

Transformational journeys: Finance in an agile world

Transformation is a phrase that has been uttered in many conversations over the past years. Finance professionals need to play a full role in delivering organisational transformation. It is not sufficient to assume that finance professionals are only concerned with financial activities. As the integration of systems continues, finance data is operational data. This document provides a guidance for finance professionals who wish to participate effectively in their organisation's initiatives.



Strategic actions

Finance has to transform its role before it can play an effective role in organisational transformation

Finance needs to have a clear vision of its purpose in the organisation. The view that finance exists solely to be the financial scorekeepers will not enable it to play an effective role in the future organisation. Finance has three roles, the recorder of transactions, the management of compliance and risk and the deliverer of data and insight. These insights are increasingly forward looking. Without the clarity on its role finance cannot credibly influence the shape of the organisation and the data flows to ensure that they meet their needs, as well as the needs of others.

Focus on purpose and customer value when driving transformation

Transformation in organisations is increasingly focused on customer journeys. The pandemic has placed focus on the need for organisations to be responsive to their customer needs. Transformation initiatives increasingly focus on this. It is important that finance teams understand how this frames the initiatives and drives the data and reporting needs of the organisation.

Increasingly the sustainable nature of these journeys is uppermost in the minds of the customer. Having the data available to report effectively on this is essential.

Transformation is an continuous process

Transformation is no longer a one-off exercise. It is an ongoing process of improvement. As finance professionals there is a need to commit to this on-going change; to participate in the experimentation of the development approaches being used and to participate in the culture of constant change.

Strong leadership and culture are vital in a successful transformation

The culture of constant change requires strong leadership. Transformational initiatives often fail because there is either no, or a weak, culture of change where individuals are not ready to adapt their ways of working. This leadership is not only from those who lead the organisation, but also from those who participate in transformation initiatives on a day-to-day basis. As individuals who often have many connections and contacts across the organisation, it is important that finance professionals play their full role in culture and leadership of transformation.

Programmes are becoming more important than projects

Traditionally transformational activities were discrete and followed a waterfall approach. This thinking no longer applies in many circumstances. Initiatives are shorter in duration, often sprints, as organisations seek to address the changing customer needs. Traditional project governance approaches no longer apply in these circumstances. Finance teams need to recognise the difference between a project and a programme and recognise the need to ensure governance is applied at the appropriate level. This includes assurance activities as well as cost management functions.

Knowledge actions

Business cases are now value driven not just cost driven, incorporating ESG goals

Finance and accountancy professionals play a role in evaluating business cases. They consider the financial return and affordability of the project, often using techniques such as net present value and internal rate of return. These gave organisations benchmarks on the viability and the payback of the project, often measured in years. Yet as project lifecycles shorten so do payback periods. There is a need for a different approach which recognises that initiatives are funded in different ways. The increasing use of as-a-service technologies changes the balance of capital and operational expenditure. Funding transformation activities as a business-as-usual activity rather than looking for discrete activities is increasingly important.

Finance and accountancy professionals need to look to softer measures in appraising the potential of initiatives and consider the sequence of potential activities. They need to consider value, not just cost in assessing viability and return. Many initiatives are now being driven, at least in part, by the ESG agenda which has value at its core, rather than profit, yet may be vital for the future success of the organisation.

Transformation is a business not a technology led activity

Initiatives that are driven by a technology that is searching for a business issue to address are generally failures. Transformation is a business-driven activity that is supported by technology and data.

As finance professions it is important to be adaptive in the ways of working that support transformational change, recognising the impact on people and processes. These processes are agile and adaptive. Technology and data facilitate this. The new business models that derive from these initiatives are flexible and adaptable.

Pace of technology change will not slow nor will organisational change

Recent years have seen a significant acceleration in the evolution of technology and the explosion in the volume of data that we create and collate. This rate of acceleration shows no sign of slowing. As organisations seek to remain relevant and responsive to their customers so their adoption of technology and use of data will expand. As finance and accountancy professionals it is important to be familiar with these developments and be willing to experiment and to learn the lessons. To fail fast and learn.

Skills in technology and data are essential as are innovation and creativity

Given the rate of change having skills in technology and data are essential but for the finance and accountancy professional who is seeking to be involved in transformation, innovation and creativity skills are equally important. Transformation is increasingly facilitated by short activities and these rely on innovation being collaborative. For finance professionals to play their full role they need to master these.

Operational actions

Effective use of data by people and processes is the key to organisational performance

Data is at the core of many aspects of transformation. Being able to utilise the data to deliver insights is an important aspect of the role of the finance professional. The ability to interact with the data strategy and how each initiative addresses the data that finance needs to report upon both financial and non-financial objectives. Business partners need to derive insight from the full range of data available to them and have the skills to analyse and interpret it.

Not all projects are agile; projects form portfolios

It is easy to assume that all transformation initiatives are agile. Organisations still have the need to undertake larger scale initiatives that may follow variants of the traditional project lifecycle. Finance professionals need to be flexible and adaptable in how they contribute to these projects. They must understand the need to be adaptable as initiative approaches flex. They need to recognise that governance needs to be undertaken at many levels and actively support these processes.

Cloud is an enabler to transform not the end goal

In the race to transform it is important to recognise that Cloud based technologies are only a tool. Whilst they may be symptomatic of the pace of change it is important that finance and accountancy professionals recognise the importance of people and process in the transformation journey. These are important aspects of the control in organisations and whilst new business models and technologies may challenge traditional approaches, there is a need to maintain governance over data.