

Chapter 10

Best Ideas

ABSTRACT

During the research into the HPFF, many fine ideas that finance functions have implemented to strengthen themselves in order to become high performing were collected. These ideas that all can be tied to the HPFF factors and are thus useful to know about when undertaking an HPFF transformation were gathered during interviews with financial professionals and many case studies conducted at finance functions. In this chapter, 50 of those best ideas are discussed. They are categorized according to the HPFF factor they most support and strengthen (some of the ideas can target multiple factors) and serve as inspiration for further strengthening finance functions.

Best Idea vs Best Practice

A best idea is a working idea in practice in a certain context, and may be of value when experimented with in the relevant context. A best idea cannot and should not simply be copied as a best practice; what works in one context does not necessarily work in another. We ask you to read a best idea and then contemplate whether it would be relevant, useful, and helpful in the context of your own finance function: maybe the best idea has to be tailored to fit that context, or maybe it has to be discarded as not applicable in the particular context of your finance function.

10.1 BEST IDEAS FOR HPFF FACTOR “FINANCE FUNCTION IMPROVEMENT”

The “Finance Function Improvement” factor concerns how able financials are at improving their finance function. HPFFs follow improvement actions and evaluate their progress using performance indicators. Implementation of improvements is actively stimulated and tackled in a structured manner. In addition, HPFFs conduct processes uniformly and in one place to the greatest possible extent, so that expertise on these processes is bundled. HPFFs use financial self-service through which managers can make their own reports without needing the finance function. In this section, we discuss 17 best ideas concerning the ability to improve finance processes and the processes of adjacent organizational departments.

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Best Ideas

Table 1.

No.	Best idea	Key point of this best idea
FFI1	Taskforces: tackle cross-departmental problems	Using multidisciplinary teams, focused on addressing one specific issue, leads to cross-organizational collaboration with a dedicated focus on improvement.
FFI2	Standardize reporting: develop a “language” for the same version of the (numerical) truth	A single front end and alignment of operational and financial systems are key to getting one version of the truth.
FFI3	Principles of organizing: give direction to cooperation and leadership	Creating an open culture requires knowledge sharing, autonomous decision-making, putting trust in craftsmanship, giving feedback, focusing on action, and taking time for dialogue asking “what and why” questions.
FFI4	Lean reporting: bundle expertise in reporting	Silo-busting between finance teams, introducing self-service BI, and discouraging the use of spreadsheets is crucial for a ‘lean’ reporting process.
FFI5	Shared services: centralize processes and work more efficiently	The quality of execution of finance processes is boosted by bringing services and knowledge together and through digitization, standardizing invoice handling, and closer cooperation between teams.
FFI6	Team cooperation: collaborate more effectively in and across teams	Knowledge transfer to colleague financial professionals, weekly stand-ups, peer-to-peer coaching, a joint skills development program, and mutually following courses given by colleagues with specific expertise stimulates collaboration in and between finance teams and professionals.
FFI7	‘Peak shaving’: close early as a symbol of progress	Bringing work to the fore ensures peace of mind among financial professionals, increases the quality of their output, and provides room for real continuous improvement.
FFI8	Self-service: the foundation for better support of the management processes	Giving operational managers ownership of their reporting process increases their involvement in and knowledge of finance.
FFI9	Chain management: stimulate collaboration across business units	Focusing more on discussing chain management and less on technical implementation of changes in administrative processes and discussion of internal figures creates smoother-running finance processes.
FFI10	‘Agile’ decision-making: more strategic impact in a data-driven market	Decision-making that has an agile rhythm of “measure, decide quickly, anticipate” is especially of value in data-driven organizations where IT and finance have to be closely connected.
FFI11	Improve processes: simplicity in integrated processes with motivated employees	When processes are simplified and integrated, the satisfaction of financial professionals will increase and thus the quality of their service will improve, leading to more satisfied customers.
FFI12	Integrated performance management: connect few financial and many business indicators to the corporate strategy	Steering based on a set of a limited number of financial indicators combined with lots of ‘close to management’ KPIs connects better with the priorities and worldview of management.
FFI13	Horizontal and vertical finance: a 360° finance view on the organization	Changing the organizational model in the finance function so that it provides three perspectives (business controlling, operational controlling, strategic controlling) leads to more communication and cooperation.
FFI14	Integration of the planning processes in one platform: higher-quality processes by structuring and automating data translation activities.	Working towards one platform forces finance functions to structure data processing, opens possibilities to align different data-driven processes (budgeting, reporting, forecasting), and eliminates data translation activities, thus generating higher data quality.
FFI15	Outsource on the basis of result, not assignment: organize win-win in an outsourcing relationship	When in an outsourcing relationship the interests of both parties head in the same direction, the speed and quality of the processes increase considerably and provide mutual benefits.
FFI16	Increased quality of management information: cause-effect relationships are the link between strategy and execution	Effective use of management information is dependent on a complex set of factors (tooling, data quality, culture, management style), but should always be based on insight in the (cascading set of) leading indicators that support the strategy of the organization.
FFI17	Regular self-assessment: monitor high performance	Regular self-assessment creates a common language, stimulates dialogue and creates more knowledge of continuous improvement in the finance function.

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