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Walking the Talk: Making the workforce investments that drive high performance from the finance function

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As every chief finance officer knows, senior management is turning to the finance organization with increased expectations these days: guidance on everything from capital investments to outsourcing, from large-scale technology implementations to business strategy. Living up to those increased expectations, however, has not been easy.

Based on our research and experience, we believe that underperformance by the finance function can be attributed in large measure to underinvestment in the finance workforce.

Consider the following apparent contradiction. Although C-level executives in Accenture's latest High-Performance Workforce Study ranked the finance workforce as one of the three most critical within their company, a new Accenture study finds a pattern of underinvestment in that workforce. Not only is the investment minimal when measured in terms of percentage of revenue, but programs tend to focus only on a few short-term needs rather than longer-term, comprehensive solutions.

For example, only 40 percent of survey respondents have leadership development initiatives in place. Even rank-and-file development is underfunded; most executives (four out of five) say they have staff development initiatives in place for only about half of their workforce.

This underinvestment in finance workforce programs has a predictable result: Most executives do not believe they have the skill levels within the finance function to meet the challenges of the overall business—not only in day-to-day activities, but also in major transformation initiatives. Furthermore, most think their workforce initiatives are either inadequately developed or insufficiently applied, and only one-third of respondents are satisfied with those initiatives.

To shift from "talking the talk" to "walking the talk" when it comes to helping the finance workforce contribute to high performance, executives first must take a more comprehensive approach to workforce investments. Then they must change their mindsets about workforce performance: a strong workforce is as essential to achieving high performance as are enhanced technology and processes.

We know that this approach and these mindsets are possible, because our research identified a group of finance leaders who are making it happen. These executives—about 30 percent of our survey respondents—reported skills equal to or better than those of their competitors in key aspects of the finance function.

The best and the rest

Analyzing the survey responses of both the finance leaders and the laggards revealed two clear patterns. First, finance leaders spend a greater percentage of their budgets on workforce development than do other finance executives. Second, finance leaders take a more comprehensive approach toward that investment. For example, about a third of the leaders reported spending greater than 5 percent of their investment budgets on workforce-oriented activities; only about a fifth of the laggards invest at that level.

Leaders also reported broader-based strategies for workforce investments than laggards. We identified a set of six critical dimensions of workforce performance:

1. Leadership development
2. Organizational structure
3. Talent management
4. Workforce performance
5. Employee engagement
6. Change management

For each dimension, a higher percentage of finance leaders have workforce programs in place compared with laggards. In all, the leaders as a group have established strategies to address a wider range of workforce challenges than laggards do.

The payoff

Accenture's experiences with finance clients also demonstrate that this comprehensive approach to workforce performance pays off in measurable ways: by reducing costs and increasing productivity, which, in turn, drives better business performance. Other benefits are also important. Comprehensive workforce investments can enable an organization to attract employees with higher levels of proficiency, decrease the time it takes employees to gain additional skills and knowledge, retain top performers and put in place performance management processes that lead to continuous improvement.

Comprehensive workforce initiatives are particularly important at critical moments in an organization's lifecycle. For example, during a change in finance leadership or strategy, a merger or an acquisition, a systems implementation or a period of increased regulatory oversight, workforce initiatives can do two things. They can help employees develop the skills they need to adapt to change and work in the new business environment. And they can win employees over to the organization's new focus, goals and procedures, making it more likely that top talent will be retained.

Making the most of your finance workforce investments

In our years of working with the world's leading companies, we have observed that those with superior finance functions follow three basic steps in keeping their workforce capabilities energized and focused on their most important business needs.

- **Diagnose shortfalls.** Transforming the finance workforce begins with diagnosing any shortfalls in current workforce performance. One tool that we have found to be highly effective in such an evaluation is the Accenture Human Capital Development Framework. Developed by Accenture as part of its High Performance Business initiative, the framework measures the performance of a company's workforce along six key dimensions: leadership, organization structure, talent management, workforce performance, employee engagement and ability to change.
- **Establish targets.** Once data is collected, companies should synthesize, organize and analyze the data to provide a clear, actionable picture of where gaps exist within each of the six dimensions discussed above. At this point, it should become clear where an organization's finance workforce either meets or falls short of industry benchmarks, key competitors and peer companies, and the needs and desires expressed by stakeholders. Armed with such a comprehensive view of capability gaps, the organization can prioritize each opportunity for improvement in terms of its value to the enterprise.
- **Design and implement the plan.** The final step is generating and implementing a detailed action plan for improving each of the workforce dimensions identified. This plan should classify improvement opportunities into quick wins and long-term goals, and should be explicit about the dependencies between each—with the ultimate goal of developing superior capabilities in each of the six workforce dimensions.

It is important to note that although finance leaders take a comprehensive approach to supporting optimal workforce performance, the methods and tools mentioned here actually enable a laser-focused approach to devising targeted, cost-effective programs with high impact. In some cases, a company may already have sufficient capabilities in certain areas, and so may need to focus only on the two or three in which it is lacking. In other cases, a company could use more investment across all six dimensions, but its business model or strategy requires emphasis on one or two that would have a substantial, immediate payback.

The key to a successful finance function: people

In a profession characterized by ratios, equations and spreadsheets, the human element retains considerable importance. Multiple Accenture research studies, coupled with our extensive experience helping companies develop a superior finance function, have revealed that the human element is a linchpin for achieving superior financial results.

Companies that take an approach to developing their finance workforce that is both comprehensive and focused—and that use proven methods for implementing cost-effective and targeted programs to strengthen any weak areas—can achieve high performance more readily than those that do not.

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