

Kurt Salmon ✨

DRIVING BUSINESS  
PERFORMANCE

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## How Effective is Your Finance Business Partnering?



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*Leading companies expect their Finance function to contribute actively and effectively to improve business performance. Finance Directors have responded to this challenge by enhancing the quality of information, analysis, insight and support provided to the business. However, whilst many organisations have made a positive start, truly effective Finance Business Partnering still remains an aspiration for most companies.*

The role of the Finance function has changed dramatically in recent years. Once seen primarily as a reporting and scorekeeping function, Finance is now expected to work in partnership with the business by providing constructive challenge and making full contribution to the management of the business and achievement of strategic objectives.

To enable this, many Finance functions have re-organised their activities including:

- Consolidating transactional processes into internal or outsourced shared service centres

- Centralising production of management information and supporting for example, the budgeting and forecasting processes
- Introducing the Finance Business Partner role as the interface / integration point with other business functions

However, in spite of this, we continue to see numerous examples where Finance Business Partners fail to fulfil their intended role and do not meet the needs of the business. The opportunity cost of this can be significant.

## The Opportunity: Understanding the Requirement

We regard Business Partnering as the application of advanced analysis, insight, influence and challenge, from a Finance perspective, to enhance the quality of business decision-making and drive improved performance. Establishing this capability can require change in many areas: processes and activities; systems and tools; skills; behaviours and ways of working; and organisation and reporting lines.

Effective partnering with the business is not achieved by simply appointing accountants to new Business Partner roles and expecting them to act as CFOs to their business counterparts. Successful implementation requires a change in the mentality and purpose of the entire Finance function. This is dependent on a detailed and specific definition of the Business Partner role, which will include:

- Communicating and agreeing the role of Finance with the wider business, and the benefits of a change in approach
- Defining the detailed responsibilities and how they should be undertaken: 1) those common to all Business Partners, and 2) those for supporting specific functions (e.g. Research and Development, Sales & Marketing, Manufacturing, Supply Chain, Customer Service, Support Functions)
- Determining the level of contact each business stakeholder requires and how the business partners will work as part of the management team for each area they support
- Removing unnecessary activities - we typically find that up to 40% of Business Partners' time relates to accounting, reporting and basic analysis that should be transferred to other Finance areas

## Preparing for Success

We have identified 5 key elements for building and sustaining a successful Finance Business Partner model:

<h3>1 Define and agree the Business Partner role</h3>	<h3>2 Build Support Networks</h3>
<p>This is the most fundamental requirement and the one most often missing. The activities to be performed, the decisions that the Business Partner should support, how the role will fit within the existing management team, and precisely what will be done all need to be defined. A significant payback on the cost of support will result if the role is performed well. However, simply telling Finance staff to “get closer to the business” and leaving them to figure out how will tend to result in failure.</p>	<p>Business Partners can easily become isolated from the rest of the Finance function and each other, leading to a fragmented approach to common business issues, duplication of effort and inadequate knowledge sharing. Business partners should be encouraged to meet informally to share ideas; and a formal Business Partner network should be established to provide functional leadership, identify common issues and develop solutions, and identify and share best practices.</p>
<h3>3 Train and Develop</h3>	<h3>4 Measure Performance and Continually Improve</h3>
<p>Finance Business Partners must take responsibility for maintaining their technical and analytical skills, but in order to be truly effective in the role, there needs to be a focus on developing their soft skills such as listening, communicating, decision-making and negotiating.</p> <p>Career paths must become more flexible to develop the required expertise. Job rotation and talent development programmes will support this. Finance professionals can help themselves by taking advantage of coaching opportunities, online communities and web seminars.</p>	<p>Finance should regularly review whether the support provided is meeting the needs and expectations of the business and determine how additional value can be delivered. In an ever-changing business environment, Finance needs to constantly identify where improvements need to be made to its Business Partnering model.</p>
<h3>5 Reassess roles and responsibilities</h3>	

As processes and methodologies become more developed, they can be standardised and transferred to the appropriate part of the organisation. For example:

- Product, channel and customer profitability reporting can be transferred to a Reporting Centre of Excellence to prepare and distribute reports on a regular basis
- Customer pricing models can be embedded within the sales force toolkit
- Refinements to management information can be industrialised and centralised

## Our Approach

Kurt Salmon has a tried and tested methodology to support clients in improving their Finance Business Partnering capability:

<h3>Diagnose</h3>	<ul style="list-style-type: none"> <li>■ Review current Finance operating model and structure</li> <li>■ Gather ‘customer’ feedback</li> <li>■ Review and analyse existing Business Partner roles</li> <li>■ Assess what is and what is not working</li> </ul>
<h3>Design</h3>	<ul style="list-style-type: none"> <li>■ Determine and define the future Finance operating model and the role of Business Partners:             <ul style="list-style-type: none"> <li>» How will they interface with the business?</li> <li>» Where can they add most value?</li> <li>» What are their specific roles and how will they undertake them?</li> <li>» How will the rest of the Finance function meet the needs of the Business Partners?</li> </ul> </li> </ul>
<h3>Implement</h3>	<ul style="list-style-type: none"> <li>■ Communicate and agree changes and benefits with stakeholders</li> <li>■ Train and assign personnel as appropriate</li> <li>■ Establish a support network</li> <li>■ Implement the new model</li> <li>■ Review and evaluate on an on-going basis</li> </ul>

## An Overview of Kurt Salmon's CFO Advisory Services Team

- Kurt Salmon is one of the world's leading strategy and transformation business advisory firms, with over 1,400 experienced professionals worldwide
- We have been recognised as a Leader in Gartner's "Magic Quadrant for Business Operations Consulting Services, Worldwide", October 2012
- Our CFO Advisory Services team focuses on the Finance and Performance Improvement agenda through a combination of finance expertise and deep industry knowledge
- We have worked with over 30% of the Fortune 500, 30% of the FTSE 100, and 75% of the CAC 40
- Our consultants are specialists with significant experience in finance line management and consulting
- We know what works, how best to make it work and the pitfalls to avoid, and ensure these lessons are shared throughout each client engagement
- We are recognised for our practical approach - 'rolling up our sleeves to make change happen'
- We are independent and have no exclusive ties to any systems or software vendor, or outsourcing service providers

*"Kurt Salmon demonstrate more practical and 'in the trenches' style behaviour than other consultancies. They really understand how business works...it's not theory."* CORPORATE CONTROLLER

### Contact

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