



Elevating finance: Episode 6

February 23, 2023

As digital innovation becomes a necessary part of an organization's DNA, chief financial officers (CFOs) are rethinking their approach to building a high-performing finance organization to drive long-term value.

This webcast discussed how finance organizations can drive organizational agility by optimizing service delivery and redefining their talent strategy.

Panelists addressed the following topics:



Keeping up with the roaring pace of change

With high inflation and tight financial policies dominating the economic climate, chief executive officers (CEOs) and CFOs need to demonstrate their agility as leaders and prioritize opportunities to unlock sustainable value. Digital acceleration, new ways of working, and evolving requirements are disrupting the status quo and forcing them to shift their strategy and viewpoints.

Embracing uncertainty and moving through disruption requires CEOs and CFOs to continually rethink their business approach. About 75 percent of CEOs are pursuing an aggressive digital investment strategy, and 74 percent of leaders are focused on digitizing operations to create a next-generation operating model.

Responding to disruptions

We live in a disruptive world where data and technology are becoming more complex. From extreme automation and cybersecurity threats to ongoing geopolitical instability and global supply chain stresses, continuous disruptors are putting pressure on organizations to pivot quickly. The Great Resignation and hybrid delivery models are compelling businesses to reexamine their approach to talent and ways of working.

CFO agenda for elevating finance

The pace of disruption has shifted the corporate growth agenda. Despite rapid change, CFOs can lead the charge in elevating finance and equipping their organizations to address the challenges and opportunities of a technology-driven world. Leaders should have a strategy built around five pillars of business value—leveraging technology, data, and people—to advance their agendas for long-term, sustainable growth:

- Strategy and innovation
- Digital acceleration
- Data intelligence
- Modern workforce
- Dynamic risk management

From providing broader strategic direction and accelerating the digital journey—to modernizing the workforce and using data intelligently—these five distinct but connected pillars are the keys to framing the future of finance.



Enabling a modern finance workforce

Leading organizations are agile, digitally enabled, and include high-performing talent that influences business decisions with data-driven, action-oriented insights. Evolving requirements and ways of working have accelerated the need for new skills, competencies, and roles in finance. The following four pillars of the modern workforce are central to embracing a technology-driven future of work:

- **Elevating value of services delivered:** CFOs are increasingly expected to tackle complex strategic and operational issues well beyond the traditional boundaries of the finance function. With automation of transactional accounting and processing, finance is reinforcing its position by delivering on more strategic responsibilities, developing richer analytics and predictive modeling, and translating data into actionable insights.
- **Enabling organizational agility:** Leaders are focused on enabling agility to address disruption and evolving risks through:
 - Specialized Centers of Expertise (CoEs) to support delivery model optimization
 - Mission-focused teams driving specific outcomes aligned with business objectives.
- **New and evolving roles:** As finance expands its role beyond value preserver to value partnering and performance driver, recruiting new talent with modern skills and competencies is crucial to enabling an agile workforce.
- **Reimagining talent strategies:** Embracing new ways of working and reimagining talent strategies can help finance teams provide an exceptional employee value proposition to attract and develop talent at all levels of the organization.

Work distribution is changing

With the redistribution of work, there's a heightened need for finance to serve as a strategic adviser and expand the scope of its existing roles and responsibilities. It's imperative to assess modern talent expectations and the effects of emerging technology to realign workforce and business strategies. Leading organizations are already taking significant steps toward elevating their workforce experience:

- CFOs are prioritizing investments in digital, data, and people. Increasing automation and standardization of transactional processing has shifted the focus to business partnering—providing value-add services through enterprise performance management. Technology enablement has significantly optimized data and reporting while realigning how insights are generated and consumed. Accelerated adoption of predictive forecasting and analytics is further enabling finance teams to capitalize on future opportunities and challenges.
- More than 75 percent of leading organizations have dedicated transformation teams and digital CoEs that help expand the purview of finance by creating value through innovation and agile models. High-performing firms rely heavily on data and analytics to develop strategic plans and make informed decisions.

Automation and technology adoption have eliminated many time-intensive activities, allowing finance to allocate more time to value creation services. Increased use of advanced analytics, enhanced business partnering, and specialized CoEs are enabling CFOs to elevate the value of services delivered to the business.

Enhanced service delivery model

Finance must embrace new ways of working and ensure that the right capabilities and delivery channels are established for the expanded services to be leveraged across the organization. Enabled by technology, data, and robust governance, service delivery models help define how work is done and drive a more data-driven culture. As a result, finance professionals need to become more adept at using technology and analytics to enhance their output. The most effective service delivery models allow finance leaders to act as true partners who bring value-added analyses and decision support while staying nimble through specialized CoEs.

- An enhanced business partnership takes on a more strategic and entrepreneurial role as it seeks to understand the market, drive growth, and maximize opportunities. As CFOs lead enterprise-wide strategy and performance management, building relationships becomes crucial to providing a compelling story and case for change that is backed by data and forward-looking insights.
- With the establishment and expansion of specialized CoEs, leaders are driving innovation and establishing robust data governance models to stay resilient and ahead of the competition. CoEs enable speed to value and agility through deployment of new capabilities for finance and the enterprise.
- New roles such as strategic business partner and solution business architect are emerging to align with evolving capabilities and delivery model enhancements. Solution business architects must understand the technology landscape to translate digital disruption into solutions, just as strategic business partners must have a deep understanding of internal operations and external markets to navigate ambiguity.

The evolution of finance

For finance to elevate its role beyond the traditional transactional scorekeeper, it must realign the focus of its work from value preservation to value creation. Now more than ever, CFOs are aggressively investing in capabilities focused on accelerating digital adoption, monetizing data, and modernizing the workforce.

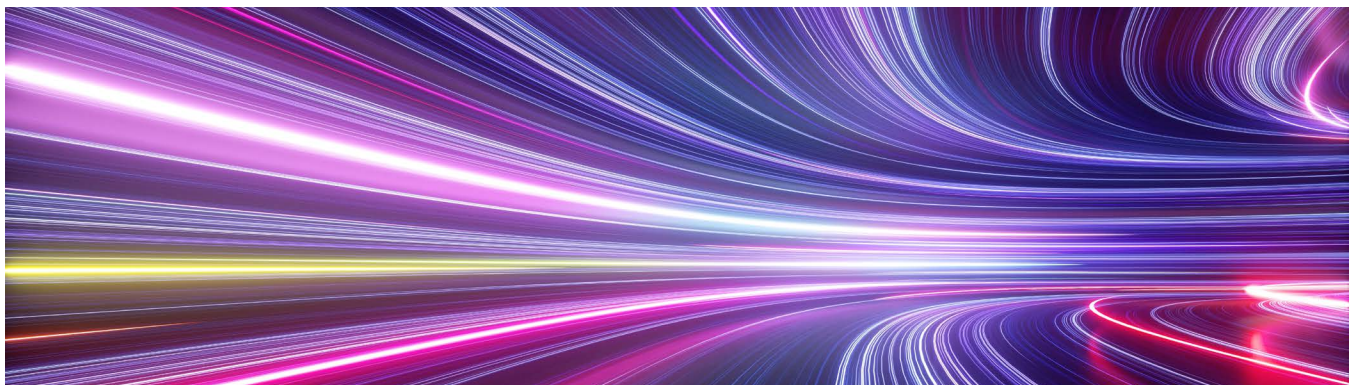
While business partnership is helping finance translate complex data into meaningful insights for its key stakeholders, CoEs are contributing to this evolution by enabling a more optimized and nimble delivery model. As businesses move up the curve to become performance drivers and strategic advisers, they seek capabilities that drive real-time decision-making and elevate performance.



The modern talent agenda

Top-performing organizations invest heavily in their talent agenda by strengthening their employee value proposition (EVP). The labor market is gradually softening and giving companies an opportunity to reorganize roles and work models to accommodate new circumstances.

- Enhancing employee benefits and skill sets—particularly digital fluency—are key areas of focus. About 50 percent of leading finance organizations offer digital upskilling programs to elevate their existing talent pool. As automation continues, talent management strategies must encourage digital literacy to fully leverage tools and allow impactful communication.
- Well-being and purpose-driven work have become prominent employee expectations. About 60 percent of companies are focusing on embedding purpose in everyday work for long-term value creation. This includes tapping into ESG and offering business resource groups (BRGs) that connect employees with meaningful community activities.
- Employee experience is another emerging trend. Rather than seeking long-term career opportunities in a company, several candidates are seeking companies that offer the best employee experience or certifications that allow them to upskill.
- Signals of change call for evolving skills and competencies. There is a heightened need for leadership skills comprising strategic thinking, impactful storytelling, relationship building, and motivating peers across the board. With transactional skills now being automated or outsourced, companies seek soft skills to create value for the finance function. New ways of working are increasing the demand for emerging digital competencies such as data visualization and design thinking while reinforcing foundational skills.



An effective talent management strategy requires clear articulation of skills and competencies across finance teams and roles. The key to redefining a modern workforce is the integration of required skill sets into the employee experience. Leading organizations are actively seeking candidates with data science and computer backgrounds rather than traditional finance and accounting. It's imperative to develop targeted EVPs around learning and development, such as high-potential (hi-po) employee and rotational programs, that allow workers to create new pathways of opportunity and drive growth. Nurturing and upskilling in-house talent instead of hiring externally is cost-efficient.

Reimagining talent strategies for finance

- The right talent is often crucial to attaining the CFO agenda. At KPMG, we believe in taking a holistic approach to talent management that puts employees at the center of everything we do. EVP is a critical element of talent strategy that defines how an employer brands or markets itself to attract hi-po candidates. Employers need to articulate different motivators to frame targeted EVPs that shape an innovative and invaluable employee experience. The following EVPs are trending in the marketplace:
 - **Flexibility and autonomy:** Utilizing virtual collaboration tools and hybrid working models to enable better work-life balance.
 - **Pay transparency:** Enhancing transparency around pay practices to build trust and attract talent.
 - **Aligning the right incentives:** Providing incentives such as mental and financial wellness that reward hard work as well as create a supportive, inclusive work environment.
 - **Strategic career development plans:** Visualizing and mapping the employee experience from hire to exit, including training and mentorship for career advancement.
- Traditional finance and accounting efforts are regimented. This is where digital enablement can drive flexibility in how employees work and collaborate. Hybrid workplaces and rewards such as childcare benefits can provide employees with physical flexibility and autonomy while enhancing their work-life balance. Although employers are increasingly emphasizing a return to offices now, employers are tapping into modern employee expectations to make in-person meetings impactful.

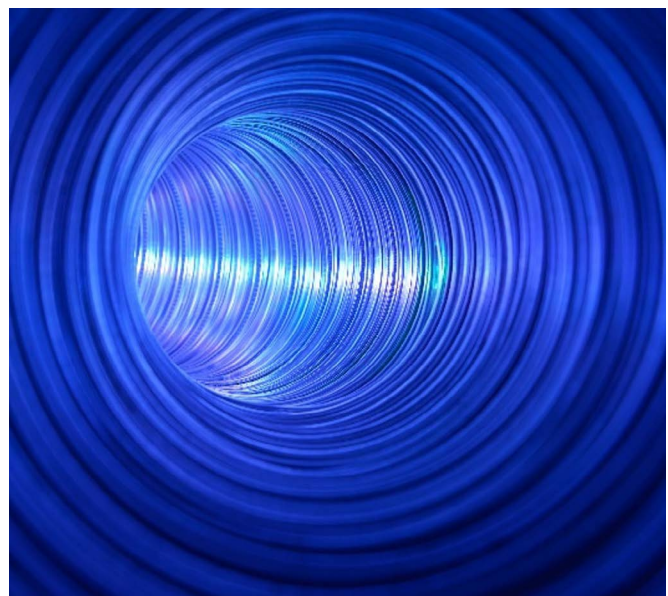
Getting started

Attracting and retaining qualified finance talent in a competitive market is challenging. The following five areas can help to manage disruption and build a resilient workforce:

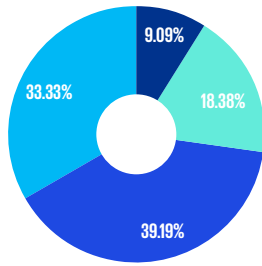
- **Strategize:** Understand the impact of technology on the workforce and establish an agile strategy to address a dynamic business outlook.
- **Understand:** Evaluate the services finance can provide to become a true strategic partner to the business.
- **Evaluate:** Assess the roles and competencies required to enable organizational agility.
- **Reskill:** Close the skill gap and develop existing talent with “enabling” skills that can adapt to the changing business landscape.
- **Reimagine:** Define the value proposition that attracts the skills that talent organizations desire and keeps them engaged.

Closing comments

The function and skill sets of the modern CFO are trending away from traditional accounting roles. New strategic business partnerships require finance leaders to act as the “copilot,” delivering value across the enterprise and helping direct long-term strategies. Reimagining talent strategies is crucial to enabling better engagement, attraction, development, and retention of a modern workforce. Finance functions must assess employee expectations and emerging technology impacts to realign their workforce and business strategies.



What will be the biggest challenge for your organization to elevate the value of finance services?

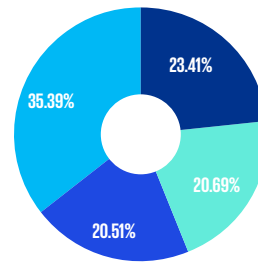


495 responses

- Adapting the delivery model to establish specialized CoEs
- Enhancing the role of the finance business partner
- Investing in data and analytics capabilities
- Reducing effort in transactional processing

Note: Percentages may not total 100 percent due to rounding.

Which of these priorities currently ranks highest in your organization when it comes to finance delivery model transformation?

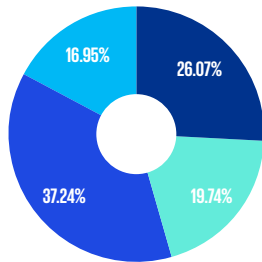


551 responses

- Creating a superior experience for internal and external stakeholders
- Establishing capability centers to better leverage data, analytics, and technology
- Leading enterprise-wide strategy and performance management
- Optimizing cost through an efficient delivery model

Note: Percentages may not total 100 percent due to rounding.

What do you see as the biggest hurdle to overcome to enable your finance function to move up the curve toward strategic advisory?

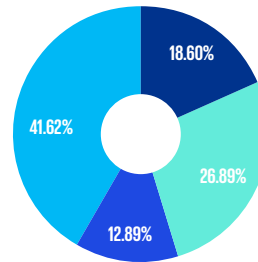


537 responses

- Inability to source and retain the right talent to meet the increasing expectations of finance
- Lack of investment in technology enablement
- Reskilling or upskilling current employees to develop new competencies
- Rigid delivery model that isn't aligned with business needs

Note: Percentages may not total 100 percent due to rounding.

Which of these skills do you think will be most important for finance to improve in the next two to three years?

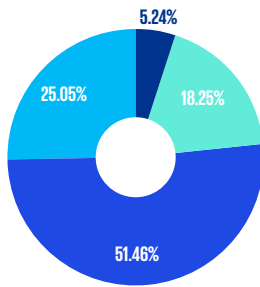


543 responses

- Ability to collaborate
- Data literacy
- Financial controls
- Strategic thinking

Note: Percentages may not total 100 percent due to rounding.

To enable finance to meet both employee and customer (internal) expectations, what is the optimal remote working approach?



515 responses

- Fully office based
- Fully remote
- Hybrid: one to two days a week in the office
- Hybrid: three to four days a week in the office

Note: Percentages may not total 100 percent due to rounding.

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