



# **Business agility in Finance: The missing link**

**How FP&A organizations can  
maximize impact by adopting  
new ways of working**



# Business leaders today must excel in operational agility to be able to predict and respond to changing market conditions and potential future threats and opportunities.

For many, business agility has become a critical success factor and they expect the same from their support and advisory functions.

**Recent global developments have made it very clear:** organizations need to be able to assess new situations quickly and be able to shift gears and adjust to new conditions within very short timeframes. In these times of change, the role

of the CFO is **critical as a strategic advisor and custodian of value and sustained performance.** However, many Financial Planning & Analysis (FP&A) organizations are not (yet) up to the task.

# As the group controller of a leading global business put it recently:

“ We in finance have been stating for some time our ambition to become the analytical and insights powerhouse of our organization. But the business cannot wait any longer for us to be ready. We see analytics hubs and forward-looking capabilities being established across our organization, while finance is still figuring out how to get to an enterprise-wide approach. ”

As business leaders adapt their behaviors and methods to succeed in the “**new normal**,” they need help from FP&A as their business partners. Together, they can steer through dynamic and sometimes

unchartered waters by identifying **new opportunities of value** and also threats— ideally early enough to still be able to respond strategically.

# 62%

of chief financial officers (CFOs) see an increase in the demand for insights and analytics from financial data to help drive business outcomes.

Source: Accenture CFO Reimagined Study: “How CFOs can fuel the growth of the digital enterprise,” [www.accenture.com/CFOReimagined](http://www.accenture.com/CFOReimagined)

# The missing link

It is no longer sufficient for a controlling department to focus on historical number crunching, financial report generation, annual planning and forecast preparation.

FP&A is expected to serve as advisors in strategic decision making, synthesizing data from all parts of the organization to unlock hidden value and spot future threats.

To fulfil this expectation, FP&A functions are **taking steps toward becoming a more digitally enabled organization** by adopting new technology, moving into the cloud, automating processes and reporting, or improving available datasets—**but this is not enough to transform the role FP&A plays in the value creation and steering process.**

Instead, FP&A must reinvent how they **collaborate, manage, empower and deliver** insights, and thus maximize their investments in new technologies and data. **The missing link between digitization and business impact for FP&A lies in the adoption of business agility.**



# Agility adds value

Business agility is a way of describing organizations that deliver fast and responsibly, innovate and disrupt, and continuously adapt their structures and ways of collaboration.

One of the most advanced examples of organizational agility is within the military. Armed forces must mobilize resources in **fast and effective ways**, responding to ever-changing physical and digital threats despite their organizational size and complexity. Under these circumstances,

a traditional chain-of-command culture and a standardized, process-led approach is counterproductive. Instead, military leaders embrace the concept of **'agile and adaptive leadership,'** where empowered soldiers make decisions in the field to achieve the mission set out by leadership.

Though seemingly far removed from the day-to-day battles of a financial controller, CFOs and FP&A leaders can learn from the military's approach to meet business leaders' expectations for **proactive, in-time and cross-functional decision support**. And just as in the military, adopting agility requires leaders and teams to go on a change journey. Exploring new methods and continuously learning to operate in an agile setup will take commitment, time and bravery.

**By embracing an agile mindset and replacing traditional structures and behaviors with new ways of working, FP&A teams will maximize their value contribution and impact:**

## **Benefits of adopting business agility in FP&A**

- Increased focus on value creation and strategic outcomes
- Faster turnaround times and higher-quality support
- Improved relationships with leadership and decision makers
- More adaptable FP&A workforce and use of skills
- Higher employee engagement

# How to achieve agility in FP&A

The FP&A organization needs to focus on developing capabilities in four essential areas, built upon the foundation of agile leadership and digital enablement.

## Business Partnership

Form strategic and value-focused relationships with business stakeholders to identify opportunities, measure actions and decide on investments.

1

## Collaboration

Empower cross-functional teams and networks, fund value streams, flatten the reporting hierarchies, align organizational structures to customer value.

4



2

## Becoming a 'Learning Organization'

Drive performance improvements and innovation through iterative cycles based on empirical data, allowing room to 'fail fast'.

3

## Modern Management

Evolve performance management and decision making through outcome-based accountability and funding.

# Agile leadership

Agile leadership is a core competency for business agility. The transformation to agile is a cultural transformation and needs leaders who don't just support this change, but who actually live the change by example.

The cultural shift starts with the individual leaders. Leaders need to become students of business agility and **continuously improve** their own knowledge and skills, just like they expect their teams to do.

# Digital enablement

Digital enablement underpins these areas of opportunity by enabling efficiency and breaking down silos so that collaboration can happen in real time with smarter business processes.

With exponential data being created every day, digital enablement is about more than capturing data accurately; it is also **understanding how to use data to stay relevant** and navigate the future. Enablement done right allows an organization to understand where it is currently, to pivot strategically, and respond to threats at pace while maintaining organizational cohesion.





# Business partnership

More than half (53%) of CFOs worry that the finance function is reactive or that data and information sharing processes are not streamlined—and 46% expect to still feel this way two years from now.<sup>1</sup>

**Technology helps bring insights to the fingertips** of business partners, and data and planning tools can enable FP&A teams to do more modelling, explore scenarios and see the potential impact in real time.

Today, FP&A and the business can sit as partners in a room or virtually to make changes to models in real time, see the predicted outcome and recalibrate from there to make **more accurate and informed decisions together.**

**Today more than ever,** the ability to leverage the tribal knowledge of an organization from leadership to the front line for blended insights is critical to achieve agility and act without being reactionary.



One global natural resource and energy provider is currently running new war room style meetings with financial and operational data tied to business objectives.

**The result?** New outcomes that include coordinated initiatives across the business value chain to respond to market pressures. The company is able to capitalize on spot market decisions, something that accounts for almost a third of overall profitability.

<sup>1</sup> Accenture CFO Reimagined Study: “How CFOs can fuel the growth of the digital enterprise”, [www.accenture.com/CFOReimagined](http://www.accenture.com/CFOReimagined)



# Becoming a 'learning organization'

Many FP&A organizations would rightly claim to be learning organizations. But continued success as a trusted business advisor depends on the ability to shift from a focus on outputs to a focus on outcomes.

**This process involves regularly evaluating the performance** of current investments and initiatives, and determining whether to continue forward, tweak or pivot in an alternative direction.

With business conditions changing at speed, everyone in the organization needs to **grow their skills—together**. For instance, businesspeople need to understand more about technology advantages and constraints, and IT

people need to understand business operations and desired outcomes so they can recommend **the right solution**. This may seem intuitive, but it requires an experimental mindset.



Applying these principles to portfolio management is one area of opportunity. Agile portfolio management allows a business to compare the business value (monetary or non-monetary) of each program.

**With this view**, leadership can decide to dynamically shift funding to areas of greatest importance. This quick response is dramatically different from traditional funding cycles where projects are locked in 12 months prior and are followed through, even when the money could have been used more effectively elsewhere.



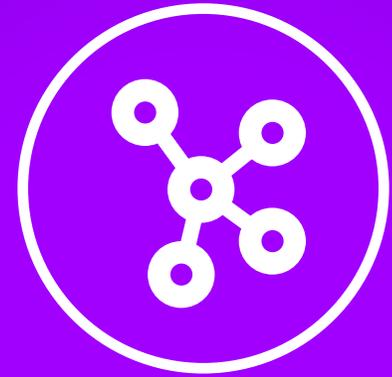
# Modern management

An agile FP&A team collaborates with the front line and operates like a 'mini business' that is built around a specific outcome.

**It identifies the skills needed** (perhaps even a mixture of in-house and external people), empowers the team to make its own decisions, gets internal funding and defines what it will do to reach the set objective.

For instance, if a business wants to improve planning, it could give teams the **freedom to operate freely** within a set of tangible, measurable and strategic goals. One large, global company did this with annual planning, a cumbersome, costly and time-consuming process.

By fundamentally rethinking the planning approach, adopting the latest planning technology and exploring with agile methods (e.g. sprints), the company **reduced time and effort** spent on planning from an 'all year round' exercise to a matter of weeks.



A major Swedish bank, Handelsbanken, applies modern management practices to work in a decentralized way.

**Each branch is empowered** to take ownership of its own decisions—from marketing to hiring to customer incentives—and engage locally how the branch sees best. This effectively means that every branch operates like its own business reducing overhead while reacting to local needs.

Source: <https://www.handelsbanken.com/en/>

# 4

## Collaboration

FP&A must be a collaborative team that pulls expertise from across the organization.

A successful team is self-organized around an outcome, empowered to make decisions and focused on value while minimizing effort.

Collaborative teams bring together the right people for a certain amount of time to simply **get the job done**—no permanent assignments.

Once it solves the business problem or achieves results, an agile team can quickly dismantle and move to **where it is needed** next. FP&A and other business colleagues **can partner as a cross-functional team** in an accelerated timeline.



A global oil and gas company wanted to optimize integrated planning activities to better unlock business value. Through a “value hackathon,” the company determined the right composition for cross-functional teams along with the size of the prize they could deliver.

**The winning team** generated \$100M USD in realized opportunities for profitability over a single quarter. Now, the organization uses this gamification approach on a quarterly bases to converge teams of people with different skill sets to work on projects that deliver major returns for the business.

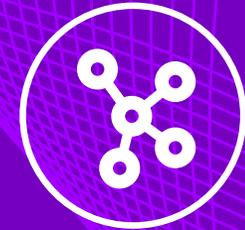
# Becoming a more relevant and innovative FP&A function

Today, many FP&A organizations are facing a serious risk: they still operate in traditional ways and are not set up to perform the role leadership needs them to play. Business leaders look for fast, proactive and analytics-driven decision support on their side at all times to steer the business strategically and respond to changing market conditions.

Technology adoption alone hasn't been enough for FP&A to transform into this role of an 'intelligent business partner'. While new technology **enables data availability, performance transparency and automation**, it alone cannot empower teams to reimagine the ways they operate, collaborate to deliver cross-functional insights, or partner for outcomes.

By adopting agile principles across day-to-day actions and introducing new ways of working, **enabled by new tools and technologies**, FP&A will elevate its role and multiply its impact in delivering real value for the business.

The CFO is in a pivotal role to **lead the charge** into this FP&A transformation—by challenging the status quo, empowering staff to think outside the box, leaving traditional mechanisms behind, and embracing an agile mindset.



# Starting your agility journey

Finance leaders who see the value behind introducing business agility into their FP&A organization might ask: **'How can we get started?'**

In speaking with business agility leaders about their first experiences adopting agility, three points stand out:

1

## Lead from the front

The first steps into your team's agility journey will need to come from you as their leader. Start embracing and living agility in your own daily work routine as you set out your vision for change and start encouraging others to follow.

2

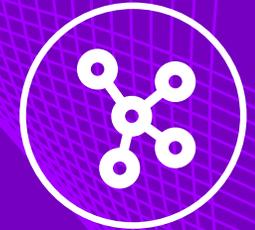
## Be prepared to learn and fail

Adopting agility means leaving known territory behind and exploring new ways of working. Some trials will work out well, some others won't. Make it clear to everyone that exploring and failing fast is not only part of the journey—in fact: it's an agile skill in itself. Learning how to explore, realize value or evaluate and end when appropriate is a mechanism that is here to stay.

3

## Make it fun

By turning the first steps into an engaging and fun experience—for example through gamification, joined rituals and celebrations—your team might become a 'bunch of agilists' without even knowing it.



## For more information:



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