

## Chapter 6

# Set-Up of the HPFF: Environments, Roles, and Profiles

### ABSTRACT

*Just as there is no “one financial,” there is also no “one finance function.” In fact, the finance function consists of several environments, each concerned with a different area of financial activities, in which financial professionals work in multiple roles. When setting up an HPFF, these different environments and roles have to be carefully taken into account. In this chapter, the environments of and the roles in the finance function are described, and their relationships with the HPFF framework are explained. In addition, the roles financials can have in the HPFF are given, the profile of the high-performance financial is described, and the implications for human resourcing are discussed.*

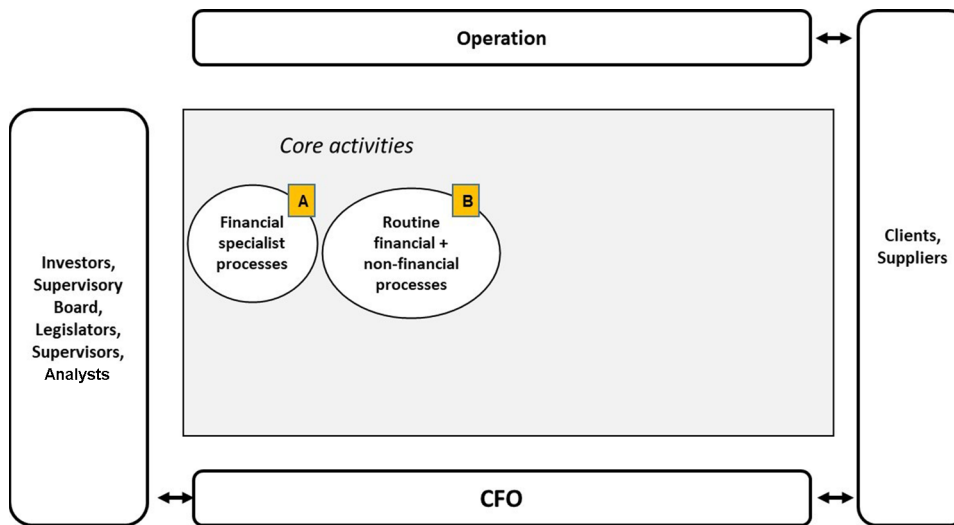
### 6.1 ENVIRONMENTS IN THE HPFF

The field of activity of the finance function is situated between the CFO and the operation on the one side (*internal*) and customers, suppliers, and other stakeholders of the organization on the other side (*external*). The CFO manages and directs the finance function. The finance function is a staff function tasked with supporting the primary, operational processes. The operation organizes its processes to serve the (end) customers of the organization, and suppliers are part of these processes. In addition to customers and suppliers, the organization deals with parties to which it is accountable, such as shareholders, regulators, analysts, and the Supervisory Board. We also place the latter among the bodies to which accountability is required, although the Supervisory Board is formally positioned within the organization. As indicated in Chapter 1, we do not classify the CFO’s management team tasks under the finance function, although the CFO’s steering of the finance function is part of this function. The primary task of the finance function is to take responsibility for the financial administration, to provide financial reports to internal and external stakeholders, and to comply with financial laws and regulations. The responsibility for adequate control measures to minimize business risks, which can be characterized as Compliance, Risk Management and Accounting, also falls under the range of duties.

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The above activities can be clustered into two work environments for the finance function: (A) an environment based on administration and processing of data, and (B) an environment based on judgment, compliance with laws and regulations, and the delivery of added value to the operation in financial terms (see Figure 1). The activities in these two environments form the core activities of the finance function. If these core activities are not performed adequately, the expertise and competency of the finance function comes under scrutiny; therefore, these activities must at least be in order and of a minimum quality.

Figure 1. The core activities of the finance function



With the emergence of the field of Controlling in the 1980s, internal information provision and support for internal decision-making have become increasingly prominent in the duties of the finance function. The controlling activities generally fall within the finance function; sometimes a business controller is directly responsible to an operation manager. Over the past decades, the concept of “added value” has become increasingly important. This concept expresses the essence of producing, namely adding value to a good or service. What the added value really turns out to be, is determined by the recipient of the service or good provided: the difference between the market value and the production and the raw materials purchased for it. The added value of services is more difficult to determine because the production process is less visible. This is no different for the recipients of services from the finance function, the business, or internal customer. The added value of the finance function is therefore a somewhat abstract concept. We give that concept meaning by seeking the added value in the contribution of the finance function to achieving organizational goals, generating and interpreting information for the operation and line management, providing support and advising the operation during decision-making by supplying and monitoring of the financial components of doing business, and being a “reliable financial source of information” at all times for management and operations. The value-adding activities of the finance function can be classified under two additional environments: (C) an environment based on fixed methods and rules and the production of information; and (D) an environment based on judgment and working with information.

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