

Business Unit

# *Finance Vision and Organisation*

## At a glance

*An overview*

*2012*

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## ***Agenda***

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## Section 1

# ***Finance vision and organisation – An overview***

# ***Finance Vision & Organisation***

## **Finance vision and organisation comprises:**

- Finance Vision & Strategy
- Organisation Structure & Operating models

## **Our services**

Maturity Profile & Target Operating Model

Finance Transformation

## **Select case study**

Finance & Accounting Transformation

# ***Finance Vision & Strategy***

## **Examples of finance vision:**

Example of a Finance vision might include statement like:

- Be a business partner to BU managers by offering strategic financial advice
- Build world-class finance processes and activities
- Deliver the best possible basis for decision-making to business units

## **Finance strategy**

A good finance strategy should flow directly from the corporate vision and should be measurable. A strategy map is a visual way of depicting this.

## **Examples of finance strategy:**

- More than 25% of time spent on business partnering role
- Will outsource 5 finance processes across the group within next three years
- Reduce record to report time from 15 days to 10 days within 12 months
- Benchmarked in the upper quartile for finance function costs

## **Four questions that a strategy should answer:**

- Finance -How do we create value for our owners and investors?
- Client – How do we create value for our clients?
- Process – What are the internal processes that we need to excel at?
- People – How do we create the right environment for our people?

# ***Organisation Structure & Operating models***

## **Organisation structure:**

A key feature of good performance in structuring the transactional teams in finance is consistency and cohesion. Differing role descriptions and methodologies may lead to dissatisfaction amongst staff as different behaviours are rewarded in different parts of the accounting organisation structure and can create control gaps and deficiencies. Production of management information and other forms of non-transactional finance data could arguably be produced locally or centrally. However, costs for producing this information in each local team may be higher as multiple local teams need to be in place.

## **Features of good practice:**

- Organisation structure reflects complexity of transactional finance i.e. local needs are met whilst opportunities for reduced duplication are recognised
- The organisation of the finance function brings synergies with the overall business model
- Clear accountabilities within the end to end finance process
- Standard role grading system to ensure fair comparison between staff
- Flexible staff enabling peaks and troughs of demand to be met
- A common approach to production of non transaction information is used
- Single structure for provision of non transactional data means lessons are shared by all and unified approach to improving performance

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## Section 2

# ***Our services***

# Maturity measurement along each finance dimension

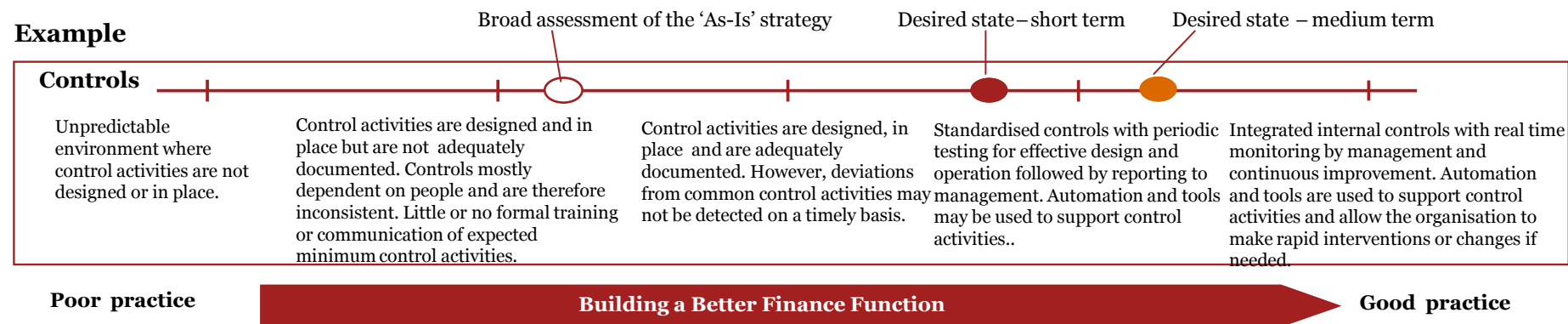
A series of maturity scales has been developed for each of the activities of the finance function, with examples of the attributes from poor practice to good practice. These scales can be used to plot the organisation's current situation and longer term aspiration for each of the key activities and enablers within the finance function. The resulting plot can be used to help shape your vision for finance and help prioritise the scale and scope of change required to achieve that vision.

The dimensions are grouped within each of the three objectives of finance to which they have the greatest impact: insight, efficiency and compliance & control. Many of the activities span more than one objective and these are noted with the triangle in the top right hand corner of each page. The purpose of these dimensions are:

To use as a discussion tool for interviews within finance and with certain key business customers

To gain a clear understanding of the 'As-Is' position

To turn the vision for finance into a tangible and structured set of improvements for the short and long term.



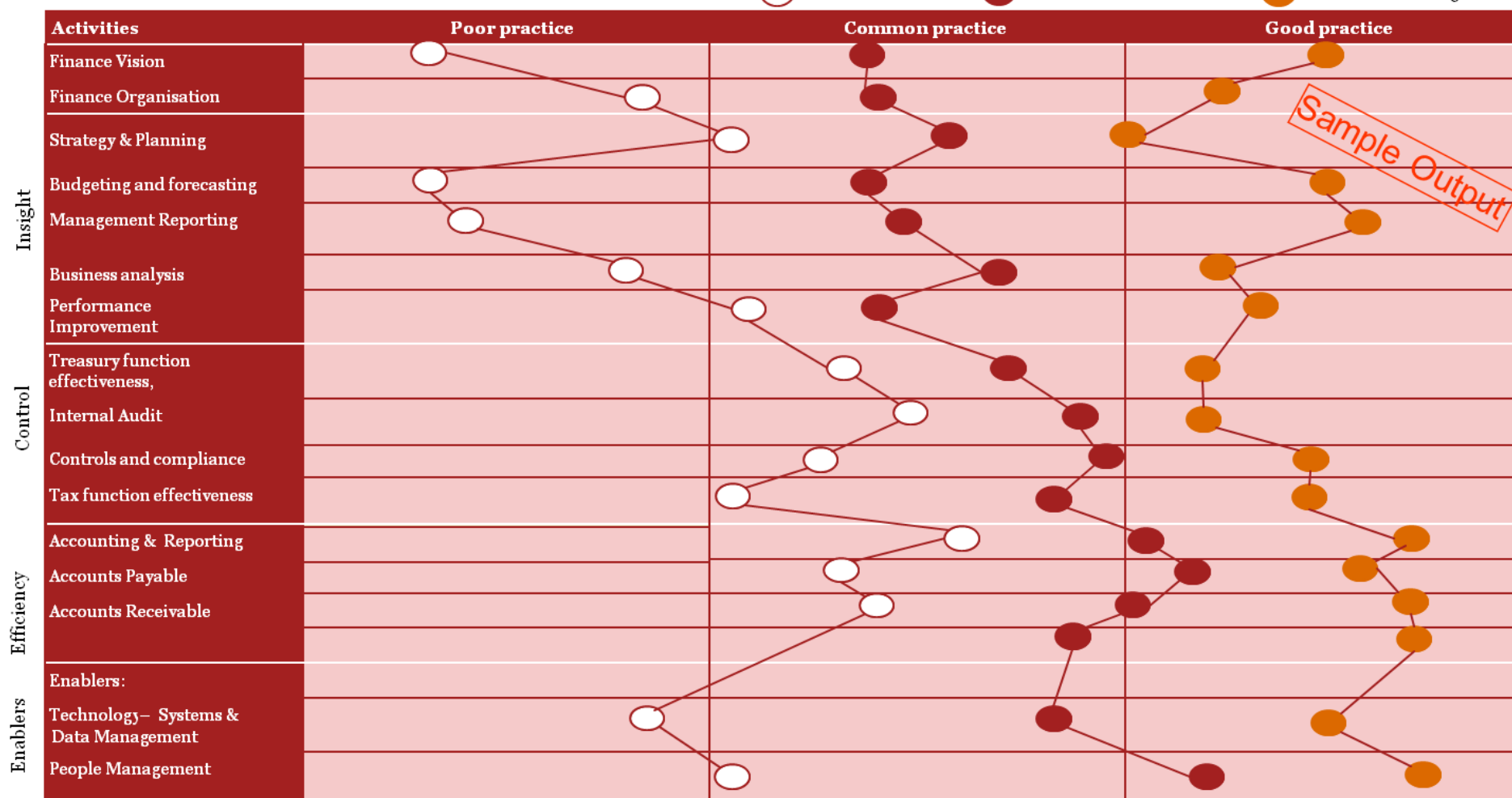
Benchmarking is available for a more detailed quantitative assessment enabling a comparison to peer group.



# Maturity profiles- Summary of process maturity

The 'ski slopes' below can be used to identify where an organisation currently is on a process maturity scale for each finance activity. Plotting where you are now and where you want to be helps determine the priority areas to improve.

○ 'As-Is' assessment ● Desired state – short term ● Desired state – long term



# The target operating model for the finance function

Once the current and future process maturity is identified for each of the finance activities the organisational approach by which these are delivered can be mapped on to give a summary target operating model. The target operating model is the mechanism by which all activities relating to strategy, processes, systems, people and organisation are delivered.

Target Operating Model - Example

Finance Objectives	Activities	Maturity			Organisation Strategy			
		Poor Practice	Common Practice	Good Practice	Decentralised	Distributed	Centralised	Third Party
Insight	Vision for the finance function							
	Organisation strategy							
	Process							
	Strategy and planning - financial strategy							
	Strategy and planning - strategic planning							
	Budgeting and forecasting							
	Management Reporting							
Compliance and Control	Business analysis							
	Performance improvement							
	Treasury							
	Internal audit							
Efficiency (Transaction processing)	Controls							
	Tax management							
	Corporate reporting							
	Accounts payable							
	Accounts receivable							
	General accounting							
	Technology - systems management							
	- data management							
	People management							

## Key:

○ As is assessment

● Desired state - short term

● Desired state - long term

■ Typically considered optimal

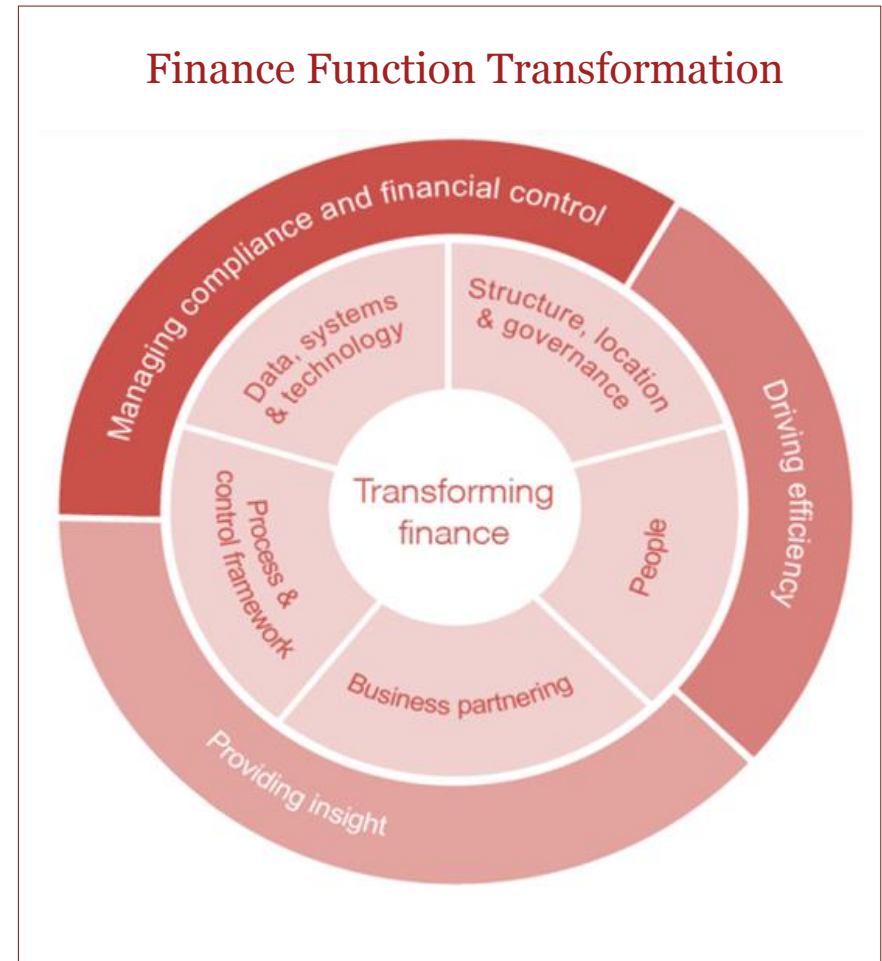
■ May be optimal under some circumstances

■ Not recommended

Sample Output

# ***Finance Transformation***

The Finance Function Transformation is a holistic exercise to translate finance vision into action. Our focus on the change drivers - Strategy, Structure, People and Process & Technology, accelerates the creation of a finance function that can support the business in its objectives.



## ***Finance Transformation (contd.)***

### **Our services**

- We help you create a forward-looking finance vision statement that signifies aspiration and forms the basis for the change
- We assess 'As-Is' and identify initiatives required to transform the finance function
- We create a 'To-Be' blueprint including change management efforts required
- We help build new processes and the supporting infrastructure including IT, network and HR systems
- We help you implement the transformation initiatives identified combined with the systems and processes to monitor progress and track benefits
- We help you review implementation and design a continuous improvement program.

### **Value add**

- Focus on insight and action - The finance function shifts focus from delivering reporting data to delivering information which gives insight into the business at a defined level of quality.
- Optimised control - From greater tolerance in all aspects to a defined and higher level of quality - with a greater proliferation of standards & regulation and less room for fraud and control lapses.
- Efficient, quality services - The finance function delivers not just static solutions at low cost but also flexible solutions which deliver an outcome at a defined level of quality in time at optimal cost.

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# Section 3

## *Case study*

## ***Finance & Accounting Transformation***

<b>Client context and Challenge</b>	<p>The client is a global pharmaceuticals company that made a strategic acquisition of a formulations arm of an Indian company.</p> <p>The client intended to harmonise /integrate its newly acquired Indian unit with its global operations. PwC was engaged to support the client to achieve global synergies in terms of operations, policies and procedures and technologies used globally.</p>
<b>PwC Approach</b>	<ul style="list-style-type: none"> <li>• Studied current policies, procedures and technologies and benchmarked with group's global practices and devised rollout of key process changes to meet control requirements</li> <li>• Studied current people hierarchies, delegation of authorities and segregation of duties and benchmarked with practices followed at group level</li> <li>• Prepared implementation roadmap to plug gaps in terms of people, process and technologies</li> <li>• Created high level business case for implementation of global initiatives and transition to global systems and business support applications</li> <li>• Conducted training on various accounting policies followed globally and drove change management agenda with business and finance for alignment</li> <li>• Customised / aligned Global Risk and Control framework with practices followed locally</li> </ul>
<b>Benefits to the Client</b>	<ul style="list-style-type: none"> <li>• Paved way for group's future expansion plans with aligned policies, procedures and technologies</li> <li>• Confidence building amongst employees with aligned hierarchy</li> <li>• Better and faster compliance with Risk and Control framework</li> </ul>

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# *Thank you*

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