

SUSTAINABLE FINANCE EXCELLENCE: THE EMERGING ROLES AND CHALLENGES OF THE GLOBAL PROCESS OWNER

A Consider Solutions Whitepaper
Finance Process Optimisation (FPO) Series

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Arguably the cost of finance functions has halved over the last two decades while expectations have almost doubled during that time. A series of transformation programs (supported by armies of consultants) have implemented ERP systems, established shared services and addressed the stringent demands for greater control and regulatory compliance. At the same time competitive pressures have increased the demand for better and more comprehensive decision relevant information.

The finance function is stronger, leaner and more productive than at any time yet the “more for less” agenda shows no sign of abating. We believe that the current “target operating model - mega project” approach to transformation is often unsustainable as well as out of date by the time it is delivered. We therefore champion the cause of continuous improvement as a robust appropriately governed and resourced business as usual (BAU) process. We make the case for a meta-level “Complexity to Simplicity” (C2S) process to address the “more for less agenda”. We also discuss the vital role that Global Process Owners (GPO’s) play in this C2S process, the challenges they face and the strategies open to them.

This paper covers:

- Addressing the “more for less” agenda
- Emerging GPO roles and challenge
- C2S; Continuous improvement as a BAU process
- Measuring process capability performance and control
- Getting progress and action with distributed stakeholders



The “more for less” agenda show no sign of abating

ADDRESSING THE “MORE FOR LESS” AGENDA

Along with their significant achievements finance functions have experienced periods of considerable change fatigue. Most are recognising that the pressure for “better, safer, faster, cheaper” is perpetual. Many are now seeking a systematic & sustainable integrated improvement process that is embedded in the way the business is managed.

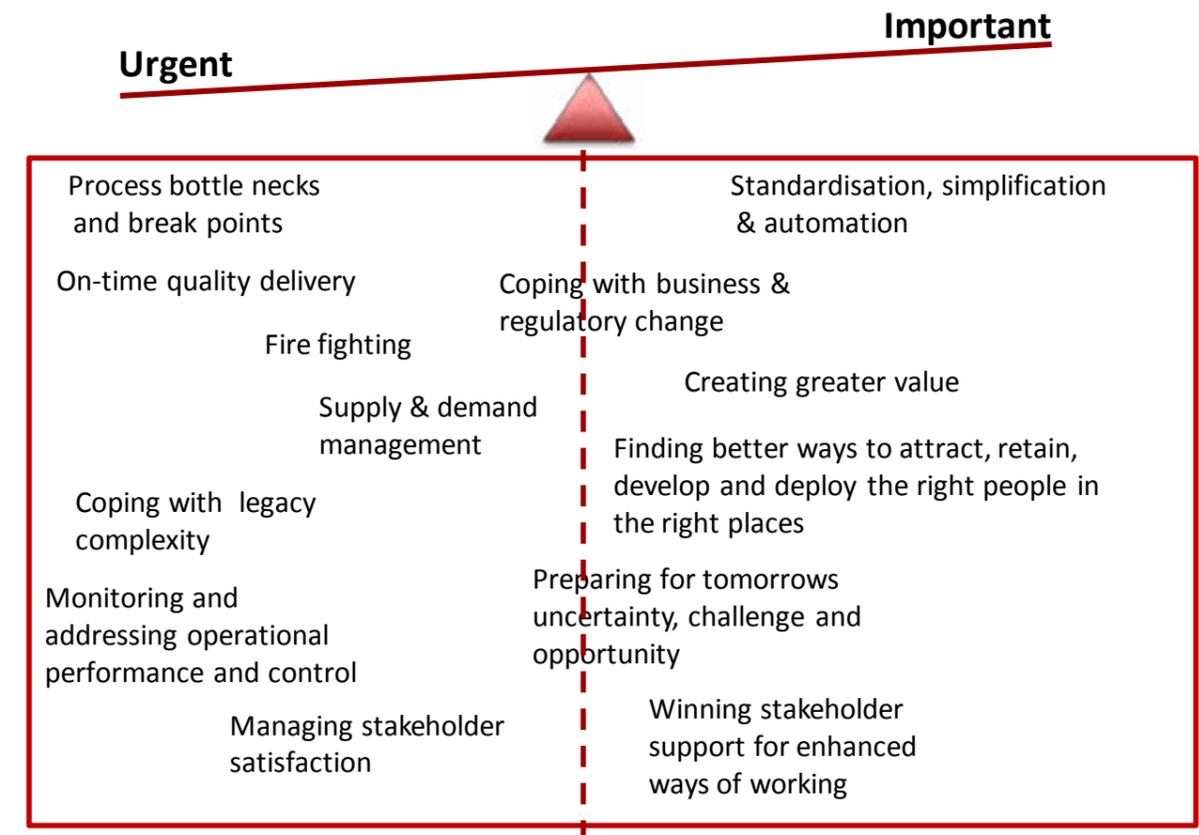
They are recognising that managing today’s operational performance and control is part of a broader cycle, which includes continually evolving tomorrows enhanced operating model. This challenge has been described as “fine tuning the engine while driving at speed”



Fine tuning the engine while driving at speed requires; a well-designed framework; a champion and sponsors, a cross-functional team of experts, and an environment in which knowledge is shared and learning accelerated. It does not lend itself to heroic sprints of effort rather a calculated, calm and systematic process. The emerging champion of this process is the GPO but the; role, framework and tools are still very much work in progres.

Fine tuning sustainable performance while driving at speed requires an effective C2S process

This C2S cycle is dependent on the same limited set of expert resources who have the dual challenge of addressing what is urgent today as well as what is important tomorrow.

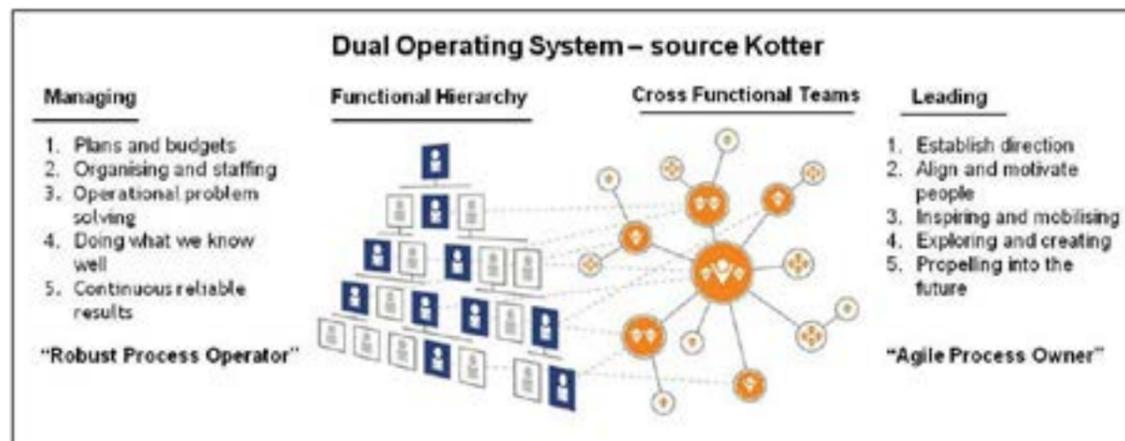


Balancing the urgent with the important requires informed judgment

Emerging GPO roles and challenges

While a number of people now have “Global Process Owner” as part of their job title many are seeing this as a role rather than a job. We are, therefore, seeing the GPO role being added to existing job descriptions as well as new job titles being created. It is not, for example, uncommon for a senior finance officer to have a line role managing a local shared service location while at the same timing having the role of GPO for R2R or P2P.

We are seeing evidence of what Prof John Kotter refers to as the dual operating system; a traditional functional hierarchy to manage day-to-day operations together with an agile cross-functional team driving transformation and continuous improvement.



Resources and control rest within the function while opportunity lies across the end to end process

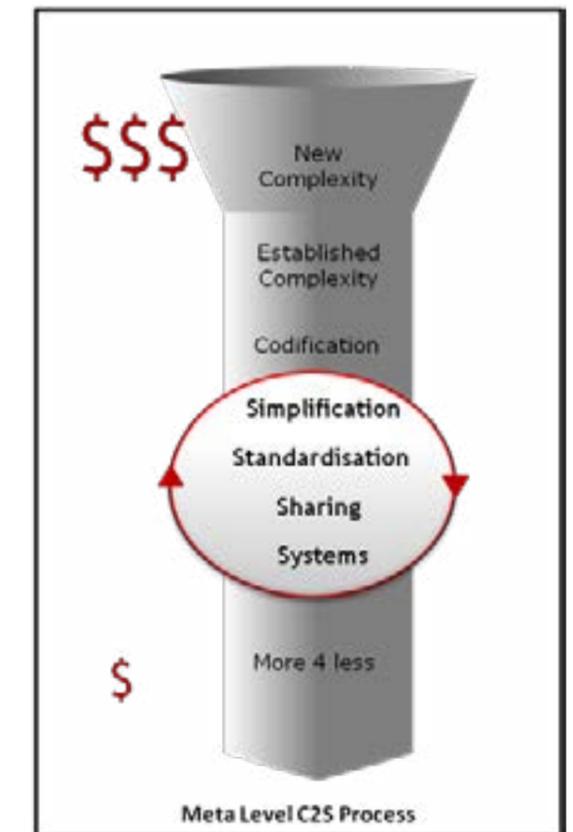
The challenge for the GPO is that governance and resources lie within the functional hierarchies while the opportunity to improve lies across the end-to-end process. For GPO’s in this context the challenge is to influence improvement while experiencing the pressure to direct it. As such we see the role being closer to that of “process architect” than “process operator”.

The objective of continually improving a process to achieve an ongoing flow of “more for less” requires a meta-level “complexity to simplicity (C2S)” process to be established with its own delivery model. This is the realm of the GPO and the C2S delivery model will look the same whether the target process for improvement is; R2R, P2P, O2C or any other end-to-end process.

Getting the C2S delivery model right therefore benefits all GPO’s and all end-to end processes. We also believe GPO’s and their respective process communities will undertake similar agile initiatives (although not necessarily at the same time) as their other GPO counter parts.

For example we are seeing initiatives across all three of the above processes which:

- Drive standardisation and simplification in; data and coding structures, processes, procedures and policies as well as systems.
- Automate and enable processes by; digitizing paper work, utilizing workflow and empower and extend the scope of analysis and control
- Rationalize legacy roles; unbundling and reconfiguring tasks in order to leverage specialist expertise, economies of scale and labour arbitrage



Opportunity: Common initiatives different contexts and priorities. GPO’s can share the learning between them

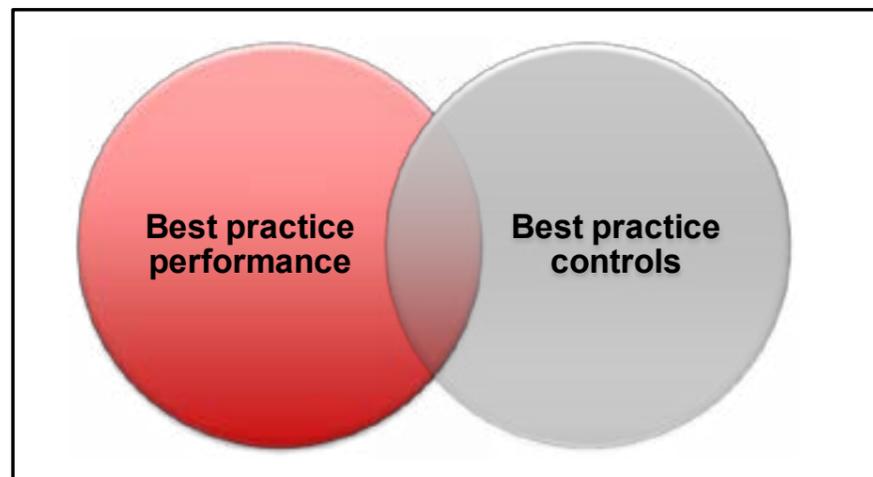
While the detailed application of principles will vary across end-to-end processes GPO's will benefit from sharing learning's and best practices. We believe this should be embedded in the C2S delivery model and the investment in doing so will pay back over and over again.

Ultimately processes are more like interconnected cogs in a machine than independent streams. They are "loops" not "lines". In addition process performance and control are inter-dependent in terms of practices and procedures even though operationally they are frequently managed under different governance structures.

The GPO challenge is to collaborate to continually improve and accelerate learning:

- Across their specific end to end process, and
- Between process, while
- Improving both performance and control in harmony

The Control / Performance Synergy Opportunity

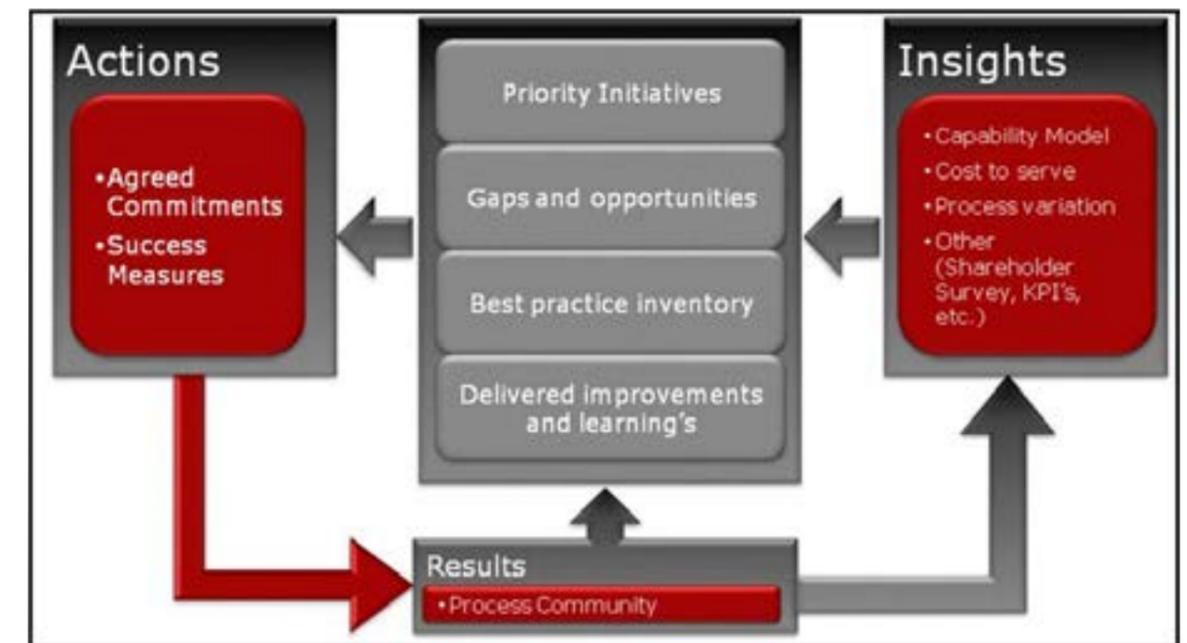


C2S; Continuous improvement as a business as usual process

The techniques of continuous improvement are not new; lean manufacturing, six sigma, quality circles, change management, agile project management to name but a few have all been around for some time. Aspects and features of these techniques can be built into the C2S delivery model. What is new for many organisations is creating an enterprise wide industrial scale process to continually deliver more for less transforming new and legacy complexity into simpler more efficient ways of working on a never ending sustainable basis.

We are seeing GPO's creating continuous improvement frameworks drawing on insights from multiple data points to identify gaps and opportunities and create portfolios of agile initiatives. These data points include; a systematic and regular review of; capability, cost to serve, capacity versus demand, process variation analysis, stakeholder satisfaction and Key Performance and Key Exception Indicators.

GPO's are looking to build in-house knowledge as well as connect to external benchmarks and best practices in a delivery model that drives both continuous improvement and organisational learning.

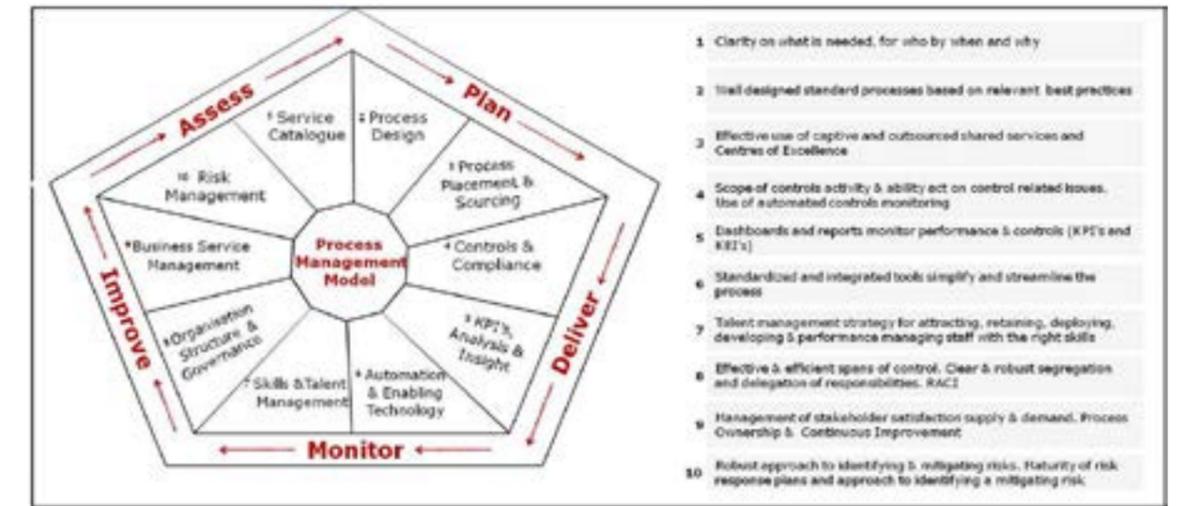


Systematising: Insight to Action and building in – house "know how" enables an effective C2S process

MEASURING PROCESS CAPABILITY PERFORMANCE AND CONTROL

We discuss here one of the Insight Tools the “Capability Maturity Model” (CMM). Cost to Serve and Process Variation Analytics are the subject of separate white papers available from Consider Solutions. As with other tools various CMM’s have been usefully deployed in supporting change for some time. The Consider Solutions Capability Maturity Model is designed to be used as an in-house tool extending general best practices into the specific best practices that are being applied within the organisation. This is important because improvement needs to become a core process rather than a project driven by the methodologies of external consultants. The CMM enables GPO’s to continually follow a thought process; identifying high impact capability gaps, adopting and adapting best practices, selecting enabling tools and understanding the links to performance and control objectives. It provides a cross functional team and diverse set of stakeholders with a broader understanding of the end to end process and what is driving complexity, cost and control issues and where to focus to resolve them.

The CMM enables GPO’s to build consensus on current capability taking a regular and systematic walkthrough of the process delivery model. Within each of the ten segments the process community identify where they are on a scale of weak to strong and the value of improving capability in the next round of improvements. Linked to the capability assessment is a process specific inventory of best practices which can then be linked to available enabling tools where appropriate. Along with the other data points the CMM provides insights into the C2S process supporting; the business case for change. benefits tracking and organisational learning.



The tool becomes an asset which is owned and developed by GPO’s with light touch external advice

GETTING PROGRESS AND ACTION WITH DISTRIBUTED STAKEHOLDERS

We have concluded that the never ending more for less agenda needs its own champion (the Global Process Owner) its own meta-level delivery model (Complexity to Simplicity) and it needs to mobilise a cross functional community utilising experts that already have busy operational roles. We have also concluded that a high degree of collaboration is required between the GPO’s as well as the need to harmonies performance and control objectives. This is no easy task and requires senior level sponsorship and a clear remit for the GPO’s.

ROLE CLARITY

It goes without saying that clarity on the remit and objectives of the role and how it fits within the overall governance structure is critical. For many organisations this is very much work in progress. Our view is that the parallel operating model described by Kotter has a lot to commend it and we see the GPO’s as champions that enable cross functional communities to drive continuous improvement leveraging resources that are part of day to day operations within the functions. GPO as a role rather than a job works well in this context. There are of course other models being considered. Either way role clarity and support from the established governance hierarchy is required before embarking on the journey.

BUILDING A PROCESS COMMUNITY

In addition to establishing the role of the GPO's formally identifying key members of the process community in each function and geography is also critical. Again the role and associated objectives should be included in their performance measures and reward mechanisms. The process community need to share the ownership of the framework, content opportunity, and evolving to-be process delivery model designs.

As well as having permanent members of the process community it is useful to enlist enthusiastic volunteers to participate in agile initiatives. The process community can also be a key resource for trainers and content providers for the Finance Academy.

Including participation in process community initiatives as part of the personal and professional development cycle reinforces the commitment to continuous improvement and process excellence.

STAKEHOLDER MANAGEMENT

The challenge is to maintain satisfaction levels with current performance whilst winning support for tomorrow's improved process delivery model. This is a difficult balance to strike and credibility in the latter is reinforced by delivery of promises in the former.

This is another good reason for a series of agile initiatives rather than a "big jam tomorrow" program.

Multiple incremental successes from an early stage is a powerful strategy for winning support. Publishing an achievements based news letter to stakeholder every quarter is often more powerful than monthly task paced status reporting.

Dispersed stakeholders will have varied and often silo based agenda's. A key element to success is to educate stakeholders and build their understanding of the end to end process and how it aligns to their more specific agenda

RESOURCING AGILE INITIATIVES

Key resources will always be busy with day to day operational activities. Transformation initiatives fail when they are staffed with available rather than critical resources. If compromises are needed for practical purposes designing the scope of the initiative to fit the availability of critical resources is often the best approach. In a continuous improvement environment one initiative builds on what is made possible by its predecessors.

In a mega program environment what is included in scope is more important as excluded scope is not addressed for months if not years. In an Agile approach dropped scope can be picked up in the next iteration.

Designing initiatives to deliver discrete wins over a six to eight week period is a good way to get busy resources to engage.

ALIGNING TO THE PLANNING CYCLE

We recommend GPO's have a rolling set of quarterly initiatives that are loosely aligned to the budgeting and planning cycle so that potential gains achieved are reflected in hard cost to serve objectives and resource budgets in the rolling forecast.

CONCLUSION

This is an important agenda with emerging roles and practices. We have offered these insights based on our experience, but are interested in the experience conclusions of those that continue to work towards process excellence. Therefore, we welcome the opportunity to share ideas and resources with GPO's in taking the subject forward.

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