FINANCE OPERATIONS: A ROADMAP TO SUCCESS

The Dun & Bradstreet Insider’s Guide to the Right Structure and Strategy For Your Company

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I love to travel, so I’m fortunate that my role at Dun & Bradstreet gives me the opportunity to see so many parts of the world. While I don’t always have time to get too far beyond airplanes, taxis, hotels and meeting rooms when I’m on the road, I enjoy visiting our global offices and speaking at conferences – all in an effort to advance the shared service model we have championed in finance operations at Dun & Bradstreet.

Especially when you consider the fact that a few years ago, nobody would’ve really wanted our take on excellence in financial operations. We had workstreams that were too decentralized, not enough automation across our processes, a fragmented infrastructure and little global standardization of information-sharing or success metrics. Our systems and technology weren’t exactly humming and our teams weren’t as engaged as they could be – all of which led to operating costs above benchmarks for a company our size.

What we did to correct course has led to more than just frequent flier miles, of course. In evolving how we manage the company’s global quote-to-cash process, with a focus on a shared service model and center of excellence approach, we’re proud to have transformed finance operations from a cost center to a sales collaborator and revenue enabler.

In this guide, we share with you our roadmap to success. We believe it provides practical, turn-by-turn directions from the point of view of practitioners who continue to manage the journey ourselves.

We hope it helps you chart your own path to sustained growth.

"In this guide, we share with you our roadmap to success"
Many companies explore the self-service option during financially challenging times, as if reducing costs and outsourcing operational functions are the only drivers for considering a shared service approach. That's unfortunate, because the reality is that businesses can realize operational efficiencies, increased productivity and better employee morale as well, with resulting cost savings being a byproduct of a shared services initiative.

That's what we did, and here's how we built our process and put it to work to improve productivity and become an engine of growth.

Starting Point

Our transformation didn't start with, “How do we cut costs?” It started with, “How can we perform better?” We had the challenges of structure, process and technology that I mentioned before, and that was restricting us to the point where we embodied the reputation finance operations teams often carry – an unengaged cost center that is the department of “no.” We had to figure out a way to consolidate work streams, increase productivity, maximize efficiency and contribute to the top line – all while maintaining the control and compliance checks for which the organization depends on us.

Sounds hard, right? It might be simpler than you may have thought. Especially if you know where to start your plan. We instituted a three step approach to creating a virtual shared service model to manage our finance operation functions. Whether you’re a multi-national corporation or a small domestic business with multiple locations, it’s a process you can employ that will set you down the road to delivering real results.

We call it Ask, Analyze and Measure.
YOU CAN'T PROPOSE PROCESS CHANGES WITHOUT UNDERSTANDING THE CURRENT PROCESS!

Develop a "straw man" of how your processes are currently performed and how you'd like them to be performed relative to identified best practices. This is a systematic way to ensure you're capturing the correct steps in the process. This current state document will also keep you honest and allow you to share with your process owners so they can confirm and validate. It also demonstrates your willingness to partner with a particular market or group. Additionally, you'll find that they will be more inclined to take an interest in what you're trying to accomplish, because you're taking an interest in what they're doing.

**Finance ops teams** strive for executive oversight, accountability across work streams and clearly defined service level agreements (SLAs). Ensure that you begin your engagement by actually gaining an understanding of your organization through market evaluations.

**These don't have** to be overbearing, onerous, time-consuming initiatives. Simply begin by sending out a questionnaire to your respective markets. Place a time-regulator on the responses. (I've found that two weeks is generally sufficient.) Through my experiences the questionnaire responses are more likely to be what your offices think you "want to hear" as opposed to what may be actually happening. This isn't a negative, but reinforces a second potential point in performing due diligence in your evaluation: site visits.

**The benefits of a** site visit are two-fold. They first demonstrate "Corporate's" interest in getting a better understanding of how operations are performed. Secondly, a site visit will also help create a more positive perception around why you may be inquiring about local business policies, processes and practices. Keep in mind, however, that whenever you begin questioning how and
DON'T MAKE THE MISTAKE OF MEASURING YOURSELF AGAINST YOURSELF!

Too many times companies measure their success based on their own results from a previous quarter or year. Utilizing objective perspectives to determine how you’re performing will help you maximize your organization. Start this journey to realize organizational optimization, execute on your financial strategy and help enable your sales organization. This final step will help you streamline similar transactional functions across all markets; identify and address system related drag; establish the infrastructure of a scalable finance operations team; and provide growth and development opportunities for the people talent.

Step 3:
Fit/gap analysis and finalizing process review

why a particular process or processes are performed a certain way, it’s very easy and natural for defense mechanisms to kick into place. Therefore, it’s highly recommended that upon arriving at a particular site or in a market (especially if it’s an international market) you preface your visit by engaging local human resources, local senior leadership and any other leaders you feel might be interested or concerned about your interest in their business. Reassuring your fellow colleagues that the site visit is to partner and engage in discussions to deliver on more efficient processes and to capture best practices throughout the organization will most certainly place you in a more favorable light, especially if there is immediate trepidation.

Now that you’ve hopefully been able to curb any negative concerns, you can begin performing your analysis “hands-on” relative to the questionnaire responses you should have received and captured in your initial current state document. This is where you’ll begin finding gaps in what is actually being done versus responses received per the questionnaire. Again, this is not a bad thing, but rather an opportunity to immediately perform fit/gap analysis.

The idea of performing fit/gap analysis is to take what you captured as your baseline for performing a function and determining what, if any, best practices are being utilized or should be utilized in place of what you’re encountering. Bridging the gaps between actual process and performance and best practices will help you establish desktop procedures that are living documents that should be used for training, follow-up and review. It ensures everyone in your organization is managing expectations properly, but that you also begin capturing in a more formal way a repository of information about each individual work stream that may be considered in your shared services model.

OK – so you have gone through ask, analyze and measure. Your global shared service model strategy is set up and ready. Now you can focus on the task at hand: doing your job.

“An important factor in realising our vision is becoming the leader within Digital Sustainability.”
Isn’t governance just the basics for a finance team – gauging controls and compliance? To keep the travel analogy, isn’t it just about making sure there aren’t any blinking lights on your company’s dashboard, warning you about an engine running hot or low tire pressure?

Sure, that’s a big part of it. A core of the finance function is to recognize and avoid hazards. But I believe it is much more than that – good governance policy can actually help finance teams drive company efficiency by creating a smart, streamlined framework and structure for managing all workstreams related to a company’s quote-to-cash process. Having this structure brings order to what could be chaotic. Good governance policy actually lets you take the most direct route to your destination while avoiding traffic jams along the way – and that efficiency frees you up to focus on the big opportunities at hand.

And at the end of the day, good governance demonstrates to your customers that you’re responsible. That’s a significant driver of good customer relationships.

How have we worked to establish these best practices at Dun & Bradstreet? We’ve thought globally and we’ve leveraged data and technology.
Thinking Globally

The more markets you operate in around the world, the more regulation you must account for. Best-practice governance models let your finance operations team gather the right information for each market, understand the legislative landscape and apply synergies to what you are doing under similar conditions in another country or region.

This leads to more global policies that can bridge gaps across business segments, units, markets and regions. Inevitably you will find, particularly in a global setting, that your respective offices and leaders and team members may be responsible for the same functions, but each may be performing a process slightly differently. (Hence the importance of the market evaluation and current state analysis as a starting point for any finance operations plan.)

Once you identify who’s doing what well, hold webinars and training sessions on best practices. Be sure to ask why someone or some group may be performing a function slightly differently than the noted best practices and be sure to listen to their responses. You want to ensure you’re capturing the many statutory and regulatory requirements local governments may require, which could be creating inefficiency within a particular process.

If you want to bring efficiency and scale to the function, it doesn’t matter if you’re talking about your teams in North America, the EU, Asia or anywhere else. Whether it’s credit, collections, billing, dispute management, disbursement or transactional accounting, you want all of those processes managed as consistently around the world as possible.

Leveraging Data and Technology

Data and technology are transforming every function of the enterprise. Why would finance operations be any different?

It’s not about pouring $10 million into a completely new enterprise technology solution, though. Rather, take a good look at your QTC process. Identify what systems are being utilized in the process. For example, you may have a customer relationship management (CRM) system, configure-pricing-quoting (CPQ) solution, financial platform (general ledger and related sub-ledgers), collection management solution, enterprise data management (EDM) solution and business intelligence (BI) tool for reporting. Perhaps you have more than one of each of these solutions, or perhaps you have none. Or perhaps you haven’t integrated your data across these systems, creating a single version of the truth for customer relationships.

To understand where your opportunities are, get back to basics and document your enterprise solutions. Do so in an “Order of Operations.” Assume you have a customer who is placing an order or making a purchase from your business. Follow the process from beginning to end and document accordingly. I’ve seen too many investment requests fail because they focus on a particular part of the end-to-end process only to realize they need more funding due to lack of evaluating the end-to-end process.

Equally disastrous could be settling on a “temporary” fix that inevitably becomes the final fix because there’s both no appetite for the larger investment downstream or there are organizational changes or challenging times and funding is cut or eliminated.
If you ask Rich Veldran, the CFO at Dun & Bradstreet (and my boss), he will point to three over-arching priorities: managing capital, driving operational efficiency and delivering growth.

**The finance professionals** I meet with as I travel increasingly share that growth focus.

**And they share an** understanding one of the keys to it: Better collaboration with sales teams. Finance operations must enable this in order to be truly successful. You and sales must be co-pilots on the journey to growth.

**The first mile marker** is to educate your finance professionals on how to move beyond the notion of “cost center.” Traditionally, the back-office finance operation was thought of as an expense-heavy institution that tended to erect more barriers than it tore down.

**At Dun & Bradstreet** we’ve tried to educate our sales organization on exactly what the finance organization does. In order to loosen the significant tension across various business units within our organization, I initiated presentations with leaders of these work streams (product, sales, marketing) and focused on the areas of finance operations most critical to their respective processes. In order to move beyond this outdated perception of finance as a cost center, it was important to educate the rest of the company on exactly what we do. Likewise, I wanted my finance teams to gain a better understanding of the roles and responsibilities of each of these respective business units, most importantly sales.

**In short order we** were able to create new synergies between finance and sales. By simply inviting our sales colleagues and opening our doors to educate them about the multitude of ways finance supports them, sales leaders began to view finance as an indispensable tool for valuable data insights and information.
That translated into an opportunity to provide cost-avoidance techniques, cross-sell and up-sell opportunities borne out in financial data, and to help reduce sales cycle time. This newfound synergy between finance and sales helped improve customer relationships and allowed us to become a sales enabler leading to organizational growth.

Identify the Tools and Information You Have

You have a mountain of data. So what data do you comb through routinely? How are you using your data in reports? Most importantly, how can those reports be repurposed? By asking yourself such questions, you begin to refine how you deliver information to your sales organization, which in turn helps it target and prospect more effectively.

Finance leaders are seemingly relegated to reactive techniques as it relates to reporting on customers and customer data. We react to customer risk in our portfolio. We react to emails and calls that come in from sales teams and other parts of the company. But the reactive approach won’t enable your sales organization to do its job better.

At Dun & Bradstreet we decided to look at our own data in a different way. We didn’t change the information we were gathering, but rather began reporting certain aspects of that information proactively to our sales organization. We accomplished this primarily through the use of compliance reporting.

It works like this: We provide compliance reports to sales channel leaders at the beginning of every new period. These reports include severely delinquent customers and customers who could potentially be written off as bad debt and/or canceled. By delivering these reports a month in advance of any action finance might take in regard to a particular customer, it let us more effectively resolve issues without resorting to reactionary or defensive approaches to problems.

In this way, finance is proactively equipping sales with information to resolve issues before they become customer-facing. Having an opportunity to partner with sales on potential issues allows for healthier dialogue and insight into our customers’ behavior and risk. That hopefully leads to improved handling of the relationship.

This concept of ‘first-touch’ resolution allows finance and sales to address issues more quickly and provide better customer service.

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Engage sales

It's not typical for a sales leader to reach out to finance for assistance. Nevertheless, over the last two years I have been on more customer calls and site visits with sales leaders than in the previous 16 years of my career. The simple fact is that finance leaders can work to consult with customers on how they can maximize their own finance operations.

Site visits are a great way for finance professionals to more effectively engage with their sales colleagues. It certainly looks different to a prospect when a sales person arrives with a finance leader. When you insert yourself into the sales cycle, you essentially open the door to better communication, feedback, training and engagement across your own organization. Sales leaders want to close deals. So finance professionals have to get comfortable with inserting themselves into the sales cycle.

Where to begin?

There's a lot to be said for keeping things simple. Sales enablement takes time. First, set realistic expectations. You can make it happen, but it might take three, six, nine or even 12 months.

Second, frame your sales enablement endeavors as a project initiative specifically designed to help support sales. Identify a project manager and approach the project systematically like you would any major initiative.

By keeping it simple and staying within this project framework, your finance organization will be able to develop a roadmap to successfully arm your sales colleagues with the information they need to more consistently close deals.

I can attest that by following these recommendations you will create synergy with business partners across your organization, you will become more efficient, and you will realize cost savings. It's inevitable provided you invest the time in performing the due diligence. At Dun & Bradstreet we've been on this journey for two years and I fully expect it to take one more year to complete our shared services journey.

I have my GPS. Do you have yours?