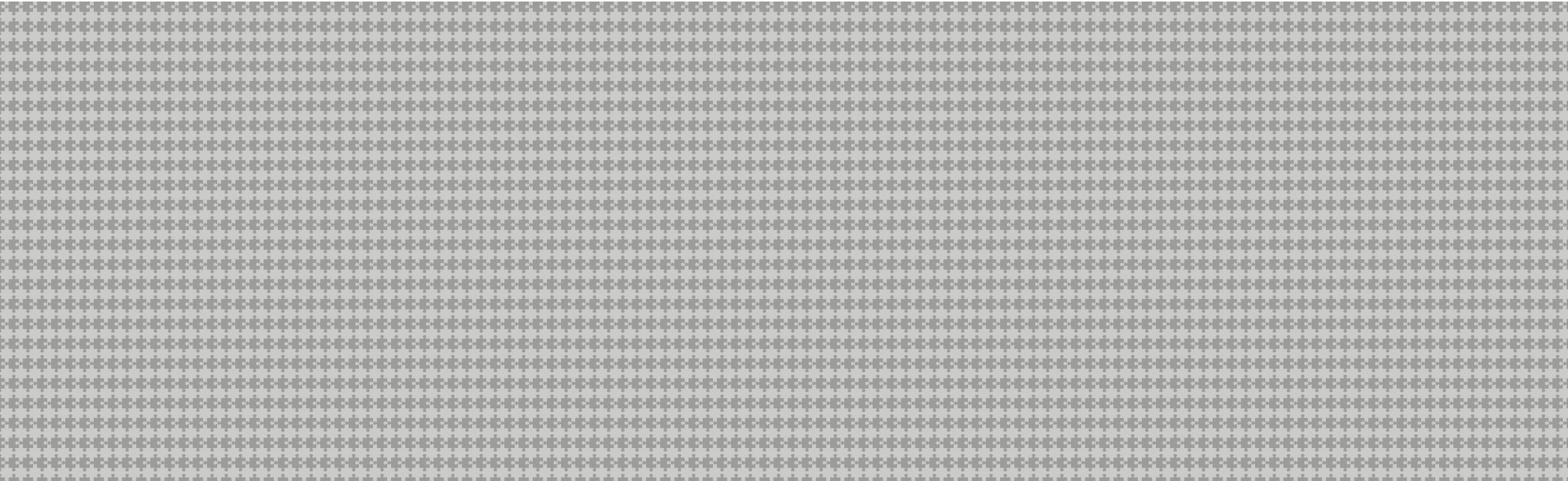


Accountants for Business



Transformation challenges in finance



## ABOUT ACCA

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ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of consistent global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We work to open up the profession to people of all backgrounds and remove artificial barriers to entry, ensuring that our qualifications and their delivery meet the diverse needs of trainee professionals and their employers.

We support our 162,000 members and 428,000 students in 173 countries, helping them to develop successful careers in accounting and business, with the skills needed by employers. We work through a network of over 89 offices and centres and more than 8,500 Approved Employers worldwide, who provide high standards of employee learning and development.

## ABOUT ACCOUNTANTS FOR BUSINESS

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ACCA's global programme, *Accountants for Business*, champions the role of finance professionals in all sectors as true value creators in organisations. Through people, process and professionalism, accountants are central to great performance. They shape business strategy through a deep understanding of financial drivers and seek opportunities for long-term success. By focusing on the critical role professional accountants play in economies at all stages of development around the world, and in diverse organisations, ACCA seeks to highlight and enhance the role the accountancy profession plays in supporting a healthy global economy.

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This report draws on the expertise of senior finance executives from some of the world's leading organisations to consider the challenges CFOs face by finance transformation. It suggests a number of good practices that organisations can follow in transforming their finance operations.

## Introduction

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**Change in any organisation is difficult, especially when there is a change of control coupled with new rules and an industrialised way of working. When finance moves to a shared services or outsourcing model, business unit personnel can no longer go down the hall and ask Hans or Susie to pay a bill out of sequence, or demand a higher level of service without a business outcome attached, 'just because'. Also, for finance itself, changes in structure, hierarchy, career paths, control, ways of working and the identity of finance as a function itself may be even more profound.**

ACCA's previous reports on finance transformation have dealt with models, technology, talent, efficiency and effectiveness. Yet, unless the finance leader understands how the organisation adopts new functional models, and manages the change effectively, the best intentions – and business cases for new delivery models – will fall considerably short of expectations. Effective change management is at the heart of successful finance transformation initiatives.

Even so, it is no surprise that change management does not get the emphasis it deserves when organisations transform the finance function. Because finance is a rational discipline, primarily centred on managing risk and stewardship, finance leaders often think that their stakeholders will 'get it', just falling in line with standardisation, consolidation, prescribed services levels and a change of control. In

reality, changing the rhythm of routine, shifting ownership to a new leader, and even moving the work to an offshore location, can lead both the finance staff and the business to put up a fight.

Why does investment in change management fall short? Often finance leaders approach the change as a series of tactics that are appended to the transformation process rather than being at its core. In this scenario, change management is seen as a way of keeping 'noise' levels down rather than addressing the key concerns stakeholders have when adapting to a new model. Sometimes leaders, used to dealing with the concept of return on investment, see no return from investing in the relevant resource. Or they paint all stakeholders with the same brush, making the assumption that needs and wants – and cultural context – do not matter.

Finance departments that invest in change management have an advantage, as the members of the ACCA's Finance Transformation Advisory Board attest. Understanding how and when organisations at an enterprise-wide level effectively change, getting the right sponsorship, dealing effectively with stakeholders, deploying the right resources, keeping the transformation on the corporate 'radar', and positioning the right leader are all critical to delivery model transformation. This report examines these factors, and suggests tried and effective techniques for changing finance.

# 1. Ready, set, change

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**Can finance successfully change in a vacuum, on its own at the instigation of a forward-thinking chief financial officer (CFO)? Or must there always be a so-called 'burning platform' for change across the enterprise? What drives the enterprise to accept a new model for the finance function? That is the problem for leaders of a corporate function that has been among the earliest adopters of shared services and outsourcing as a business model.**

Do CFOs choose to move when the finance function is ready, or must the enterprise be ripe for significant change? What organisational conditions must be in place for successful finance transformation? Does the rationale for change itself ever change?

Leaders see a number of catalysts for finance delivery change, driven by aims at both ends of the spectrum. For many, the driver of the "stickiest", most pervasive change for finance occurs when a new vision is created by the C-suite, typically the CEO, alongside a change in business strategy. This vision is not about business model change per se, but rather about the realization of a new vision.

Julie Spillane of Accenture comments: 'The single biggest success factor is having a CFO or a business leader who can talk about the need for change. Why do we need to change? What will it feel like when we change? What's going to be

different? Painting that compelling picture of the future, then ensuring that the broader leadership team really walk the talk.'

At other times, the movement to a new delivery model is driven by external factors, giving stakeholders no imperative but to change. Historically driven by cost reduction or process efficiency drives, or an inescapable need to become more agile in the face of changing market conditions, finance often turns to shared services or outsourcing. Deloitte's Peter Moller illustrates the market imperative for change by using the example of an airline client. 'Overnight their business model changes as customers were going online, while new low-cost airlines were eating the client's lunch. So they had a massive challenge, a massive burning platform, and no choice. Ultimately, they went from having no shared services at all to building shared services within 18 months and then outsourcing the whole lot within three years, subsequently

reducing the headcount in the outsourcer massively and automating a lot of finance transaction processing.'

Other leaders believe the movement of competitors stimulates change. If the peer leaders in an industry adopt a new finance delivery model, it can be easier to convince stakeholders, or, as John Lewis Partnership's Simon Newton says, 'are we running with the herd? I wouldn't underestimate the implications of peer pressure'.

Yet other finance leaders do not think that finance transformation should wait for an enterprise-wide platform for change. Often finance's own "burning ambition can be harnessed as a justification for moving to shared services or outsourcing. In the words of Unisys' Chris Gunning, 'finance leaders need to be proactive rather than reactive, sitting and waiting for an organisational indicator. I think we should be steering the vision and the strategy of finance. At the end of the day the business units or the CEO should be focused on selling and marketing and for the most part shouldn't really be looking to tell us whether to change.' GSK's Patrick Hicks concurs, saying that when 'there is no burning platform, it's critical to create discontent with the status quo as a scare factor'.

John Ashworth of Pearson says: 'Our first finance transformation was mostly done agnostic or in isolation from the wider business landscape. There was no particular commercial imperative around it other than the value that was going to be generated from it and perhaps a relatively new CFO wanted to make his mark. What's more interesting is what we're doing right now. We've just undergone a major business spasm with changes in our traditional business. The arrival of a new CEO and the complete restructuring of the business is now forcing us to move towards an even greater consolidation and centralisation of activity.'

Does any business function like to change? No. Is one factor superior to others as a rationale for change? Absolutely. Leaders agree that one of several factors must be in place: enterprise-wide business vision, a change in strategy, market factors, peer pressure, or finance initiative to change, but they believe the best stimulus for finance change is business strategy. Julie Spillane sums it up by saying 'you can cut deeper, there's a better business case and you're likely to go do things that really move the dial. Finance then is able to ride on a compelling case for change, which is great.' Or, as the pragmatic John Ashworth of Pearson says: 'Sometimes you just need to be doing something'.

## 2. Follow the leader

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**Finance leaders acknowledge that the best stimulus for change is top-level sponsorship. Yet CEOs are busy, and functional transformation is rarely at the top of their agendas. What, if anything, should the CEO be doing beyond using ‘sharp elbows’ at his leadership meetings?**

Chris Gunning, Unisys, comments: ‘The CFO is the sponsor of any finance delivery transformation, but without a mandate from the CEO, don’t bother to get out of bed. If the cynics in the business don’t want to get on board with the finance transformation you do need the CEO to beat them with a stick and get them back on track.’

Finance leaders believe that the CEO’s role in change management is dependent upon the model, the size of the company, the degree of change, the implications of change (throughout the enterprise or internal finance ‘tweaking’), industry resource planning (ERP) platform. While the CEO’s visible sponsorship gives necessary validity to functional change, unless it is part of a major company transformation, leaders expect support but not much active participation from their top executive. Aviva’s Gary Hobbs says the right recipe is ‘CFO-led with CEO support and mandate’.

Accenture’s Julie Spillane also has a view as to the role of the CEO. She believes that whether the CEO needs to be visibly involved depends on how profound the change actually is, but she expects the CFO to act as the functional sponsor to create a ‘burning platform’ for finance transformation.

For many finance leaders the role of the CEO is determined by the focus of finance transformation. If the transformation is focused on repositioning the finance team as a valued business partner and strategic decision support team, the CEO has a role in championing the change. On the other hand, if the scope of change is primarily transaction processing, the CEO’s sponsorship is less important.

Following on from his earlier comments, Pearson’s John Ashworth adds that his company has had two phases of finance transformation, one of which was conducted in isolation while the second,

current, phase is part of a wider business restructuring. ‘The first time round the transformation was CFO-led and sponsored, and the only CEO involvement was a proscription that ERP change was off limits, which is a bit of a strange thing to avoid doing in a finance transformation. Whereas this time around, when finance transformation is part of a wider business transformation, the CEO is taking a unambiguous interest, particularly in elements that impact him directly, such as reporting and metrics.’

The move to enterprise-wide global business services models also requires the visible sponsorship of the CEO. GSK’s Patrick Hicks believes that when finance transformation is a component of Global Business Service (GBS), models, the role of the CEO is elevated. Accordingly, he says that the CEO’s support is critical to underscore that participation is not optional.

There is another reason why the CEO ought to sponsor finance transformation. Since finance is so often the business transformation pioneer, the CEO has an opportunity to position the change as the initial implementation of a new operational paradigm, bringing the other functions along with it.

Whatever the stimulus – functional transformation, profound business transformation, move to a GBS model – finance leaders do expect the CEO to determine the rules of engagement. According to Irish Water’s Colm D’Arcy, the CEO should be explicit about the new modus operandi in any business model change, and act as chief ‘cheerleader’, convincing others of the need for change. ‘Now that we’ve made that change how do we want one another to work together, what are the rules of engagement, how do we treat one another, how do we talk to one another, how should our leaders act?’

### 3. Evolve slowly or 'big bang' transformation?

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**There is no recipe when it comes to the velocity and extent of change; leaders approach finance transformation in various ways, depending upon the institutional, contextual and structural markers that characterise their organisations.**

Leaders say there are two ways to do it: revolution or evolution. Patrick Hicks of GlaxoSmithKline (GSK) believes in revolution, saying that finance leaders ought to 'get on with it'. It has been his experience that momentum is created by moving fast.

He argues: 'I think you need to go more for the revolution and really get on with it because I think otherwise there's too much debate, too much confusion and I think the quicker that you move to the new model and people get through that change journey the better. Once people see that change you do build upon the momentum.'

Do finance organisations have the option of taking an evolutionary approach? Deloitte's Peter Moller says that companies can no longer afford to take

matters slowly. In contrast, Kimberly-Clark's Liz Ditchburn says her experience is that a big change naturally results in an evolutionary approach, given the number of stakeholders.

Accenture's Julie Spillane takes a more nuanced approach to the speed and direction of finance transformation. 'There are multiple phases within our finance transformation. We're now at the point now where we no longer talk about finance transformation because we've done all the big transformation stuff. So we start with a first revolution, maybe have a second revolution, maybe even a third one, but then it's about evolution. All these revolutions establish the foundation for continuous improvement, or evolution, going forward. The longer term is more evolutionary.'

Revolution does not come cheap. Unless the organisation elects to invest the right resources in making the change, transformation will default to a slower speed. Unisys's Chris Gunning takes a pragmatic approach to speed of change, linking it directly to investment dollars available. 'It's size and scale dependent. Not every organisation has the wherewithal to create a revolution. If there's no money, it's a matter of delivering small, quick wins to build credibility.'

Planning is vital. For Accenture's Julie Spillane, finding the right starting point for finance transformation is critical. Colm D'Arcy of Irish Water concurs, saying that time frames for change can be shortened by applying the right expertise.

Whatever approach you take, says Deloitte's Peter Moller, 'respect the culture'.

Simon Newton of John Lewis Partnership advises: 'Go as fast as you can and maybe a little bit faster than you ought'.

## 4. The journey starts with the right first step

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**Crafting the optimal deployment plan is critical for finance delivery transformation. If you start with a business unit considered too aligned with the corporate centre, a process that is an outlier, or a geography that fights the change every step of the way, then the entire roll-out of shared services or outsourcing may be endangered. What is the best approach? Should the least mature process move first? Should one enlist the support of the most evolved geography as an early mover? Or conquer the business unit that is the biggest critic?**

Finance leaders have a simple answer to the deployment question: do whatever does not set the transformation programme in reverse. Nonetheless, they have a preference for process primacy over geography or business unit deployment approaches.

Chazey Partners' Anirvan Sen sums it up by saying 'my money is in the process. However, I always look at the organisation's process maturity to decide where to start.' Aviva's Gary Hobbs expands on the subject, saying that Aviva 'designs by process and implements by geography. For us, it's a matter of getting started in areas big enough to deliver some early wins and demonstrate that shared services and outsourcing can work, but small enough to cut our teeth upon.'

Some leaders factor in the 'lift and shift' or 'fix and shift' decision by process and geography into their attack plan, along with the state of technology, particularly ERP. Often 'lifting and shifting' provides the necessary momentum to drive stakeholder acceptance. Others pragmatically apply a version of the 80/20 rule to decide which approach to take.

For some, culture becomes an important factor. John Ashworth of Pearson says: 'we sequenced in the right cultural order. We started our journey in the UK because we had quite mature processes and people were reasonably accepting of the concept of shared services, and in Australia because if it went wrong no one would even notice. We left America until last because it was just a bit too daunting and

too scary. I think America needed to see outsourcing work in the rest of the world work before they would embrace it.'

Chris GunningUnisys: 'What works is whatever doesn't set you back with your stakeholders. Make sure you are not setting yourself up for failure.'



## 5. Finance function as a builder or buyer

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**Finance stakeholders accept that in situ transformation is too costly/slow/under resourced/not aggressive enough/will not communicate the right message. Their next decision will be whether to make or buy – ie to pursue shared services or outsourcing. Certainly scale and maturity must be taken into account. Some organisations are natural builders, while others are good buyers. How should finance leaders determine the optimum sourcing strategy for their business?**

Sourcing is far more successful when the model responds to elements of the finance organisation's essential nature. Some teams are good at managing supply chains, and look at business as an ecosystem, while others have inculcated such a 'not invented here' mentality that dooms any outsourcing arrangement from the start.

Finance leaders believe several factors affect the 'make or buy' decision: the vision for the finance function; scale; the need for expertise/capability; process maturity; whether there is a follow-the-leader mentality; culture; and risk tolerance.

Irish Water's Colm D'Arcy believes that the 'make or buy' decision must start with the finance organisation's vision. Establishing what the role of finance should be is a necessary first step. Does the organisation want finance to be primarily a centre of expertise or a business partner? Once the vision is established, it is easier to assess what model might work best.

Scale is also an issue. All too often, finance departments try to use sources whose economics make no sense for either party. Misguided providers, in their haste to get a new logo, focus on the scope they think they can attract over time, rather than the business at hand. If scope makes it uneconomic to outsource now, do not pursue it but build business first.

Liz Ditchburn, Kimberly-Clark: 'Scale factors into the decision. Is there a fighting weight that says that it's better to do it for yourself or a fighting weight that suggests it's better to outsource?'

The need for expertise is also a factor. Often, the outsourcing providers' specialised know-how exceeds that of its clients. If up-skilling, or access to a particular finance capability, is critical, the time it takes to build shared services is sometimes untenable.

Some organisations' processes are not mature enough to outsource. According to Deloitte's Peter Moller, some

companies outsource a bit too early, before they have control or a full understanding of the processes affected. As a result, there is no standardisation, which is difficult to do after outsourcing. So the clients end up with 'your mess for less'.

Anirvan Sen, Chazey Partners, comments: 'I look at both critical mass and organisational maturity. If you have some scale but not sufficient maturity as an organisation – and you could still be a part of a big organisation like General Electric but in your own unit – then you may be better off trying to build. Whereas, if your organisation is mature and has scale, outsourcing could become a more viable option. The cost, the risk associated with outsourcing at sub-scale can be counterintuitive.'

The location of the organisation's current operations might play a role in the decision about whether to make or buy. In particular, companies with operations in Eastern Europe might find that it is cost effective to leverage the existing footprint to build a shared services centre. At the same time, developing a captive operation in India – if the organisation has no footprint – might be eschewed in favour of outsourcing.

Leaders think that there is also a 'follow the leader' mentality at play in the decision to pursue one model over another. As John

Lewis Partnership's Simon Newton says, 'If you see competitors or companies in your market sector outsourcing, I think the propensity, the openness, to outsourcing in a particular area like finance goes up.'

Corporate culture plays a big role in the decision. While finance departments broadly perform the same processes, they each operate in different cultures. Some are so impenetrable that no external provider will ever be successful. GSK's Patrick Hicks concurs that it is important to acknowledge the implications of culture. 'Some finance organisations just prefer to deliver themselves. In a solutions-based culture such as ours, we are used to solving our own problems.' By contrast, Pearson's John Ashworth believes that the make-or-buy decision gives finance transformers the opportunity to 'kick the culture', saying that in his organisation, the decision to outsource was deliberately counter-cultural, creating necessary 'shock and awe' as part of the change.

We must not forget risk. As Irish Water's Colm D'Arcy says, 'In my opinion, the appetite for risk is what drives the make-or-buy decision'.

So put the business case aside and think about the organisation. Does it more closely resemble Bob the Builder or Barb the Buyer?

## 6. The 'elephant in the room'?

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**Today, as many as 80% of the Fortune 500 are adopting remote delivery models for finance, and executive leaders endorse the change. Business lines, albeit grudgingly, are complying with changes in workflow, location and providers. In contrast, the skirmishes that transformation leaders are fighting internally make gaining the support of finance's most important customers look like child's play. Sometimes the hardest change battles are fought within the finance function.**

So what is the problem for finance professionals? And does it matter?

Change is hard, especially for a profession that lives by rules. If routines and defined constructs are removed, a lack of direction can prevail. Traditional accountants with long tenures may strongly resist adapting to a shared services or outsourcing model.

It may very well be that corporate accounting professionals themselves are not fully convinced by shared services and outsourcing as a model, but their roles are changing so fast that this lack of conviction could be considered inconsequential. Fundamentally, the traditional accounting post required its holder to eliminate ambiguity, comply with myriad regulations, hold tightly to the reins of control, and make sure that all rules are followed. Yet shared services and

outsourcing models change almost every aspect of the context in which they work.

Colm D'Arcy, Irish Water, explains: 'Did we change last year? Yes. Will we change again this year? Yes. Once you keep that momentum then the acceptance of change on the part of the finance function becomes much easier.'

Suddenly, retained finance managers are controlling the environment rather than controlling the actual finance processes for which they spent their career preparing. They now peruse dashboards rather than drilling down into spreadsheets tracking every transaction, while the 'real' accountants are sitting in Eastern Europe, Latin America, Manila or India, recording, reporting and analysing. They also deploy technology that was unimaginable 10 years ago (but that still has some way to go').

How does the finance leader convince the finance team? Deloitte's Peter Moller says that it is important to understand what needs to stay the same, and when behaviours need to change. 'Don't mess with integrity, probity, independence and stewardship – these are the heart and soul of finance operations – but there are behavioural aspects that can be changed in operations, such as fixation with bureaucracy, obsession with control, over-engineering of processes that need to change.'

Ring-fencing the change is also important in successfully transforming the finance function. According to Chazey's Anirvan Sen, it is critical to ascertain whether the change is transformational or practical. 'If it's more practical, that change should be contained within a subset of finance that's directly affected. If it's transformational, affecting more people, than it's key to invest in a significant level of change management.'

Even with all this change in the way finance professionals work, they may still be unprepared. As controllership and process activities move offshore, corporate accountants have quickly had to attain new capabilities. The new career

path demands that they have deep domain skills in order to provide value to the business and prove it every day – the ability to link a myriad corporate processes to change the business continually, the intelligence to obtain insights from data in order to help the business react speedily, and the ability to make the calls on new technology in order to eliminate work. It is a huge change for people whose traditional value to the organisation lies in ticking boxes on rules and regulations.

Simon Newton, John Lewis Partnership, says: 'I think if you are trying to move to a shared model versus an independent one you've probably got to work harder and earlier with some of the finance folk than maybe in some other functions.'

The trick for finance leaders is to shut the door on the past, but communicate, invest in new career models and highlight the business imperative at every turn.

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1. *Is Finance Function Technology Delivering on its Promise?* ACCA, 2014.

## 7. Old hand or external expert, consultant or staff – who is most likely to succeed at changing finance?

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**Ultimately the success of any finance transformation depends on people. Who is leading it? Does the leader have sufficient institutional knowledge to work effectively within the organisation? Can the leader bring sufficient new thinking – or tried and tested methodologies – to bear in order to effect change? Does the change agent have to be on the payroll, or is an independent approach best? What is the role of the outsourced provider in change management?**

Finance leaders are adamant that the key to success is appointing the right leadership – whether an internal or an external hire – depending upon the context in which he or she must operate. While Unisys' Chris Gunning agrees that institutional knowledge is important, he stresses that 'a fresh pair of eyes is always very, very beneficial, especially if you've got people in the organisation who have been there a long time.'

Peter Moller of Deloitte describes the dilemma. 'I guess if it's someone external the big question is will an external leader be able to foster good, strong relationships with senior management, both the other C-level and their finance reports? That's the challenge; yet if it's someone internal will they really be able to convince the organisation a massive change is needed? While an external hire can convince the organisation that a massive change is needed, sometimes they just won't bring the organisation

along. So it's more to do with the individuals than a formula.'

Should the change agents be on the payroll, or can consultants and providers provide the right perspective, not to mention resources? With numerous consultants poised to structure or run change programmes, and providers available who have years of experience with other clients, should change management be outsourced?

Peter Moller of Deloitte says that external resources such as consultants bring a much more structured approach with a very defined formula and sequence of events that makes change safer and much more efficient. Pearson's John Ashworth agrees, saying 'we used an external resource for our change management programme and I would certainly endorse using external perspectives. I think it's hard for organisations to look authentically and self-critically at

themselves and their value sets and how they behave. I think you need someone who can come in and look at it objectively and also compare and contrast with other organisations so, almost by definition, you need to go outside.'

Gary Hobbs of Aviva argues: 'Bringing that external viewpoint to really get momentum is helpful. Long-term implementation becomes more of a resource play. I think we are as well-equipped to deliver once we are on the journey, but getting it going is important.'

What is the outsourcing provider's role in change management? Is there a conflict of interest? Finance leaders are not concerned about the proverbial "fox in the change hen house", saying that the breadth and practicality of their supplier's experience more than balances out any concerns about trust. To be able to say 'been there, done that' with a proven source provides significant value in the change process.

Patrick Hicks, GSK: 'I think for change to be successful you need – certainly in my organisation – a partnership between external and internal. I think also that helps to navigate around the organisation.'

## 8. Final thoughts

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**There is little ambiguity about the secret of effective finance function transformation. Whether leaders outsource or run their own captive shared services centres, move quickly or evolve the model over time, they agree on a single set of requirements for change.**

### CLEAR VISION

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Without a clear vision for the finance function, it is difficult to win over stakeholders. It is critical to spend the time conveying the vision of the future state, then getting stakeholders to believe in this vision and its potential for success

### SENIOR MANAGEMENT COMMITMENT

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If the CEO is not either actively supporting or perceived to be supportive of change then there is no chance that finance function transformation will provide the expected benefits. While the CEO's support is key, whether this will involve merely blessing the initiative or giving it active support will depend upon the scope of the transformation.

### COMMUNICATION

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If stakeholders do not understand what is changing, the rationale for change, and what they must do, it will fail. According to the finance leaders consulted for this report, failure is not caused by poor process and technology, but rather a lack of communication about the change.

### PREPARATION

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Not only should the finance organisation and its stakeholders be prepared to commit themselves to the change, but the transformation team must have a tight plan to manage that change.

### RESOURCES

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So often, finance transformers moving to shared services or outsourcing models underestimate the effort required for change management. Having sufficient resources at each phase of transformation – from developing strategy to achieving 'business as usual' acceptance – is key.

### PATIENCE

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Finance transformation involves both high bursts of energy to effect a revolution, and slower, more evolutionary change. The process takes much longer than most leaders would like, but there are few shortcuts. Change for finance is now a way of life, not a project.

### ORGANISATION REDESIGN

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Often, finance leaders moving to shared services and outsourcing models forget that the totality of the finance function must be redesigned. Retained roles change significantly in the face of new models; it is imperative to ensure that staff are redeployed, understand their new roles and are retrained effectively.

### MAINTAINING MIDDLE MANAGEMENT

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Change management is key to retaining the middle layer of finance management that is critical to core processes. Yet all too often, middle managers' numbers are aggressively reduced to justify a business case for shared services and outsourcing, or they are lost in the shuffle.

### ALIGNMENT BETWEEN CAPABILITY AND AMBITION

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Often finance leaders overstretch themselves to realise a vision that is way beyond their, or their organisation's, ability to achieve or involves too much change to absorb. Being realistic about the organisation's change potential is important.

### WORK WITHIN THE CULTURE

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Those who implement complex, multi-scope, multi-geography finance transformation programmes, particularly in business-line-led organisations, will naturally experience greater change challenges, while a single finance process implementation in an organisation run from the corporate centre may find that change is relatively easy. The trick is to gauge what the culture will allow.

## About the authors

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### DEBORAH KOPS

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Deborah Kops is the founder and managing principal of Sourcing Change. Formerly a founding partner of one of the first global business processing outsourcing (BPO) units, the chief marketing officer of a leading offshore BPO, managing director of FleetBoston's Services Group (now Bank of America Services Group), managing director of global sourcing transformation for Deutsche Bank and a partner at PricewaterhouseCoopers and Arthur Andersen, Deborah now works with leading companies to manage globalisation challenges. She is also programme director focusing on global business services for the eminent US-based research organisation The Conference Board, a research fellow for award-winning analyst firm HfS Research, and a member of the editorial board of the industry-leading publication *Outsource Magazine*.



### JAMIE LYON

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Jamie Lyon is head of corporate sector at ACCA, and leads ACCA's research programme on the CFO agenda and the future of the finance organisation. The programme focuses on a diverse range of issues facing leading businesses today, from the evolving role of the CFO, finance business partnering, global business services, shared services and outsourcing, human capital, talent management, learning and technology.

Jamie regularly speaks at events and conferences on finance-related issues and has contributed to numerous management and finance publications, including coverage in the *Financial Times*, *Accountancy Age*, *Finance Director Europe* and *Outsource Magazine*. Before joining ACCA he qualified as an accountant and spent many years in industry working in the UK and internationally for two leading FTSE 100 businesses.

## The ACCA finance transformation, shared services and outsourcing advisory group

The ACCA finance transformation, shared services and outsourcing advisory group supports ACCA's global research and insight work.

Bringing together a panel of leading industry experts, it provides unique perspectives on the key issues affecting organisations seeking to transform their finance and business operations.

### PEARSON

#### JOHN ASHWORTH, GLOBAL HEAD OF FINANCE TRANSFORMATION, PEARSON

John joined Pearson plc as part of the internal audit team from Coopers & Lybrand before working in a variety of roles in Penguin Books, a division of Pearson, including those of international finance director, supply chain business manager and UK controller. He was CFO, then CFO and IT director, before becoming managing director of Pearson's UK shared services team running a 1,000-head captive operation supporting F&A, IT, customer services, logistics and facilities.



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George is an accountant by profession having worked for Grand Metropolitan, Avon Cosmetics, Britoil and Whitman Corporation in a variety of finance and general management roles before joining Shell in 1998 to help establish the first of their shared service centres in Glasgow. He is currently responsible for Shell's global finance shared service strategy, migration delivery and double hats as finance centre lead for the Glasgow centre.



#### ANDREW BACON, HEAD OF EMEA SHARED SERVICES CENTRE, DOOSAN INFRACORE

Andrew Bacon is located in Dublin. Doosan Infracore is a Korean multinational and the seventh-largest construction equipment company in the world. The EMEA Shared Services Centre provides IT and finance back-office support to the region. Andrew is also the chief accounting officer for Doosan Infracore's operations in EMEA, a role he held before establishing the shared services centre in Dublin in 2012. Andrew is a Fellow of the Association of Chartered Certified Accountants (FCCA) and will complete his MBA from the University College Dublin, Michael Smurfit Graduate Business School, in August 2014.



#### LEO CURRAN, SENIOR VICE PRESIDENT, HEAD UK/EUROPE, EXL

Leo leads EXL's UK/European team and brings deep experience of the business process solutions industry across a number of industry sectors. He has first-hand experience of large-scale sourcing change-programmes across Europe and beyond, and is currently working with his teams to realign their approach in response to the developing trend of global business services in Europe.



### PEPSICO

#### NIGEL COFFEY, SENIOR DIRECTOR OF FINANCE PROCESS TRANSFORMATION, PEPISCO

Nigel Coffey qualified as an accountant with Arthur Anderson & Co in the UK in 1993 before going on to work with Pricewaterhouse in Ireland and subsequently as a finance director with Novo Nordisk Pharmaceuticals and Pfizer in Ireland. As finance director of Pfizer's Irish commercial operations, Nigel was involved in the initial set-up of the company's European Shared Service operations in Dublin in 2002 before joining the shared service organisation as European service delivery director. Nigel joined PepsiCo in 2013 to lead their European shared service initiatives.



#### COLM D'ARCY, HEAD OF ACCOUNTING AND REPORTING, IRISH WATER

Colm is an FCCA (Fellow of the Association of Chartered Certified Accountants) with experience in both practice and industry. Colm started working for a number of London accounting practices before moving into industry with Hertz UK Ltd in 1997. He returned to Ireland in 1999 when the Hertz European Shared Service Centre was being established in Dublin; there he held a number of key roles, such as project, centralisation and finance management posts, which led to his appointment as director for financial operations in 2006. Colm joined Irish Water in 2013 with management responsibilities for accounting and reporting.



**LEIGHTON DAVIES, DIRECTOR OF THE FINANCE CENTRE OF EXCELLENCE, BBC**

Leighton Davies currently leads the Finance Centre of Excellence for the BBC and brings significant finance and business transformation experience and understanding. Prior to joining the BBC Leighton held senior finance positions with Network Rail and was finance director for GE Aviation. He started his career training as an accountant with Ernst & Young and then moved his career into corporate finance at Deloitte. He is currently transforming the BBC Finance Centre of Excellence and embedding new ways of working built on the premise of open and honest communication, continuous improvement and problem-solving lean principles.



**PATRICK HICKS, SERVICE OWNER, GLOBAL FINANCE SERVICES AT GSK PLC**

Patrick is an FCCA who has worked in the energy, financial services and pharmaceutical sectors, holding a number of senior roles in tax, financial control and finance services and finance transformation. Patrick joined GSK from Barclays in 2009 and headed the Global Tax Centre of Excellence before moving into finance services as the global process owner for record to report. He then took up the role of finance service owner for EMEA and set up the European Finance Business Service Centre in West London. Patrick is now responsible for GSK's global finance services.



**LIZ DITCHBURN, RELATIONSHIP LEADER, KIMBERLY CLARK**

Liz has built an excellent partnership with Genpact who provide F&A shared services and procurement. She also heads up an outsourcing centre of excellence covering the five outsourced functions across Kimberly-Clark. Liz has over 15 years of making outsourcing work in global organisations from the client side, and has successfully created organisations to deliver through onshore and offshore operations.



**GARY HOBBS, CEO, AVIVA GLOBAL SERVICES**

Gary joined Aviva in 2004, prior to that he spent 15 years as a management consultant with KPMG and Ernst & Young, primarily specialising within the financial services sector. Gary is currently responsible for all of Aviva's BPO operations in India and Sri Lanka and has been at the forefront of the development of Aviva's strategy in this arena. Gary drove the initial outsourcing plans across Aviva's finance and actuarial team and is now responsible for all aspects of BPO including Insurance administration, finance, actuarial, procurement, MI and analytics. Gary has significant experience in all aspects of outsourcing, offshoring and shared service development.



**CHRIS GUNNING, VICE PRESIDENT GLOBAL SHARED SERVICES, UNISYS**

Chris Gunning is vice president of global shared services at Unisys. The shared services organization comprises a mix of larger operational transaction processing centres (TPCs) and smaller-sized footprints of regional front desk service delivery centres operating from seven main locations across the globe. Historically seen as 'traditional' finance SSC covering typical A2R, P2P and OTC functions, the portfolio has expanded to take on board many support operations for sales, supply chain and procurement, human resources, facilities, and commercial functions.



**SANDY KHANNA, GLOBAL F&A AND SCM PRACTICE LEADER, VICE PRESIDENT, IBM GLOBAL PROCESS SERVICES**

Sandy has worked in the business processing outsourcing industry since 1996. In that time he has led and delivered several multimillion dollar complex deals, with hands on experience in all aspects of the SSC and BPO business. Sandy has held various leadership roles including engagement and major deal leader and F&A practice leader, leader of the EMEA solutions and offerings team, and European strategy and market development leader. In 2013, Sandy assumed responsibility for IBM's global F&A and SCM practice and is a member of IBM's global leadership team for global process services.



**PASCAL HENSSEN, SENIOR VICE PRESIDENT AND CFO EUROPE, GENPACT**

Pascal joined Genpact in 2009 as COO Europe, with responsibility for leading its Romania, Hungary, Poland and Morocco centres – as the company was building on its original mission as a part of GE to become a global leader in transforming and running business processes and operations. During Pascal's tenure, and also thanks to his leadership in Europe, Genpact grew to 60,000 staff and 700+ clients including over 100 of the Fortune Global 500. Prior to joining Genpact, Pascal spent 14 years with General Electric, and served as European COO in corporate financial services, and GM for GE's shared services in EMEA.



**DILESH MAGDANI, HEAD OF FINANCE SHARED SERVICES, SPECSAVERS**

Dilesh joined Specsavers in 2010 to lead their shared service centre team to award winning status. Prior to this he led other large teams in a variety of industries developing, implementing and transforming shared service centre and outsourcing operations for Stella Travel Group, Premier Foods plc and held various finance roles within National Grid plc.



**JAMES MEADER, PARTNER, ERNST & YOUNG.**  
James is a partner in Ernst and Young's advisory services practices, specialising in financial and performance management. He has over 17 years' experience, focusing on back office transformation, process design, including shared services and performance management, as well as project and programme management.



**TIM SMAIL, DIRECTOR OF SHARED SERVICES AND OUTSOURCING ADVISORY, KPMG UK**  
Tim joined KPMG from TMF Group where he established and ran the Global Shared Services organisation. With over 14 years' experience working client side on multi-functional, cross-regional services, Tim has deep insight into both the strategic and practical challenges of creating a successful global business services platform. He has set up captive centres in China, Malaysia, India, Bulgaria and Ukraine and negotiated and implemented contracts with several business process outsourcing (BPO) suppliers.

**POL-AFB-TCIF**



**PETER MOLLER, PARTNER, DELOITTE CONSULTING**  
Peter leads Deloitte's shared services and BPO advisory team in Europe. Since 1990, he has worked in finance transformation, shared services and outsourcing/offshoring advisory roles, advising both private and public sector clients. He has organised and spoken at a number of conferences on these topics and has been quoted in management journals and the national press.



**JULIE SPILLANE, MANAGING DIRECTOR – ACCENTURE GLOBAL SERVICES**  
Julie is managing director for Accenture Global Services, global director of finance excellence and the EMEA Accenture business services director. Julie is a member of the Institute of Directors and completed her diploma in corporate governance in 2010. She is also a Fellow of ACCA (FCCA). Julie graduated from National University of Ireland, Galway with a degree in electronic engineering, followed by a postgraduate diploma in business studies.



**SIMON NEWTON, FINANCE DIRECTOR, PARTNERSHIP SERVICES, JOHN LEWIS**  
Simon leads the operational finance, procurement and personnel teams in John Lewis' business support service division and is responsible for full finance support for this organisational unit. Before this he was responsible for Kimberly-Clark's shared service development particularly in North America and Europe. Simon has a wealth of experience in M&A and has also worked at ICI and Rowntree Mackintosh. He is also currently a non-executive director of UK Shared Business Services serving public sector organisations.



**ANIRVAN SEN, PARTNER, CHAZEY PARTNERS**  
Anirvan has over 20 years experience in technology, LEAN six-sigma, talent management, shared services, IT and sales. Prior to his current role with Chazey Partners, Anirvan has spent 15 years in GE, running the quality organisation for GE's EMEA operations of shared services, developing global delivery models for BPO vendors, initiating strategy for shared services in the Middle East and Africa region. Anirvan holds LEAN six-sigma master black belt and Bachelor of Engineering in instrumentation and control engineering.