaken in the operational department, in an essentially automated manner, with the finance team having oversight only of the parameters and exceptions. If this scenario holds, then the expectation could be that the balance of the finance roles will reshape itself. As we saw in Figure 3.2, 38% stated that this change has happened or soon will, but this CFO’s line of argument may suggest that rather more organisations will experience this in the near future.

In the context of digital transformation and the focus on the customer journey, whereby the customers and how the organisation responds to their requirements are placed at the heart of the business model, the ability to provide insight almost in real time is key. For many of the geographical regions it appears that finance functions are embracing this transformation but see it more of a medium-term goal (Figure 3.7). The danger is that if the finance function does not seize the opportunity it may well be lost.

Workshop participant observations

- As the number of transaction processing roles decreases the proportion of business-centric role increases.
- The number of finance business partners will depend on success in hypotheses in achieving greater success with partnering.

So, what should I do?

✓ Realign the structure of the finance function to ensure that it reflects the balance of operational support required by the organisation, also ensuring that it reflects the operating structure of the business.
✓ Invest in automation and process efficiency to improve the timeliness and accuracy of the data sources.

FIGURE 3.7: Business partner roles will be more commonplace than other finance roles as a result of automation and process efficiency

---

5 Intelligent automation tools, including robotic process automation (RPA), are discussed in The Race for Relevance (ACCA 2017).
v. Failure to evolve skills will render the role obsolete
As has been discussed previously in this report, the skills of the finance business partner in being able to understand the business, the economic environment in which it sits, and the story that the data presents are key. These are not just technical accounting skills but also the so-called softer skills of empathy and communication, for example.

Of the respondents 17% said that failure to evolve appropriate skills was already a threat that they were counteracting and 15% said they were planning to work on improving skills in future (Figure 3.2), with 55% seeing that within five years the role would be obsolete without appropriate skills development. The results suggest a strong indication that there is a positive expectation for the role but one where investment is needed.

The importance of continuing to develop the skills and protecting that development is recognised by most respondents, although those who expressed an opinion of ‘don’t know’ or ‘unlikely to occur’ might not recognise that anything is needed. The clear message from the survey responses is that there is a need to invest in the skills of the finance business partners. The geographic differences between the respondents shows that this investment may be greater, and happening sooner, in some countries than others. The danger of a failure to invest may well be that insights are not derived at times most needed.

The skill set that needs developing is broader than just accounting skills (this is discussed further in Chapter 4).

Workshop participant observations

- How do you make a graduate trainee a business partner?
- The challenge is for business partners to understand how they can add the most value and develop soft skills.

So, what should I do?

✓ Invest in the development of the finance function to ensure that the correct balance of technical and softer skills is being developed.
✓ Create and implement career paths that reflect the need to develop the future skills needed by the function.

vi. Self-service reporting, artificial intelligence and machine learning will free business partners from previous responsibilities
For finance business partnering to be effective, data and information must be used to help drive the generation of insights. This hypothesis focuses on the reality of the technological revolution in finance and how it might assist the finance business partner.
About 60% of respondents (Figure 3.2) believe that self-service reporting will free up business partner time and take some responsibilities of their hands within the next five years – for 28% this is already happening or soon will be. Clearly this is an area where the finance function needs to become more involved. It is a compelling case for aggressively redesigning the role to ensure that organisations take advantage of this and that the finance partner can deliver the insights demanded by stakeholders. There is a need to monitor and take advantage of the developments in technology, especially those concerning data queries and insights. The finance business partner is redefined as the person who provides analysis and interpretation of the data derived from self-service reporting.

Broadly similar patterns again emerge across geographical regions, although Singapore recorded a lower initial evaluation but suggested a greater progression in the coming five years. The Singapore result is particularly interesting, given the focus on technology in that economy.

For many organisations, the data pack of a myriad reports is becoming a thing of the past. It has been replaced by data visualisation tools that enable the drilling down into data to reveal underlying causes. In the customer-centric and fast-moving world, we require that level of analysis. With the advent of artificial intelligence (AI) and machine learning tools, some embedded in critical path method applications and capable of developing initial narratives from trend data, the ability to close processes more quickly than with the use of previous applications, the potential for near real-time decision-making is being realised. Data and technology will clearly have a significant impact on the future development of finance business partners, enabling them to focus on the underlying narrative.

A CFO commented that ‘the most fundamental thing is data. It is how the data is managed, how the data is used, how the connected different data sets are integrated around your organisation, to be able to provide the insight. I think the accountant, the finance person, can be the leader and …be able to navigate the data around the company. But [the important thing is] also making sure that [you have] data that you can actually rely on.’

Workshop participant observations

- As a result of self-service reporting, users may take a very introspective view of their organisations. Business partners can challenge this.
- Self-service tools will not replace business partners – knowledge, experience and interpretation are still needed.

So, what should I do?

✓ Develop and implement a technology strategy for the finance function, as part of the wider organisation, that provides access to robust data sources and the appropriate visualisation.
✓ Invest in the analytical skills of the finance function staff so that they can take advantage of the data available to them.

FIGURE 3.9: Self-service reporting and the emergence of artificial intelligence and machine learning will free up business partners and take previous responsibilities out of their hands

6 The concept of machine learning is discussed in Machine Learning: More Science than Fiction (ACCA 2019).
3.2 Barriers to evolution

The respondents were asked to select from a list those factors that they thought would be barriers to the evolution of business-partnering relationships in their organisation.

The lack of clarity in the role ranked highest among the top three selected barriers that the respondents were asked to evaluate. While many accountancy and finance professionals have a broad understanding of the role of the business partner, the extent of its precise nature and responsibilities clearly varies between organisations. While this of itself may not be problematic, the question arises as to what happens when there is a lack of clarity about what a stakeholder should expect from a business partner. It may well be that a lack of clarity about the role stems from the perception that the finance professional is too historical in focus and not forward thinking (the second-highest-ranking factor). This lack of clarity also suggests a cultural issue. Many of those interviewed commented that the key to successful insight was the culture of the organisation: the ability to be agile and to encourage collaboration across departments and teams. The effective finance business partner needs to be the ultimate agile collaborator.

In combination with the lack of clarity, technology is, unsurprisingly, also a significant barrier. The ability to access, understand and analyse the organisation’s financial and operational data is key to the success of the finance business partner. In practice, such access, understanding and analysis are only useful if the organisation has an agile culture and can use what is learnt to respond to the need to make customer-centric decisions in real time. One commentator noted ‘It’s like you’re handing them [the finance business partner] a metal detector, and you haven’t given them an instruction manual on how to use it’. The finance business partner needs to have a broad set of technological skills, being concerned not just with the applications themselves and how to derive insight from data but also with how to optimise the use of technology for business advantage.

Another commentator noted, however, ‘there seems to be this unhealthy obsession [among] finance and accounting people [with] technology. Finance business partnering is about initially producing a dashboard, then, how you take that information, and then bring it to your organisation and start to influence [it].’

Of interest, in comparison, is that data governance and the inability to access external data were rated among the top three barriers by fewer than half of the numbers of those who identified ‘lack of clarity’ and ‘lack of forward-thinking’ as major barriers. This may, in part, be not because they lack significance but because of their relative priority among the barriers that the respondents could potentially select (each respondent could choose only three).

So, what should I do?

✓ Establish a clear role that finance plays across the organisation, including promoting a positive culture by providing relevant insights.
✓ Promote an agile culture across the organisation.
✓ Identify and remedy technology and data weaknesses in the organisation, focusing on the data sets necessary to create customer value by yielding useful insights.

FIGURE 3.10: Which, if any, of the following do you believe currently represent barriers to business partnering relationships being as effective as they could be in your organisation? Select your top three.
4.1 Re-evaluating performance

What if we need to rethink the paradigm of operational performance? As has been discussed in Chapter 1, if organisations increasingly focus on the attainment of purpose rather than pursuing a pure financial motive then how should a finance business partner seek to assist organisations in developing an appropriate set of performance metrics?

One Australian CFO placed the issue of performance in context: ‘Who defines performance? We’ve tended to focus on the profit motive because the finance profession has defined that and it’s fairly easy to measure. One of the great joys of being an accountant is knowing where every dollar is, I don’t have to go around trying to define it. There’s no argument about [it]: you’ve either got what happened (or you haven’t), it’s easy to count. In principle everything comes back to the dollar, which is a proxy for the resources you expend. It can be asymmetric in some of these areas with some of the resources you use. It could be terribly costly for the planet or for the environment or any of the rest [but it] will be quite cheap in terms of money –some ways that our valuation systems [have] gone wrong to some extent’.

The same CFO reflected on our potential re-evaluation of needs and performance after the disruption from the COVID-19 virus. He commented that, as a society, we may well focus more on our personal needs. Citing Maslow’s Hierarchy of Needs,7 he suggested that as individuals, and therefore as organisations, we may well come to focus more on survival, which is not an entirely financially driven metric.

If organisations, partly as a result, correctly come to focus on the achievement of purpose, on their impact on society, then we need to start to measure economic value as well as financial value in our scorecards and performance measures. We need to develop ideas and benchmarks that take us beyond the traditional planning, budgeting and forecasting cycle into a more dynamic world of data and forecasting.

A CFO of a large bank in Africa commented, ‘I think for you to be an effective business finance partner, you need to effectively understand the business, which is something [finance business partners] do well and better than [those on] the financial controls side.’

Below, we consider the concept of redefining performance management to address this new agenda. To start this process, we need a framework by which to measure ‘performance’. As a proxy for this, the six capitals of the Integrated Reporting framework have been used.

7 In his 1943 paper, ‘A Theory of Human Motivation’ published in Psychological Review, Abraham Maslow (1943), defined a pyramid of human needs, from ‘physiological’ at the bottom, through ‘safety’, ‘belonging and love’, ‘social needs’ or ‘esteem’, to ‘self-actualisation’ at the top, to describe the sequence through which he argued that human motivations generally move.
4.2 The six capitals of the Integrated Reporting (IR) framework

The six capitals were developed by the International Integrated Reporting Council (IIRC) in 2013 as a representation of the ‘resources and relationships used and affected by an organisation’ (IIRC 2013). The IIRC explains the capitals in a framework document as follows:

ALL ORGANIZATIONS DEPEND ON VARIOUS FORMS OF CAPITAL FOR THEIR SUCCESS. IN THIS FRAMEWORK, THE CAPITALS COMPRISe FINANCIAL, MANUFACTURED, INTELLECTUAL, HUMAN, SOCIAL AND RELATIONSHIP, AND NATURAL… ORGANIZATIONS PREPARING AN INTEGRATED REPORT ARE NOT REQUIRED TO ADOPT THIS CATEGORIZATION.

THE CAPITALS ARE STOCKS OF VALUE THAT ARE INCREASED, DECREASED OR TRANSFORMED THROUGH THE ACTIVITIES AND OUTPUTS OF THE ORGANIZATION. FOR EXAMPLE, AN ORGANIZATION’S FINANCIAL CAPITAL IS INCREASED WHEN IT MAKES A PROFIT, AND THE QUALITY OF ITS HUMAN CAPITAL IS IMPROVED WHEN EMPLOYEES BECOME BETTER TRAINED. (IIRC 2013)

In her book Six Capitals: The Revolution Capitalism Has to Have – or Can Accountants Save the Planet?, Jane Gleeson-White (2014) describes each of the capitals, as shown below (Table 4.1).

Gleeson-White describes how the capitals can be seen as representing the economic value to an organisation, accepting that measuring that value is often a challenge.

One senior finance professional commented that accountants in business need to develop their skills in:
- obtaining better-quality information
- making better-quality measurements, and
- generating better-quality reporting.

Each of these may present challenges but the finance professional's essential skill set means that these can be overcome.

**TABLE 4.1: The Six Capitals of Integrated Reporting**

<table>
<thead>
<tr>
<th>CAPITAL</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>The funds available to an organisation to produce goods or provide services. These funds are sourced through debt, equity or grants, or generated through operations and investments.</td>
</tr>
<tr>
<td>Manufactured</td>
<td>Manufactured physical objects available to an organisation to produce goods, or provide services, including buildings, equipment, infrastructure (such as roads, bridges, water-and waste-treatment plants).</td>
</tr>
<tr>
<td>Intellectual</td>
<td>Knowledge-based intangibles, including intellectual property, such as patents, copyrights and software, rights and licences; ‘organisational capital’ such as systems and protocols; and ‘tacit knowledge’ (knowledge of the business that is held by employees and managers but that is difficult to communicate).</td>
</tr>
<tr>
<td>Human</td>
<td>People’s skills, abilities, experience, motivation, intelligence, health and productivity. It includes their support for an organisational governance framework, risk management approach and values; their understanding of an organisation’s strategy and the ability to implement it; and their loyalty and ability to lead and collaborate.</td>
</tr>
<tr>
<td>Social and relationship</td>
<td>This category includes institutions and relationships within and between communities, stakeholder groups and other networks; shared norms, common values, and behaviour; trust the organisation has fostered, brand and reputation; and an organisation’s ‘social licence to operate’.</td>
</tr>
<tr>
<td>Natural</td>
<td>All renewable and non-renewable environmental resources and processes that provide goods and services that support the organisation’s past, present and future prosperity, including air, water, minerals, forests, biodiversity and ecosystem health.</td>
</tr>
</tbody>
</table>
4.3 Using the six capitals for performance reporting

An interviewee commented that ‘the first two – the financial and manufactured capitals – are reasonably well understood and grasped by finance and [are the objects of] a good focus from finance professionals. And the others, it is an organisational thing and where that should sit rests with senior management downwards to set the tone and to try and raise the importance of these’.

Another interviewee, a CFO, commented that the <IR> approach is an opportunity for the finance function because the capitals support our lives but, to benefit from it, accountants need to be prepared to take on a wider role across the business’.

A CFO working in Canada commented, ‘the rate at which the organisation [adopts the six capitals will] vary from company to company dependent upon the country where they operate. The framework points are good, but they may not be applied in the same way everywhere, because for example, human capital, may be differ in third world countries and developed nations and the natural also may not be given much importance in every place.’

One CFO commented that we should not forget the lens through which organisations increasingly focus: the one directed at the customer. He commented that his organisation focuses on the customer: ‘because everything that we’re doing…has to be customer focused. I think that they’re interesting concepts, these capitals, but they’re not necessarily the capitals that are the things that are front and centre of how I manage my business from a day-to-day perspective. There are some interesting elements…that I could consider using but [they] wouldn’t be my set of guiding principles.’
Current appreciation
Looking at the current appreciation of the capitals we see, with the obvious exception of the financial capital, a picture of partial involvement (Figure 4.1). There is a recognition that the accountancy and finance community needs to think more broadly than just about the financial capital. Perhaps surprisingly, natural capital has the lowest ranking of all for accountants’ engagement. Given the recent emphasis on the impact of climate change on businesses this is an interesting response. Organisations may have created their own sustainability functions but, given the immediacy of this issue, the challenge is clear.

In three to five years – the medium term
Figure 4.2 shows the respondents’ assessment of the same question but in the medium term (three to five years hence) while Figure 4.3 shows the comparison between the present and expectation for the medium term. In all cases there is an increase in the expectation that accountancy and finance professionals will become more involved and that finance business partners will play a role in this. Interestingly, the natural capital remains the capital with the lowest scores for involvement, although it nears the level of the manufactured capital if we take the aggregate of those who think that the finance business partner should be either fully or partially involved (62% versus 64%).

There is a clear message, though, that it is appropriate for the finance business partner to be more involved in reporting performance beyond that of the financial capital. The question for many of our interviewees was the practicality of this.

Considering those who stated that business partnering activities were a fundamental part of their business (Figure 2.3 – 37%) against the total population of respondents we see that, as with the evaluation of the hypotheses, this group is already starting to progress along this path.
So, what should I do?
✓ Optimise business processes to exploit collection of data both operational and financial to support insight generation and decision-making based across the range of capitals.
✓ Instigate a performance management approach that thinks broader than financial return and aligns to organisational purpose.
✓ Review the approach to scorecard measurement of performance and align processes to reflect customer centricity and value creation.

4.4 The capitals evaluated
The ability to understand how a framework can be constructed for performance reporting is perhaps one of the most significant challenges in understanding the operational context in which the finance business partner must align themselves to organisational purpose. The following comments from subject experts outline how a performance measurement approach might be developed for each of the capitals.

**FIGURE 4.3:** Comparison of assessment of capitals between the present and in the medium term

**FIGURE 4.4:** What do you think will be the finance professional’s role, including that of business partners, in the next three to five years in your organisation in evaluating each of the following six capitals?

Comparison of those whose business partners are fundamental to the business with responses from the overall population
Financial

If finance business partners in the future just continue to focus on narrow definitions of financial capital, then they will be marginalised in their organisations. The traditional narrow approach does not reflect the realities of business nor an understanding of how businesses create value in today’s environment.

We have traditionally been focused on a world where we need to account based around a balance sheet, but the reality is that the business models are changing and purpose, as well as profit, is increasingly important. Access to clean data and analytics tools provide the ability to assess decisions in a more sophisticated way. At the same time the market is coming to expect organisations to have and use these capabilities. By not responding and sticking to short term profit focus organisations risk being seen as not responsive to the changes in society.

Organisations need to get a better understanding of value and how it is created, protected and generated for the longer term. It is possible to put something out on social media and destroy value quickly. The COVID-19 responses of organisations will linger long in the memory influencing customer behaviours and impacting loyalty. Financial capital is no longer something that we can see in isolation. The skilled finance business partner is able to combine these capitals and develop the holistic picture.

In this changing world customers may choose to go elsewhere if they do not like the decisions an organisation makes. Investors will consider the broader capitals even if finance doesn’t and invest elsewhere. Talent may not choose to work for organisations which take a short-sighted view of profit. It is important to recognise this in the way that we appraise decisions. Organisations need to look to invest in the outcomes that they want, how these decisions add to the societal good. You cannot just consider the return on investment and let that determine your decision. You need to consider more broadly the impact. This can be uncomfortable as it requires a different form of decision-making that does not solely rely on a financial return but includes softer factors that are harder to measure. It has more assumptions embedded in it; these assumptions are based on subjectivity. The financial impact is now increasingly governed by other elements, the long-term sustainability of the organisation, for example. The macro elements of these funding decisions are increasingly based on impact to society need to be brought down to the operational level too.

Many of our decisions have longer term implications. Traditionally the financial capital has been focused on short term horizons, understanding last month, or predicting next. The reality is that as the implications of decisions taken shift to the longer-term alignment to organisational purpose and impact so must the horizon of the financial capital. The decisions taken today have an impact in ten or more years in ways that we are just starting to appreciate. As finance business partners we need to embrace this longer-term perspective. It is imperative to make organisational leaders understand this perspective.

Increasingly finance business partners need to understand and connect all the capitals around this financial capital not only from an input, but also from an outcome perspective in terms of what they measure. There is a need to have access to the right people with the right skills and behaviours. The right data is a necessity and access to it is important and this requires the right systems in place. The level of accuracy of that data needs to be governed by the decision-making itself not by a drive to have everything 100% accurate.

Helena Clennell,
Partner, PwC United Kingdom

Jamie Lyon,
Portfolio Lead, ACCA
The manufactured capital of an organisation is often the engine room for growth. It is where things get done to produce assets that go on to derive value in some form, either to be sold as products or to segue into another part of the organisation.

Historically, finance has played a role in areas such as understanding the stock provision, valuing assets or measuring time on production. It has not seen itself as responsible for unlocking further value from these assets.

As with the other capitals, the scope of manufactured capital is evolving, and finance business partners need to respond to this change.

If you consider where most of the conversation was arising from PwC’s CEO survey in 2020\(^8\), it was around the implications the Net Zero organisation. This is really challenging for every organisation. It is not just about how you run your own buildings and whether you can travel, it is about your whole supply chain and whether that supply chain itself demonstrates a Net Zero carbon position. As a finance business partner considering the manufactured capital you need to consider the impact of the whole value chain of the organisation.

Product costing and cost management are important elements of manufactured capital. It is important to fully understand the constituent parts that form products. A lot of organisations are embracing the data driven strategy, digital transformation. As a finance business partner, you need to appreciate and be able to evaluate the implications of, for example, the organisation’s supply chain choices.

It is possible that as organisations emerge from the COVID-19 lockdown we will see significant product rationalisation. The finance business partner needs to understand the, say, 20% of products that are driving profitability and where they are in their lifecycle. Understanding, and being able to model, the cost of goods sold for these items and how this is reflected in the trade-off between the profit and the sustainability agendas is essential in restoring business performance. This modelling has traditionally taken place at an aggregated level; in this changed environment we increasingly need to embrace more detailed, operational level modelling so that we can develop the appropriate strategies.

The next technological step in expanding the scope of manufactured capital is the smart factory. There are examples already in place, but some countries are slower in adoption than others. Leveraging the technologies at the heart of the Internet of Things, digitally enabled manufacturing processes enable processes to be optimised and supply chains to be completely connected. This is another level of sophistication and data flow that results are ones that the finance business partner needs to embrace. It is important that we understand the early warning signs that the data offers us; where supply chain bottlenecks are likely to occur; where alternative sources of supply can be obtained, for example. As organisations themselves transition into more complex value creation models, such as power by the hour, so the finance business partner needs to recognise the implications on business decisions and to develop more sophisticated decision-making approaches than the traditional techniques such as business case evaluation.

Finally, the finance business partner needs to recognise the complexity of the emerging manufacturing world. In most organisations you would have analyses split by country, region or product. Now we need to visualise multiple dimensions and the ability to thread these together into a compelling narrative that embraces the changing manufacturing world is paramount. ■

---

**Richard Wyles**, Partner, PwC United Kingdom

---

\(^8\) Navigating the rising tide of uncertainty – 23rd Annual Global CEO Survey. PwC 2020
Intellectual capital is emerging as a key asset for organisations. In the industrial revolution we saw human capital being replaced by manufactured capital. Now we are seeing human capital being replaced by intellectual capital, as software-based cognitive capital comes to the fore.

Organisations are increasingly generating value from the intellectual property that they possess or have access to. These effects have been around for some time, but they are growing in importance and the range of categories of intellectual capital is expanding. There are three main pillars in the technology world that are facilitating the expansion of this type of capital into the broader economy – mobile, cloud and artificial intelligence. As finance business partners we need to understand and embrace these trends.

Traditionally, intellectual capital was considered to consist of intellectual property, patents and copyrights. These items were seen as having intrinsic value that could often be recorded on the balance sheet through goodwill (in the case of acquired IP) or the capitalisation of R&D costs. In recent years, however, data has emerged as an increasingly valuable source of ‘intellectual capital’ across a wide range of industries. In some cases, this asset is created in-house, in others it is bought or ‘gifted’ to you (for example, by your customers) in exchange for another service. In many cases it has no book value on a traditional balance sheet. Yet it is fundamental to the delivery of commercial value to customers.

Through the intelligent analysis of this data we can generate behavioural capital, the insight into the customers and entities that we do business with and how they behave. In addition, AI and automation technologies allow many companies to enshrine traditionally ‘human’ tasks within software models and routines (e.g. sales forecasting, the analysis of text documents or ‘digital twin’ simulations) – we may term this cognitive capital. We can increasingly use these capabilities to create a substantive and identifiable asset that captures human insight, wisdom, and expertise. This is becoming one of the most important value drivers for organisations at present and the need to recognise, capture and measure its value is important. The boundaries of intellectual capital are expanding beyond their former norms.

Many business models that rely on intellectual capital also experience network effects (those whereby increased numbers of customer or suppliers improve the overall value of a good or service). In these cases, we need to understand that paybacks can be non-linear. There is often a minimum level of usage which a product needs to reach to achieve stability and become self-sustaining (e.g. internet search, games consoles, or card payments). The value of each customer acquired during this ‘race to the tipping point’ therefore assumes an additional importance over and above the additional revenue they generate. This contrasts sharply to a traditional linear model. As a finance business partner, you need to recognise not only the traditional model with an economic break-even volume but increasingly the importance of the ‘tipping point’ volume. The latter is often higher than the former, which may leave later entrants struggling to achieve market share.

In assessing intellectual capital, the finance business partner needs to understand how these dynamics have changed the traditional business model. The value of intellectual capital is growing in importance for many organisations and decision-making needs to evolve to encompass it. In network effect industries, the assessment of value is further complicated. The measurement of value in these environments can be extremely dynamic and does not always lend itself to excessive precision. Rather we achieve it by robust analysis and scenario modelling.

Finance business partners need to understand the business models that entrepreneurs are utilising and apply a rational mindset to that model. Using more data with better analytics to effectively allocate capital across different investments is essential.

Intellectual capital is clearly particularly important in today’s business environment. If you, as a finance business partner, do not understand how it derives value for organisations then you have a blind spot. You are potentially leaving stones unturned.

Euan Cameron, Partner, PwC United Kingdom
Human

As businesses transform the human capital, the people capability of the organisation, is very much in focus. The investment in people, in their skills and technical capabilities, has become an important element in business model transformation.

The COVID-19 pandemic has sharpened this focus. The impact presents a positive opportunity, however. Operations have been fundamentally changed and the assumption that a significant proportion of the workforce cannot effectively work from home has been disproved. A hypothesis that, perhaps, till now, nobody was willing to try.

In the longer term this will lead us to a different approach to sourcing talent, one that does not rely on physical location but will enable us to access it wherever it may reside. For the finance function, for example, it no longer means working in one location on a permanent basis, rather it is a more agile way of working. It will mean a more fluid and inclusive workforce where we are able to access a broader range of society who may traditionally have had limitations on their access to employment. This presents a tremendous benefit for society overall. The human capital is coming more to the fore in decision-making.

We do, however, need to be cautious of the productivity implications of these shifts. If you are opening opportunities for more people, it needs to be done in way that adds value to organisations and to society.

At present we see organisations focused on the short-term reskilling of the population rather than the longer-term return on investment. Reskilling, after all, can have a three- to five-year payback period. In the longer term we need to be more robust in our business case for change by embracing the human aspects in ways that we have not previously envisioned.

There are three lenses through which to assess the reforming talent agenda.

The first is to look at talent acquisition in a different way. The decisions that organisations are making around talent will change their reputation, potentially for a long period of time. There is an increased focus on geographic concentration risk, for example. What happens if all our functions are placed in one location that becomes vulnerable?

The second is how far, as an employer, you are willing to change. Operating models are becoming more local, or global, depending on the relative merits of flexibility versus consistency for an organisation’s competitive advantage. There is an appetite to do things differently at present. This may be a short-term phenomenon, or it may last longer. But it is an opportunity to be radical and make some bold decisions, in the right context. These changes can have positive impacts. Changes to mindset and culture are required into order to achieve success. In turn this requires a collaboration between the human resource (HR) and finance teams to provide insight on the effectiveness.

The third is trying to get away from security in the form that we have known it. We have traditionally looked at jobs and tenure as a form of security. We now need to reappraise how we acquire the necessary skills. This may be from a different combination of people who may work either remotely or in some other form; utilising technology to service the needs. This may also be in forms of collaboration between organisations that we have not seen before.

The importance of the human capital challenges the traditional back office model where we might assume that it is the domain of the human resource community. It is important that all these central functions work in partnership, accessing common datasets and appraising the situation in similar manners. The transformation of the back-office functions in the organisation in the cost constrained environment that we will see needs to hasten this.

As the design of the organisation changes to be more flexible in its human capital component we need to develop new ways of measuring performance, productivity and assessment. From a business strategy perspective, it is also about HR and finance working in partnership to model different organization design options, at both operating model level and at detailed job and process levels. This requires the ability to associate measures of performance/productivity against this
Social and relationship

The social lens is increasingly important. Increasingly as millennials come into the workforce the number one factor that they are looking at is what the organisation stands for. That is not to say that pay is not important to them, but they appraise organisations differently to those who entered the workplace, say, ten years ago.

Organisations need to understand that their responses to the COVID-19 pandemic will influence people’s perceptions of them, for better or worse, for a significant period. Organisations need to be seen to have done the right thing to sustain the value that they create. Finance business partners should be keenly aware that the social and relationship capital are closely interlinked with the other areas of human and natural capital, for example, as the value to society of our actions is ever more closely scrutinised. The data to tell this story is principally that which the finance business partner is conversant with. This data includes unstructured data, such as social media sentiment, that provides context to the narrative and demonstrates how the messages are being understood by customers and influencers in the context of the value added.

Andrew Strowger,
Global Culture & Engagement Director, ACCA

Chris Box,
Partner, PwC United Kingdom

Human

(does the organisation operate as it was designed to do, with work done and decisions made at the right level?). This is work of organisation design how the financial and process implications need to be addressed in partnership.

As finance business partners the human capital is fundamental to our view of decision-making and business performance. It needs to be embraced in new, inclusive, ways and be at the centre of the process.

Andrew Strowger,
Global Culture & Engagement Director, ACCA

Chris Box,
Partner, PwC United Kingdom
If we think about the bigger picture on climate risk and biodiversity, we have just a ten-year window to get on top of these issues. The profession needs to get to grips with understanding its dependencies and impacts on nature.

It is not just a disclosure issue but one which finance teams as a whole need to grasp as decisions made now will impact financial disclosures later. Business models are changing, and we have a chance to put sustainability and natural capital at the centre of the agenda. It is an opportunity that we cannot afford to miss.

Organisations need to understand how exposed they are to the different dimensions of the natural capital and the impacts on it. A tightening of any of these components of the capital can have a negative impact on the business model. Understanding this as a first step is fundamental and tools such as the Natural Capital protocol\(^8\) provide you with the decision-making information you need.

As finance professionals, we are comfortable with the concepts of accuracy, completeness and validity and these concepts need to be applied to the data that provides indications of our response to climate change. From a disclosure point of view, the metrics, such as those from the Task Force on Climate Related Financial Disclosures (TCFD), need to be interpreted to understand where you wish to set the bar. Knowing an organisation performs against them is especially important in setting the direction and achieving the strategic goals. Using Science-based\(^9\) targets, carbon reduction targets aligned to global climate agreements, can help ground an approach, agree to an organisation-wide commitment and enable you and your finance team to build the processes needed to achieve it. With the increased focus on value and purpose from customers and employees, amongst others, we need clarity.

Developing this level of understanding can push the sustainability agenda forward by translating these targets into actions and, hence enhancing the visibility.

- Do you understand the climate impact and risks and are able to establish appropriate governance?
- To what extent is your business exposed to a world of 2 degrees of warming? Appreciating this both from a physical side (for example, flooding) and a transition side (for example, regulatory change).
- To what extent are you aligned to make the most of the opportunities (for example, low-carbon customer preferences)?
- How will the changes in the natural capital impact on the business model?
- What risks do you face as a result?
- What opportunities are you missing?

The basis of decision-making needs to change to embrace these questions. The economic cost of using resources to produce items is often not the transactional cost. Consider, for example, the implications of carbon dioxide (CO\(_2\)) emissions in production processes where carbon offsetting is no longer a sustainable action. Our decisions may be different if we truly use the sustainability lens and what was once radical, becomes the common-sense strategic objective.

---

\(^8\) [https://naturalcapitalcoalition.org/natural-capital-protocol/](https://naturalcapitalcoalition.org/natural-capital-protocol/)

\(^9\) [https://sciencebasedtargets.org/what-is-a-science-based-target/](https://sciencebasedtargets.org/what-is-a-science-based-target/)
Perhaps a fundamental context to this is the changing approach that lenders, be they public or private, are taking to the sustainability agenda. Most investors are changing their portfolios to companies that can demonstrate an approach to sustainability. Those that are complying with environmental, social and governance (ESG) criteria and can demonstrate in a meaningful way what positive impact they are making to achieving the UN’s Sustainable Development Goals. Whilst increasingly the boards of organisations are embracing these factors, we are starting to see how this can be cascaded down through the decision-making process. Understanding how these goals need to be implemented and the potential cost/benefit impact of necessary natural capital measures.

Another factor that needs to be borne in mind is the development of the collaborative economy. Whereas organisations have traditionally created parallel infrastructures, each preferring to control their own assets, now we are seeing increased collaboration, often in part, for environmental reasons. This enables them to offload their expensive assets. As finance professionals we need to be able to model these more collaborative structures but also to recognise the societal benefit of them. The development of more service-based and circular business models, of which this is an example, has significant changes in how we appraise investments.

The change from capital to revenue intensive alters the basis of the traditional cost-benefit analysis.

There are examples of organisations who have embraced the natural capital. One food production company has done this because they recognise that they are significantly exposed to climate change and weather. They understand that they have not just to develop a greater level of precision in their accounting, but to embrace the economic values as well as the traditional costs.

At the core is data. Understanding what data is required, where it can be sourced from, how robust it is and how it can be correlated to other sources is important. These are core skills for the finance business partner. It is also about collaboration across the organisation. This is one issue where collaboration across teams is essential and the finance role in supporting all departments places them at the centre of this. The World Economic Forum, in conjunction with PwC and the other Big 4 accountancy firms, has developed guidance on consistent reporting of sustainable value creation (World Economic Forum 2020).

Finance business partners can save the planet and build brilliant and resilient organisations that are ready for the future.
So, what should I do?

✓ Ensure that you have a clearly defined purpose for the organisation that encompasses the value to society that it plans to achieve.
✓ Map this against the relevant capitals to determine how the purpose can be achieved.
✓ Ensure that data is collected from various relevant sources to measure the value to society.
✓ Develop performance and decision-making processes that support the purpose.

4.5 Technology agenda

The technology agenda comes in two areas. The use of technology by the finance business partner and how digital transformation is impacting the organisation through the transformation of the business model.

Evaluating the performance of the organisation requires a broader view of where data is sourced and the trustworthiness of that source. Finance professionals need to become more confident in the veracity of operational data that originates beyond their traditional boundaries but also to become comfortable in interpreting and analysing performance on a broader agenda, understanding cross-correlations between data sets.

To do this they need to use more analytical tools and techniques to develop possible future scenarios and construct a wider picture of performance. It is important to recognise, however, that technology can only ever be the enabler and never the solution. The smart finance business partner generates insights using data and the available technological tools, before articulating the story and the call to action. They explore the use of new analytical tools that enable them to analyse and interpret data in the data lake.

Organisations are also evolving through digital transformation and this offers new sources of data and new revenue streams. In many cases the focus of organisations is shifting from manufactured goods to service-based solutions that take advantage of technology such as the Internet of Things in delivering value. The development of smart factories, for example, changes the mode of operation but also opens new data sources through which performance can be measured. This technological revolution transforms the business model and hence how purpose can be aligned to a sustainable future.
4.6 Developing the finance business partner of the future

A roundtable participant commented that it was a challenge ‘trying to explain to people that finance business partnering isn’t about being a better accountant. It’s a totally different skill set’.

A finance business partner commented that it is about the ‘culture of the organisation, and how willing you are to invest in your people in the longer term as well and understand that it’s not a quick fix, and you can’t just turn [into] a business partner from [being] someone in [accounts payable]’.

In ACCA’s report *Future Ready: Accountancy Careers in the 2020s* (ACCA 2020b) five career zones for the development of the accountancy and finance professional were identified. These are represented in Figure 4.5.

The successful finance business partner of the future will need to combine attributes from each of these zones. As **business transformers** they are looking for opportunities to help the organisation grow. As the **data navigator** they are using the data available to them to generate the insights to promote the ideas and narrative of the business transformer. As a **digital playmaker** they see how technology and data governance give robustness to the data flows that they navigate and have the ability to use data enquiry tools to deliver insight. As the **assurance advocate** they are placing the risks of the business in context. Finally, as a **sustainability trailblazer**, they are promoting the measurement of the sustainable purpose of the organisation. This vision of a finance business partner is a development of the finance professional’s role from having a purely reporting role into being a strategic adviser on business performance.

**FIGURE 4.5: The five zones of future careers in accountancy and finance**

- **The assurance advocate**
  The assurance advocate brings new levels of trust and integrity to organisational operations. They may focus on enterprise risk, helping drive transparency and understanding of emerging issues affecting business performance, or be at the forefront of shaping future forward-looking audit practices as the capabilities of digital tools and technologies expand. They could be driving best practices in emerging control frameworks or helping organisations meet ever-growing regulatory demands or managing complex tax issues. They may even be auditing algorithms in the future. They are essential to the strong stewardship of sustainable organisations for the future.

- **The business transformer**
  The business transformer is the architect of organisational change. They could be driving major business change initiatives or transforming finance operations. They may be leading innovative smaller accountancy firms that transform client businesses. They could be exploring growing careers in external advisory services driven by technological innovation and economic growth. Or they may be leading smaller enterprises as digital platforms open the door to new commercial opportunities. They are critical to creating change, driving the strategies of organisations, and supporting sustainable organisations for the future.

- **The data navigator**
  The data navigator is a true business partner. They see extraordinary opportunities from the expansion of data and use emerging tech and analytical tools to drive insights that deliver business outcomes and sound financial management of the organisation. They champion ever-growing multi-rich data sets and use smart data to generate brilliant forward-looking analysis to support decision-making. This could be exploring new geographic market opportunities or building the case for investment. They understand that the currency of good information is at the heart of building sustainable future organisations.

- **The digital playmaker**
  The digital playmaker is a technology evangelist. They see remarkable possibilities for emerging digital tools in transforming the organisations in which they work. They are champions of technology adoption and data governance within the organisation. They look to connect across teams and functions to leverage the power of technology. They may focus on digital implementation programmes or have specialised expertise in particular finance and business technologies. They understand that digital transformation in today’s global economy is the lifeblood of future sustainable organisations.

- **The sustainability trailblazer**
  The sustainability trailblazer is at the heart of performance management in the organisation. They play a key role in establishing frameworks that capture, evaluate and report on the activities that truly drive value and in ways that are much more transparent and meaningful to the outside world. They will transform management accounting fit for a multi-capital world and see emerging opportunities with better external disclosures to ever-growing stakeholder groups. They understand that aligning the pursuit of profit with the pursuit of purpose is integral to building sustainable future businesses.
For many of the interviewees and roundtable participants, the development of this future vision of the finance business partner presents a challenge. There is no one clear career path for developing an individual for this role but there are several key areas of knowledge and skills that such a person must have that can be identified:

- an underpinning knowledge of accountancy and finance principles
- a detailed knowledge of the organisation and its business model and how performance can be evaluated; networking outside of the traditional organisational silos to achieve this
- a detailed knowledge of the data model that supports that business model, for financial and non-financial, structured and unstructured data, developing the finance professional’s worldview
- the ability to apply techniques such as critical thinking to solving problems and developing narratives to support business decision-making
- the ability to use analytical tools to drive insight that looks forward as well as drawing on the relevance of the past, exploring how the evolution of the business model offers opportunities for new data sources
- influencing and leadership skills together with demonstrating emotional intelligence; encouraging decision-making and leading to action implementation.

Developing these skills for those already in finance roles can present a challenge. They represent a blend of natural and taught skills that develop with time. Not all accountancy and finance professionals possess these skills to the same extent. Many will have started this journey through roles in core transaction processing.

The challenge is also to develop the skills of the coming generation. The initial stepping-stone is increasingly being automated and yet the need for finance business partners, as we have seen, is growing. It is important that as a profession we recognise the unique characteristics that we see as valuable and ensure that we have the pathways in place to develop this next generation.

**So, what should I do?**

- Ensure that you have an organisational culture that supports the development and delivery of insights and executes plans based on the recommendations.
- Create a culture of agility and innovation developed around customer-centric operations.
- Recognise that the skills of finance business partners who operate at a strategic level are often different from those needed in other finance roles and require different developmental paths.
- Instigate a programme to support the development of finance staff across a broad range of technical and interpersonal skills.

**4.7 Starting a finance career as a business partner**

One workshop participant correctly observed that, with the increased use of automation in the transactional processing area of finance, many of the positions in which today’s successful finance business partners may well have started out are disappearing. Yet, with the increased importance of the role in driving insights and decisions in a disrupted period, we need to consider how we develop the next generation whose importance to organisations may well surpass that of their forebears.

Safeguarding the development of these skills as part of the finance function’s development is important. Some interviewees talked about recruiting from outside the finance community by focusing on the softer skills and business knowledge and providing the finance skills to enhance the recruits’ abilities.

**FIGURE 4.6: Key knowledge and skills of a finance business partner**

- **Organisation and business model**
- **Data model**
- **Critical thinking**
- **Analytical**
- **Influencing and leadership**

**Accountancy and finance**
IT IS IMPORTANT THAT AS A PROFESSION WE RECOGNISE THE UNIQUE CHARACTERISTICS THAT WE SEE AS VALUABLE AND ENSURE THAT WE HAVE THE PATHWAYS IN PLACE TO DEVELOP THIS NEXT GENERATION.
Conclusion

Organisations are facing many challenges. From the impact of the pandemic, which will probably be felt for years to come in some form, the pressing need to respond to climate change and to the disruptive nature of technology and changes to the business models that result.

Never has it been more important to have sound information, based upon trusted data, and wise insights to facilitate rapid decision-making. The role of the finance community here is fundamental. The role of finance business partners who have a worldview supported by a clear understanding of the business and the data is essential.

In our survey, we have seen that most respondents in the finance community rate the role that the finance business partners play as effective or highly effective. They are seen as proactive in the majority of cases in providing the required insights and are a fundamental part of the decision-making process. As against this, there is an apparent focus on current performance, which might suggest a reality of a more tactical role rather than the strategic one that business demands. Are finance professionals taking advantage of the power of analytics that is available to them?

Respondents indicated an increased demand for finance business partners in the medium term (the next three to five years).

Technology and the availability of data clearly have an important role to play in achieving relevant insights and for this there is a need to invest in the essential technology, especially as part of the digital transformation agenda. This is also an agenda that the finance business partner needs to embrace. The opportunities that advanced analytics give for finding greater insights are not to be missed.

This sort of work remains in the finance professional’s comfort zone. The world is moving on and the challenge for organisations to become more purpose-centric is paramount. We need to think of performance in different ways: to accept the challenge of measuring organisational performance in terms of the varied forms of the capitals that we use. The aggregation of data within the data model facilitates this opportunity for the accountancy and finance professional, if we are willing to grasp it. The role of the finance business partner in generating these insights is fundamental.

Yet we need to appreciate that this is a distinct finance skill set. It is not one that can be acquired purely by training, as the necessary worldview and empathy derive from behaviours and experience. They need to be supported by a culture, a tone from the top, that embraces agile collaboration and is conducive to generating the insights required.

The evolution of finance insights is a necessity, not a ‘nice to have’. Are we able to reimagine the role?
Acknowledgements

The contributions of the following individuals in the development of this research is noted with thanks.

Members of ACCA's Accountants for Business global forum
Liz Blackburn, NatWest Group, United Kingdom (Chair)
Alan Johnson, United Kingdom
Alastair Goddin, Asta Capital Limited, United Kingdom
Alisa Hayden, PwC, Ireland
Amber Arnhold, Honeywell Aerospace, US
Calvin Chong, South China Group, China
Dony Mazingaizo, Trócaire, Rwanda
Ernest Wong, KVB Kunlun Holdings Limited, Hong Kong
Ian Ng, Nielsen, China
Babajide Ibironke, Mantrac, Nigeria
Kelvin Musana, Standard Chartered Bank, Uganda
Kevin Jones, SA Power Networks, Australia
Larry White, Resource Consumption Accounting Institute, US
Loutfi Echhade, Saudi Arabia
Matt Dolphin, Greater Anglia, United Kingdom
Nauman Mian, Bayt.com Inc, UAE
Olayinka Anyachukuw, Eudora Consulting, Nigeria
Oliver Colling, Embracent, United Kingdom
Rajesh Mahabeer, SA National Parks, South Africa
Ramamani Balaji, Nunavut Development Corporation, Canada,
Renaka Ramachandran, Sime Darby Planation, Malaysia
Richard Aitken-Davies, United Kingdom
Sanjay Rughani, Standard Chartered Bank, Tanzania

Members of ACCA’s Technology global forum
Sam Ellis, InterWorks, United Kingdom (Chair)
Alastair Barlow, flinder, United Kingdom
Alex Falcon-Heurta, Soaring Falcon, United Kingdom
Ashish Shetty, Target, India
Brad Monterio, CALCPA, US
Darren Kong, Fusionex, Hong Kong
Dermot Igoe, Microsoft, Republic of Ireland
Dev Ramnarine, CPA by Choice, US
Heather Smith, ANISE Consulting, Australia
Joshua Bowles, ACCA, UK
Kevin Fitzgerald, Xero, Singapore
Neeraj Juneja, NTT Data Services, India
Nigel Adams, AdValorem, United Kingdom
Nilanjan Majumdar, Cargill, India
Rashika Fernando, Scotiabank, Canada
Reshma Mahase, Canadian Public Accountability Board, Canada
Scott McHone, ABFA, US
Stephen Dowling, ETM Unlearn, Australia
Robert van der Klauw, MunichRe, UAE
Vicki Lamch, Pyramid Solutions, United Kingdom
Participants in roundtables and interviewees
Anna Skowron, Republic of Ireland
Andrew Jepson, TheFinanceBusinessPartner.com, APAC
Andrew Monahan, HFMA, United Kingdom
Brendan Sheehan, White Squires, Australia
Crystal Hawkins, Greater Anglia, United Kingdom
Dawn Scrafield, Mid and South Essex University Hospitals Group, United Kingdom
Des Hanrahan, Ireland
Edmund Lee, PwC, Hong Kong
Ellen Fang, PwC, China
Ginna Ng FCCA, Canada
Helen Morgan, United Kingdom
Joseph Pattara, NatWest Group, United Kingdom
Mark Vincent, NatWest Group, United Kingdom
Merina Abu Tahir, Lembaga Tabung Haji, Malaysia
Molly Banks, Police Scotland, United Kingdom
Patrick Burke, PwC, Australia
Pete Williams, Penguin Random House, United Kingdom
Richard Alexander, Imperial College Healthcare NHS Trust, United Kingdom
Richard Berney, UHY Farrelly Dawe White Limited, Republic of Ireland
Sean Purcell, Wise Up Now, United Kingdom
Sim Siew Shan, Air Asia, Malaysia
Sunil Kumar, NatWest Group, United Kingdom
Val Baynes, Commonwealth Bank, Australia
Wilson Koh, Grab, Singapore

Opinion contributors
Andrew Strowger, ACCA, United Kingdom
Ayla Majid, Pakistan
Chris Box, PwC, United Kingdom
Claus Thorne Madsen, PwC, Denmark
Eu-Lin Fang, PwC, Singapore
Euan Cameron, PwC, United Kingdom
Helena Clennell, PwC, United Kingdom
Iris de Jongh, PwC, Netherlands
Jimmy Greer, ACCA, United Kingdom
Richard Wyles, PwC, United Kingdom

We also thank those who completed the survey conducted in conjunction with this report, including the members of India’s Shared Service Forum.

Authors
Brian Furness, Global Head of Finance, PwC
Clive Webb, Head of Business Management, ACCA
Gavin Hildreth, Senior Consultant, PwC, United Kingdom
Jamie Lyon, Portfolio Lead, ACCA


