

# How Does Your Organization Score

## *Leading Finance Practices of High Performing Organizations*

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# Opening Thoughts

Who is the most influential person in your organization?

How does finance influence decision making?

# Agenda

- › What to expect from this presentation
- › Strategic Context
- › Leading Finance Practices and Assessment:
  - Vision and Commitment to Financial Leadership
  - Finance Role in Service Delivery
  - Finance Function Sustainability

# What to expect from the session

- Understanding **leading finance practices**
- Complete a **quick-start assessment**
- Gain **ideas and solutions**



**Empowered and motivated  
strategic financial leader.**

# Leading Practice Information Sources

- › Financial Management Accountability
  - Treasury Board of Canada Secretariat
- › Strategy, Accountability and the New Role of the CFO: Modernizing Financial Management in Government
  - The Conference Board of Canada in conjunction with 15 Public Sector Organizations including the Province of British Columbia
- › Accenture – High Performing Organizations research and publications
- › Public Sector Financial Leadership Conference 2007
  - Institute of Public Administration of Canada
- › Core policy and role of the Senior Financial Officer
  - Office of the Comptroller General of British Columbia
- › ISO/ICE 15504 framework for process assessments
- › BC Government (HR Plan; ADMCS Minutes)

# Business Solution – Leading Finance Practices



- Accenture defines a high performance business as organizations that consistently outperform over a sustained timeframe, across business cycles, industry cycles and leadership cycles
- They are lean, responsive to changing competitive fundamentals, and consistently rank as market leaders.
- High Performance organizations have developed sophisticated capabilities in the finance business function.
- Research shows that there is a 70% or more correlation between a high performance organization and finance mastery.

# Leading finance practices of a high performing organization

**Vision and  
Commitment to  
Financial Leadership**

**Finance and Service  
Delivery**

**Sustainable Finance  
Function**



# High Performing Finance Organizations

## Leading Practices

1. Culture and demand for high quality financial information, teamwork, finance included in early planning.
2. Highly respected and trusted influential and valued strategic finance role.
3. Corporate leadership role that is highly credible, and ensures a corporate view. (BC Government is the OCG /TBS)

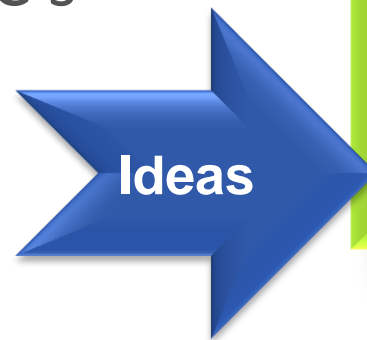
**Vision and  
Commitment to  
Financial Leadership**

# Challenges

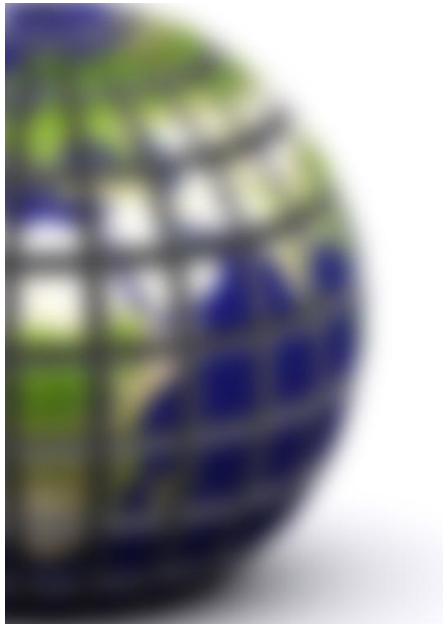
- › Finance community undervalued (not valued for the strategic value they should provide).
- › Executive and decision makers do not always demand high quality financial advice and analysis.
- › Lack of a driver to create financial disciplined culture.
- › Finance seen as a control function
- › Cycle of static information designed to meet central reporting;
- › Finance vision and strategies erode with leadership changes.

# Opportunities

- › Economic situation highlights the need for cost management; provides a significant business driver to promote finance.
- › Newly defined role for BC's CFO (previously SFO).



- Promote finance and strategic finance role in decision making;
- Provide high quality financial information to support decision making;
- Be more proactive with information provided.



# Quick-Start Assessment

## Vision and Commitment to Financial Leadership

# High Performing Finance Organizations

## Leading Practices



### Finance and Service Delivery

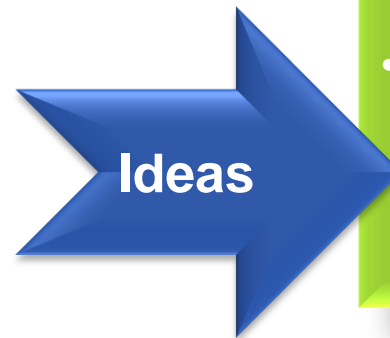
1. Produce reliable, relevant information quickly to support decision making.
2. Roles, responsibilities and accountabilities are clearly defined and aligned to empowerment for making decisions.
3. Financial Controls are in place and do not unreasonably impede the business.

# Challenges

- › Forecasting not always timely and relevant to respond to changing business priorities; highly manual; not transparent.
- › Lack of clear accountabilities – increasing frustration due to unclear roles and responsibilities between finance and service delivery.
- › For Government, no bottom line equivalent to private sector - Performance measure based on outputs; focus on positive measures; lack of information linked to outcomes.
- › Business opportunities through use of technology not being taken advantage of (ie COA, Business Intelligence, forecasting, etc.)

# Discussion on Opportunities

- › Province of BC – Common Financial System and data warehouse.
- › Mature planning - Service Planning, business planning
- › Budget Accountability Letters in place.
- › How to ensure corporate planning is responsive to changing needs.



- Strategy Map  
Priorities driven by overriding objective
- Delegation Letters  
accountabilities,  
outcome based  
performance  
measures.
- Performance  
Reporting linked to  
costing
- Effective Forecasting  
Automate ; focus  
effort on business  
knowledge.



# Quick Start Assessment

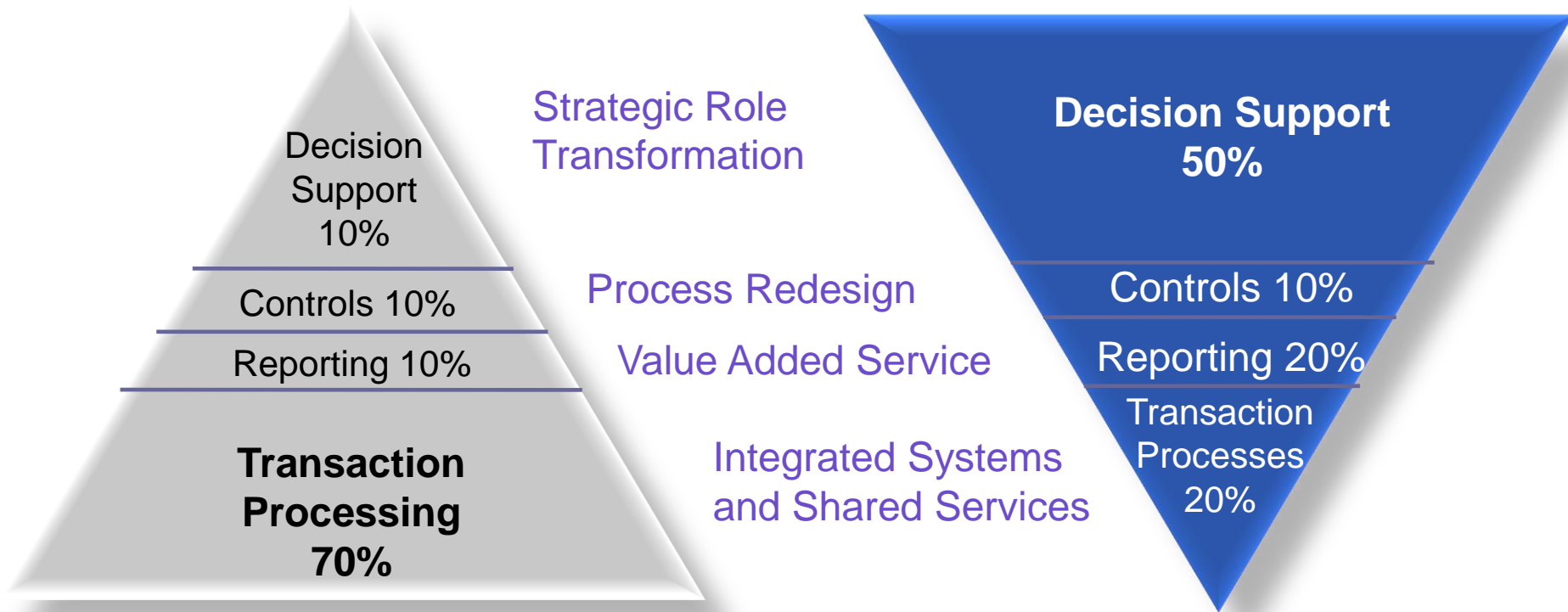
## Finance Role in Service Delivery

# High Performing Finance Organizations – Leading Practices

- › **People** - Finance experts that understand how money works in the business; career programs established that integrate knowledge transfer.
- › **Value Add** - Devotes more than 75% of resources to strategic/business analysis and advice.
- › **Process and Tools** - Efficient use of expertise, processes and tools that are well integrated to enable provision of information and services of strategic value to the organization.

**Sustainable Finance  
Function**

# Shift in Focus – More Value Add from Finance



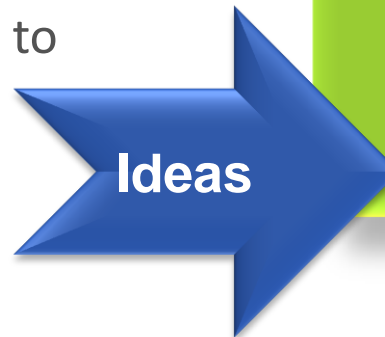
- *Finance must move out of back office, shift from transaction processing to forefront of planning and management.*
- *Trend to centralize transactional processing in shared services.*

# Challenges

- › Many business processes are manual and/or rely on manual intervention.
- › Decreasing number of financial professionals
- › Sustainability risk due to lack of priority setting mechanism.
- › Lack of strategic financial expertise and leadership to move towards leading practices

# Opportunities

- › Window of opportunity to streamline business processes.
- › Deputy Premier spoke of need for Public Service to look at technology and innovation to reduce costs.
- › Financial Management Training available for finance professionals.
- › Explore Efficiency Opportunities – What business functions are a priority for financial management.
- › High transactional activities; trend to centralize in shared services.



- **HR Plan, EPDP's** Career development and succession planning
- **Business Model** – Focus on finance functions that achieve desired outcomes.
- **Heat Map** - Assess process maturing, use of automation and identify areas for efficiencies.



# Quick Start Assessment

Finance  
Function  
Sustainability

# Wrap-up

*A leader takes people where they want to go.*

*A **great leader** takes people where they don't necessarily want to go but ought to be.*

*Rosalyn Carter*

