

Finance transformation

Factors driving an effective finance function

Thriving in a disruptive world characterized by volatility, uncertainty, complexity, and ambiguity (VUCA) necessitates internal adaptation. Strategic ambitions that feature transformation are needed within finance departments of organizations, to mitigate and thrive within the VUCA world we operate in.

“Finance transformation refers to the tactical initiatives that help inform the finance function by assessing and improving its strategy, vision, processes and systems to better align with the company’s overall strategy.”

Financial transformation helps organization to design and implement operating models and process improvements thereby directing management focus to high-priority business areas and an informed approach to decision-making. Being proactive with transformation within the finance function allows organizations to be **better prepared for tomorrow’s challenges**; moving towards a tomorrow that **adds value and saves money and time**. Improved effectiveness and efficiency of financial operations result in reduced costs and ultimately increased profitability.



“Data-driven organizations are 23 times more likely to outperform their competitors with regards to customer acquisition.”

“70% of finance leaders report manual processes as the biggest bottleneck in financial close and accounting operations.”

Read our full report on how large organisations in Botswana are placed in terms of analysing data to drive decisions and efficiencies:
https://www.grantthornton.co.bw/insights/publications/data_analytics_assessment_report/



Drivers for Finance Transformation

It is not about ‘when’ you get there but rather ‘how’ as finance transformation is a journey and not a destination. Strategic ambitions that feature transformation are critical to drive change.

Benefits

Financial transformation gives organizations the opportunity to re-align the finance function with the overall strategy of the business.

1. Technology and real-time reporting allows for better customer service and meeting customer demands. For example, streamlining the revenue recognition process can help identify potential issues, mitigate potential risk before getting out of control and manage overall growth.
2. Reduced human errors from manual data entry through automation of tasks – saving time, money and stress, outperforming competitors.
3. Improved quality and timeliness of reporting on financial performance supported by data analytics resulting in better decision making.
4. Effective working capital management delivering and sustaining cash release from locked up working capital.
5. Strengthened information security as the finance function handles a lot of sensitive data which require the need to embed data security and privacy into core processes.
6. For organisations with regional and global ambitions, finance transformation ensures

readiness of operations and lay the ground for a sustainable expansion.

7. Compliance to regulatory requirements is simplified given that regulations can be tricky with constant changes and variations across industries and regions. Globalization, e-invoicing, centralized payments and electronic reporting formats make it much easier to stay compliant.
8. With integration, simplified payment acceptance forms allows businesses to run transactions directly within existing accounting software.

Cause of downfall of some companies

External

Regulatory burdens
Shifting competitive dynamics
Evolving business climate
Increased expectations from finance and accounting functions

Internal

Lack of sufficient controls
Delays in financial close
Lack of visibility into operations
Ineffective working capital management

If process owners are still unaware or unsure of what financial transformation or how technology in place really works, the investment and purpose of finance transformation is defeated.

How we can help

Our Business Consultants work with finance executives who want to add value, save time and save money. We help keep their finance function moving forward to evolve from traditional transaction and reporting to more efficient, analytical and data-driven processes so it can provide timely insights to decision-makers to drive strategy and meet business objectives:

- Financial Health Check - Helps firms understand how their finance function rates against best practice through an independent assessment and

benchmarking of the role played by finance and the effectiveness of the finance function within that role. It is vital to begin with understanding where the business currently is, where the business ought to be and deciding how to close the gap to encompass a successful journey ahead with accelerated transformation and revenue growth.

- Finance Policies & Procedures - Policies - rules or principles of your business's accounting and financial practices. Procedures - instructions that outline what staff (employees) must do to abide by the policies.
- Working Capital Optimization - Delivering and sustaining a cash release from locked up working capital requires discipline across all areas of the business, applying internal processes, organization and controls that are aligned to deliver effective working capital management and discipline around their implementation.
- Data analytics – Build business intelligence through descriptive, diagnostic and predictive analytics.

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