

HOW DOES **FINANCE** MOVE
FROM BEING A COST CENTER
TO **A PROFIT DRIVER** OF THE
BUSINESS?



You have probably already heard this numerous times or even felt it on your own body. But we cannot emphasize it enough; **The role of the finance professionals is changing.**

And it is changing at a rapid speed.

We have asked Finance Business Partnering Expert and Founder of The Business Partnering Institute Anders Liu-Lindberg to share with us what it takes to become a finance business partner and how finance professionals must develop in their role.

If you are a CFO, Financial Controller, Finance Manager, or Accountant that's ready for change and keen to know how you can drive value to your business, this guide is for you!



THE 3 CORNERSTONES OF BECOMING A FINANCE BUSINESS PARTNER

A Finance Business Partner seeks to deliver value to their company through monitoring and analyzing financial company data. By gathering data and presenting the conclusions and insights based on data to management, the Finance Business Partner becomes the key player to drive decision-making in the company.

To develop your role into becoming a Finance Business Partner, your success depends on three basic processes:

1. You must get out of the reactive mindset of finance and be more proactive in your thinking.
2. You must report what is happening (or what might happen) rather than simply reporting what has happened.
3. You must deliver insights, not reports. Insights are when you have information that your leading managers are unaware of, but it can help them to make better decisions. Reports are a mass of columns and numbers. You need to know the difference.

If you are a manager, it is critical that you take the lead and guide your team towards this change with a plan, a goal, and clear, open communication.

As with any other major changes, you can't do it all overnight. It starts with micro steps. The idea behind micro steps is that you break your plan down into smaller sections and create subgoals. That will make you see the results little by little and not only at the finish line after two- or three-years' time. Not to see any progress can be very demotivating so break it down



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into so small steps, so you can see yourself moving closer to the overall goal. You will be on your way to becoming a Finance Business Partner and a valued entity that provides insights to executives, challenges their thinking, helps them make more informed decisions, and drive business strategy.

THE BUILDING BLOCKS FOR SUCCESS IN 2022

As we have just outlined, becoming a finance business partner requires changing the way you work. To become more reactive, do scenario planning, and deliver insights, you have to spend your time differently than you do today.

If you never change the way you work, the outcome of what you deliver also never changes, meaning you will inevitably remain in the traditional role of a number cruncher.

Today finance is thought of as the cost center where you ask questions such as:

How do we minimize costs?

What explains the financial performance?

How do we eliminate risk?

Finance needs to move towards being thought of as the profit driver for the business. With this mindset, we instead ask questions such as:

How do we contribute to maximize the business value?

How can we improve future performance?

What are the right risks to take?

To move from being a cost center to be a profit driver, you must also spend your time differently.



As shown in the figure to the right, finance professionals spend only 30% of their time on making an impact, influencing management decisions, and producing financial insights. 70% of their time is for doing day-to-day tasks, preparing reporting, conducting analysis, and gathering data.

To be up to speed with the change in finance, you must move from spending time on accounting, reports, data, and transactions to spending more time on the 3 I's - **Impact, Influence, and Insights**. Data, reports, and analysis are important because you cannot be a finance business partner without the data to support your insights. But where you can really make an impact is when you share these insights, make recommendations, and influence the management's decisions so they execute better.

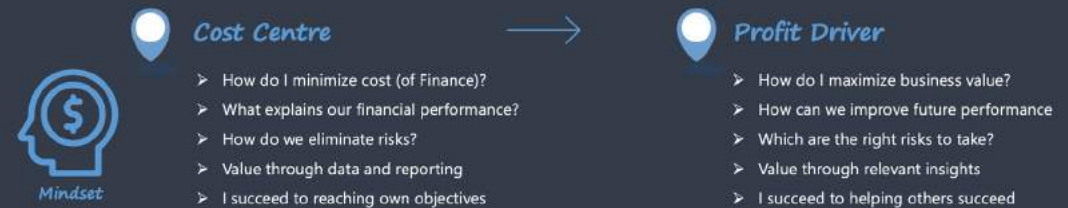
Here, technology solutions can be a big help. So, ask yourself the question: *Am I using the right technology to help me perform in the best way possible?*

If the answer is no, or if you are not sure - you should evaluate your needs and look for tools to assist you. Thus, free up time for yourself.

ACTUAL TASKS VS. DESIRED FOCUS

The opportunity

There is an untapped potential for Finance to drive business value creation



THE BUSINESS PARTNERING SKILL SET

The change within finance requires a skill set out of the ordinary profile of finance professionals.


To understand how you step outside your comfort zone, let's first examine the traditional finance professional profile.

Using a personality test tool called Predictive Index, we can understand both how to put together people in teams and how to understand what specifically drives behaviors at work. After a thorough analysis of millions of Behavioral Assessments, the Predictive Index science team has identified 17 "Reference Profiles" that create a behavioral map for different types of people.

Predictive Index

Historical success criteria for finance roles i.e. CFOs, finance managers, Controllers, etc.

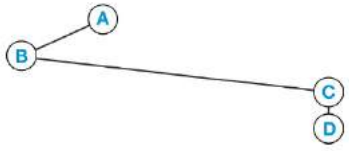
- Analytical number crusher
- Transactional and administrative
- Command and control management



Craftsman

A Craftsman is accommodating and analytical, while producing highly precise and accurate work.

Average Behavioral Pattern




The classic profile that we see in finance professionals is the profile called **the Craftsman**. The Craftsman has a high set of analytical skills, loves to produce precise data, is detail-oriented, loves control, and has a steady and comfortable way of working.

But to accommodate the changes we are now see occurring, we also see the skill set of the finance professional shifting towards **the Captain profile**. The Captain profile is a problem solver and likes change and innovation while controlling the big picture. This profile still needs to be analytical, but it also needs to understand how to interact with the broader organization and deliver insights into the organization.

Predictive Index

Future success criteria

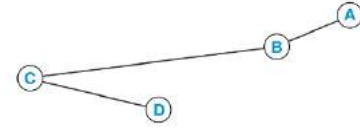
- Analytical number crusher but also...
- The innovative business partner (insights) - Understands, interacts, and takes an active interest in the business
- Challenges status quo
- Involving Management



Captain

A Captain is a problem solver who likes change and innovation while controlling the big picture.

Average Behavioral Pattern



Most importantly, you must get out of your comfort zone. Introducing new ways of thinking and working means entering areas where you cannot be as precise or accurate as you want to.

It is okay not to be as much in control as you used to. The important thing is to be able to compromise and dare to step outside your known professional areas to accommodate the industry change. If you are not capable of compromising, it is going to be hard to continue being an asset to your company in the future. You must be more proactive, take more initiative, and be more willing to take risks. This is where finance professionals will have to work smarter to succeed in a new world at the office.

We all have our professional toolbox that we use and work with every day. But that is not enough if you want to drive value creation in your company. Here you will have to develop additional skills to add to your professional toolbox. A capability model for a finance professional of the future could look like the figure below:



The figure illustrates **4 main categories** that create the value mindset. This is the mindset needed for becoming a successful business partner.

Business Partnering Institute

1. The first category is **Analytical skills** – the finance professionals' home turf. But being a good analyst is not enough. You also must consistently stay up-to-date regarding new tools and methods. Analytical skills also comprise problem-solving and LEAN, which can be very useful. These are skills that you will need to develop to complement your toolbox of fundamentals.

2. Number two is **Business skills**, where understanding the business model, strategy, and commercial acumen is at play. If you teach yourself to understand the business you are working within, you will be able to speak the same language as your stakeholders. They will suddenly understand what you are saying because you are not just displaying numbers and tables anymore. Instead, you are communicating what the financial data means for the departments across the business.

3. The third category is **Leadership skills**. It is important that the finance department is willing to take the lead. The CFO must be at the forefront, paving the way for change and driving finance business partnering. Leading business partners is different from leading controllers or accountants because business partnering happens in relation to other people. It is not something that happens behind a screen; you need to be out in the organization observing how your business partners are taking action.

4. In combination with the skills mentioned above, you must also cultivate **People skills**. First and foremost, it is about communication – not just of numbers and tables but communicating your recommendations and why these add value to the entire business. You need to stand up in front of your team and demonstrate that you understand a problem and can construct a clear action plan for addressing it.

Remember, not everyone has every skill within the capability model, and it takes time to learn to use them all. Some will be easier than others for you to learn. The transformation from being number crunchers to becoming finance business partners is a journey; it is not a change one can implement overnight, but it will happen gradually.

One way to make sure that you see results during the journey from cost center to profit driver is by making subgoals. Subgoals boost the morale among your employees and help to achieve the overall goal.

**Remember, it takes time to make these changes
– acknowledge this, then you are well on your way.**

Learn more about the new ways of working and thinking within finance. Watch our webinar “What does “good” look like in finance business partnering, and how do you get there?”

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