

UNIT4

# In Business for You

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TRANSFORMING FINANCE THROUGH TALENT





# Introduction

There's a new priority emerging for the Finance Department: talent management.

And rightly so. A strong team with the right skills will help the CFO respond to the transformation of their role and responsibilities.

For many years, Finance was seen as the keeper of the Grail and relied on financial and accounting expertise to sustain the business.

However, with digital transformation and the acceleration of technological innovations and their integration into financial tools, **developing greater synergy of expertise and skills within the Finance team has become a top priority.**

And as your company changes, Finance changes too, becoming a much more multifunctional area.

CFOs are now more central than ever to a company's operational and financial performance. Assuming the roles of a strategist alongside senior leadership, of a watchdog to ensure proper risk control and of a long-distance runner to optimise operational efficiency and performance.

The CFO must also take on the role of coach. And expanding their scope of expertise requires building a strong skills base to ensure that the department can meet these varied requirements. For that reason, a well-oiled finance team will look very different today compared to one from ten years ago.

As demand for new talent increases, it's just as necessary to have a good understanding of the new skills that must be secured within the team as it is to effectively identify the right profiles, attract, train, and secure them.

And to complicate matters further, all this is taking place in a context of pressure on budgets.

**But there is strength in numbers: a CFO must create effective partnerships to support their efforts to manage human capital effectively.**

In this case, the CFO must work with the Chief Human Resources Officer to ensure they have the team to get the job done.

But in practice, how can this be done? And how can new technologies be used to facilitate it?

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# The CFO's challenges

## The forces at work

The role of Finance and the skills it requires are undergoing major changes. The CFO faces challenges that include:

- **Economic uncertainty and instability**, punctuated by crises and increasing regulatory demands. This context reinforces the need for better performance management and risk control.
- **Digital transformation**, together with an explosion of data under management, is leading to a break with previous practices. Financial processes are evolving and becoming more complex, and cybercrime has emerged as the leading financial risk for business.
- **The need for traceability and transparency** to guarantee control, accelerate decision making, and meet increasingly demanding reporting requirements. Companies must be accountable both internally (management board, shareholders, employees) and externally (tax authorities, general public).
- **Pressure on budgets**, which leads to a need to reduce expenses and optimize the utilization of Human Resources for Finance.

To solve this, the CFO needs to develop their department's skills by asking the right questions.

## Asking the right questions

The new demands placed on the Finance Department make it crucial to find the right balance for each part of talent management.

### What's the right level of automation?

Technology is changing Finance in two key ways. It allows significant optimization of routine procedures, and frees up time for teams to concentrate on core tasks. But automation also replaces certain human skills and raises the question of the technology adoption curve and change management; for some employees, it is difficult to leave old practices behind. It also highlights a new security risk that will not have escaped the attention of the CIO.

### What are the essential skills in the age of automation?

According to a study by McKinsey, 43% of tasks carried out in the finance sector can be automated<sup>1</sup>. If technology takes care of repetitive tasks and the most complex processes too, which skills should the Finance team focus on to move away from production tasks? How can traditional skills be recycled and renewed to make way for new ones? Where can the talent with the technological expertise and the appropriate skills be found?

### Which resources to keep and which to outsource?

Limiting costs, optimizing procedures, reducing lead times: for Finance, it's a question of doing more with less, and doing it better.

It is important to identify the key competencies you'll need to maintain internally as well as low value or expert tasks you can outsource. There is a growing expectation that in-house services should be able to help providers to focus on supporting change in the organization.

Each of these questions calls for a unique answer, specific to each company's needs.

<sup>1</sup> Source : <https://www.magazine-decideurs.com/news/daf-et-drh-lere-de-la-collaboration>

# #1 Talent management

## Transformation of the Finance Department

From the CFO down, the entire Finance Department must be transformed. Integrating the company's business activities and securing new strategic skills.

As the role of the CFO evolves, they must build a pool of new skills to meet the new demands of the profession. **These will include a variety of functions across emerging disciplines like data science, as well as more familiar figures such as business analysts and regulatory and compliance experts.**

## Securing the right skills

Once you've determined skillsets, you'll need to adopt a talent management strategy that works.

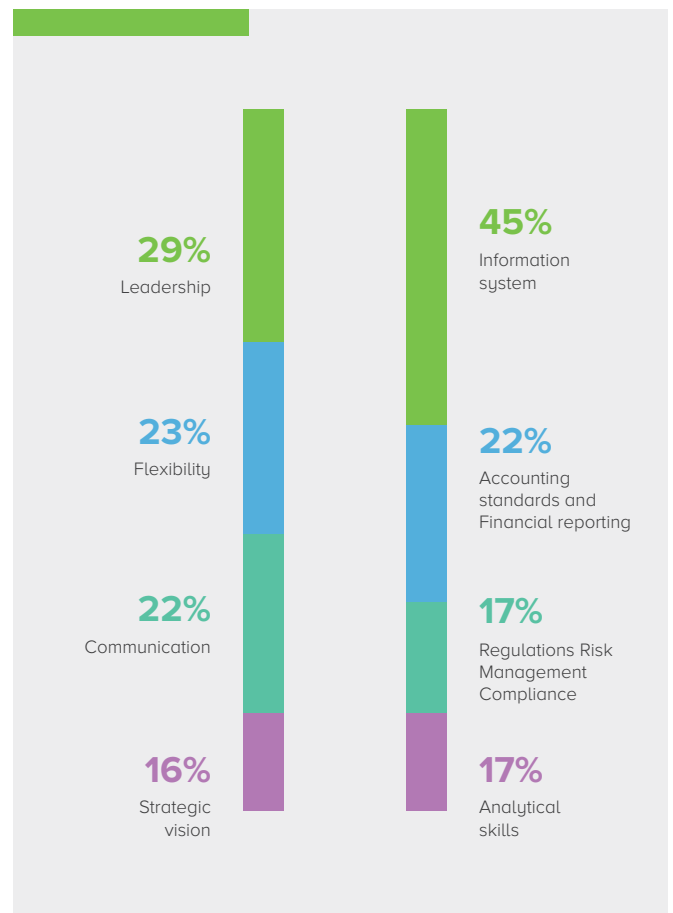
**At a time when demand for talent exceeds supply, identifying and attracting candidates with the right skills is no easy task.**

Companies often struggle to meet the new requirements of the Finance Department internally, and look to the outside world to find people who can.

But in the modern labor market and facing competition from an unending wave of new entrants and differing work models, attracting talent is becoming harder for large organizations. In parallel with external recruitment, knowing how to identify and capitalize on high-potential internal candidates is, therefore, a necessity.

The second challenge is training – especially since the training available on the market does not always correspond to the new expectations of the Finance Department.

**As a result, the company has a leading role to play in ensuring that its employees' skills develop and must therefore devise ambitious training plans.** The problem is twofold: rapidly developing the skills of new recruits, while also supporting the development of more senior staff that may be resistant to change.



<sup>2</sup> Source : La finance d'entreprise en 2020, Robert Half

## #2 A strong partnership with the CHRO

### The CFO and CHRO: complementary profiles

As talent becomes scarce and cost pressures rise, the CFO must optimize talent management within their own team and maximize return on the organization's human capital in an operationally efficient way.

The CHRO shares the same goal of developing human capital and is positioned as a guarantor of cross-functional talent management for the whole company. The CFO and CHRO, therefore, have mutually enriching visions:

- **Finance provides the CHRO with a clear, quantified measurement of organizational performance.** Helping frame budget and recruitment needs and identify areas for cost optimization.
- **For its part, the CHRO contributes a broader, more qualitative vision of the organization.** It provides more in-depth knowledge about people's skills, motivations, and experiences, but also about the quality of team interaction and the work atmosphere. The HR Department also has an expert view of changes in business activity and the key skills needed to meet the new challenges.

According to a study carried out by the firm EY among a panel of more than 550 CFOs and CHROs, **80% of them say their collaboration has been strengthened over the last three years. They also attest to a significant impact on employee engagement and the company's financial results.**

### The benefits of true synergy

The pooling of HR and Finance expertise makes it possible to optimally manage human capital: identifying and taking advantage of potential and maximizing ROI.

#### Improve the identification of talent

**The knowledge of the HR department is used to help identify high-potential internal candidates and implement strategies to promote training and mobility.** For Finance, looking for new talent and diversified skills is an opportunity: it enables them to focus on developing the skills of high-performing employees who are already familiar with how the company works. This strategy offers a way to limit recruitment costs and acts as a means of combating turnover by offering new opportunities to high-value veteran staff.

#### Optimize the organization's management of human capital

Another benefit of this partnership is a better ROI from onboarding and training programs.

Human Resources is better placed to implement the training needed to meet changing strategic needs.

For its part, Finance makes the most of its measurement capabilities: analyzing expenditure items, evaluating the achievement of training objectives, and measuring the impact of programs on performance.

Motivating and retaining employees also requires good working conditions and effective tools. Finance and HR together can optimize working environments by allocating the appropriate human and financial resources in the service of productivity and team commitment.

<sup>3</sup> Source : EY Study "Partnering for Performance – Part 2: the CFO and HR"

## #3 Making technology an ally

### Winning the talent race

Digital technology is essential both to support effective cooperation between Finance and HR and to support the development of each of the departments' functions.

**For HR, the difficulty in securing talent requires the use of high-performance tools to improve efficiency.**

Technology is commonly used to automate administrative functions like payroll, leave, and absences. It is also increasingly used to optimize recruitment, such as using data analytics to locate talent, automation of the selection process, and HR tests.

Furthermore, technology is now essential for improving employee engagement and employee experience. This can be achieved with the help of, for example, collaboration tools, interactive training, and tools for measuring satisfaction on an ongoing basis. **HR is becoming industrialized, and the implementation of an HRIS, bringing together all of these processes, is becoming a differentiator in the race for talent.**

#### Support the evolution of the Finance Department

Technology is revolutionizing the Finance Department. According to a study conducted by PWC on the priorities of the CFO for 2018<sup>4</sup>, digital technology is driving their transformation to a business partner role.

The automation of accounting and financial processes makes possible the effective harnessing of data for reliable planning and reporting. It also makes it possible to automate processes, speed up closure deadlines, improve forecasts, and inform decision-making.

The unification of financial management systems also offers new opportunities to bring the different business units closer together in order to collaborate towards greater performance. In short, it makes it possible to redirect the work of the teams towards activities with high added value: control, analysis, collaboration with the company's business activities and decision-making assistance.

### The integrated approach

The benefits of technological tools are already evident when they are separately implemented in each department. However, they are maximized when HR and financial planning systems are integrated.

The complimentary nature of expertise and visions can certainly be found in information systems. Finance has reliable and accurate data on staff numbers, financial and human resource requirements, and financial forecasts. Through its HRIS, Human Resources has an effective tool for the analysis and management of talent.

#### A joint system to support better operational performance

The integration of these programs makes it possible to unify the two roles using a common language, in which data is a key element of collaboration: using a single interface and a single, centralized source of information makes it possible to standardize processes and the rules of understanding and operation.

<sup>4</sup> Source : Chief Financial Officers –Priorities in 2018, December 2017

The use of shared operational management tools, for example, to manage budgets, allows collaboration between the two departments to be optimized as it results in a more transparent and easier invoicing process for Human Resource, and better financial control for the CFO.

#### **Technology to support human capital management**

This alignment of systems also aligns efforts to maximize human capital management. The CFO and CHRO can thus set shared objectives and monitor their progress on different performance axes.

In particular, the retrieval and analysis of information through a dual source of financial and non-financial information provides an enriched vision and better guidance for talent management decisions. **For the CFO, the future can therefore be seen as a twofold collaboration with the CHRO** and information systems.



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