

Implementing business partners

Question Time event discussion notes

We brought together senior finance professionals across a number of sectors in London and Manchester to discuss the role of the business partner; skills and attributes needed to perform the role; and how best to implement the business partner way of working in the business.

The catalyst for these discussions was following the release of our recent research on the changing finance function; The commercial challenge: Building accountants' skills and our sponsorship of the latest CIMA research on finance transformation.

About this event

A key part of our service is to share know-how, expertise and best practice whilst facilitating networking with decision makers. Discussion like this are a reflection of our promise to our customers, to add value by really getting to understand the issues you face.

When and where

This event took place in Manchester on Tuesday 15 June and in London on Wednesday 16 June 2010.

Hosted by

Lynne Hardman, Managing Director

The Question Time panel

Peter Duff, FC, Network Rail

Peter Duff trained with Deloitte and remained with them until January 2002 having spent 3 years as group manager of one of its 4 main audit and advisory groups. He joined Railtrack in 2002 to head up the accounting function during their administration and joined Network Rail on its takeover of the Railtrack business. As Financial Controller he is responsible for all financial reporting (internal, external and regulatory - annual turnover £6billion). He oversees financial control of all operations. He heads up the investment authorisation process and finance systems strategy and is in charge of the annual business planning process, including target setting and the financial model. He is also responsible for the treasury back office function and is a trustee director for the Railways Pension Scheme.

Jon Hill, Head of Commercial Finance, Umbro

ACA qualified, Jon's has had a successful career working with companies, such as, Barclaycard, M&S Money and Umbro developing his Commercial Finance / FP&A experience. In 2008, he was asked to join Umbro to build a global Commercial Finance capability. From 'scratch' Jon built a team to drive business performance and support the development and delivery of teams in UK, Hong Kong/China and USA. During this journey, Jon's focus was on business partnership across geographies and functions and continually looking at best practice into how to implement key business performance processes and achievement of targets.

Mark Johnston, Regional Head of Finance, Thomson Reuters

Mark qualified with PricewaterhouseCoopers in 1997 and joined Reuters in 1999. He has held a number of business partnering roles supporting development, operations, content and sales, as well as roles in M&A, strategic analysis and global transformation programmes. Mark is currently the Head of Finance for Continental Europe, Middle East & Africa within the Markets Division, and has been involved in a number of finance transformation initiatives, looking at how to move Finance up the value chain.

Simon Richards, FD of BAA – Stansted Airport Ltd

Trained with Coopers & Lybrand and then worked with PWC and Deloitte all within the Utilities industry gave Simon an excellent grounding for business partnering. In 2003, Simon first applied business partnering at e.ON UK's Retail division, Powergen with great success. Built on a foundation of financial control and transactional processing, business partners were grown within the

company selected or recruited to work with all areas of the business to drive enhanced value. After 20 years+ in Utilities, Simon decided to apply his knowledge to a different industry by taking the post of Financial Director for Stansted Airport where one of his first challenges is by implementing business partnering.

Peter Simons, BBS (Hons), MBA, ACMA

Peter Simons works with CIMA's Education team. He worked with Bank of Ireland where his CIMA qualification enabled him to achieve career progression through roles in strategy, corporate lending, credit management and marketing to become a member of the bank's senior management team in London. Peter also had four years' experience as MD of a small, 50 employee business before joining CIMA as a technical specialist in 2006. Peter's main areas of interest are performance management and the future of the role of the management accountant.

Dr Philip Cooper

Dr Philip Cooper is Director of the CIMA Centre of Excellence and a Senior Lecturer in Accounting at the University Bath School of Management. He is a chartered accountant and worked for 15 years in the City before returning to academia. The CIMA Centre of Excellence is undertaking a five year programme of research into the changing nature of the finance function and its implications for finance professionals. Philip will share the more recent findings, sponsored by Badenoch & Clark, with us.

Lynne Hardman, MD, Professional Services, Badenoch & Clark

Badenoch & Clark's MD Lynne Hardman will share the findings of our recent research on The commercial challenge: Building accountants skills from over 1500 accountants across the UK. Lynne has enjoyed a 25 year career in sales and business leadership in media, marketing and business services in the UK and internationally. She was recently appointed to Managing Director of the Professional Services division of the company. Prior to joining Badenoch & Clark she was a member of the Hays UK board where, as Divisional MD, she enjoyed a successful 12 year career establishing and growing a portfolio of specialist businesses in HR, Legal, Executive Search, Purchasing & Supply, Retail and Marketing.

Discussion summary

The role of the business partner

The role of the finance function is evolving creating an increased need for business partners. According to Badenoch & Clark's latest research, 61% of respondents are making a real distinction between the business partner and technical finance roles.

Defining the role of the business partner isn't an easy task. The role or philosophy of business partner approach is often different depending on the organisation and what it is trying to achieve.

This is demonstrated in the quick poll we asked the audiences at both the Manchester and London events.

What is the key element of a business partner role?

Manchester: Working with leaders on developing strategy
London: Providing analysis and trend analysis services

Interestingly, our recent research with 1500 accountants across the UK showed that *Working with leaders on developing strategy* is the key element of the business partner role.

Peter Simons: The role of the finance function has evolved, however, not to the extent which was expected some years ago. Accountants are still part of the finance function however they are increasingly client facing.

The role of the finance business partner focuses on working with the business. There has been increased focus on processes, the internal customer and stakeholders but further development of the finance function towards initiating and leading change in the organisation are much less in evidence.

Peter Duff agreed that the role of the business partner is a philosophy of how every level and role in the finance function should act. The business partner is the business conscience which thoroughly understands the business drivers. The key to successful business partnering was talking to the business in their language to deliver the plan whilst exploiting opportunities and mitigating risk.

Jon Hill agreed. Business partners need get into the heart of the business to achieve trusted adviser status. The individual should be integrated into the part of the team it needs to partner with so that it can get under the skin of what the business is trying to achieve and become a better influencer.

Simon Richards described what the role isn't. It's not a score keeper and doesn't produce historical reporting. It's forward looking based on the strategic drivers of the business with an ability to influence the strategy top down and bottom up.

Philip Cooper concurred; it's not playing a corporate cop role but there is a balance to be struck between that and the performance management.

Mark Johnston asked his business leaders what they thought of the finance function and what they wanted the service to look like. The results were: to be integrated into the management team, to provide a personalised service, flex finance support based on what the priorities are and have a good grasp of the numbers.

How do you reconcile the potential conflict between providing the commercial financial support to the business area with the need to remain objective and give an impartial and 'honest' view of the business back to the other stakeholders?

The general consensus is that it's not easy. The role needs to remain independent while being able to bring any decision back to the strategy of the business. They need to play an advisory role so that the business is aware of the implications of any decisions.

The person in the role should see themselves as the FD of the business they're managing so strength of character is key otherwise the role loses impact.

Don't make it personal. Use common sense and pick your battles. Even if something wasn't in the plan, it's how it's presented to the business which will make it happen.

How is the EU using business partners differently?

Jon Hill: Culturally there are differences across the globe. The differences lie with how you approach it, however, a number of countries are similar to the UK. Having said that as business becomes more global it's often the American way which is universally used. One of the key differences is that in the EU there is an emphasis on business skills over finance skills.

Skills and attributes

Can non-accountants do aspects of the business partner roles? Manchester and London audiences both agreed 'Yes'

Over the last 18 months due to economic issues, there has been a lack of creation of these roles however a lot of the energy has been put into upskilling incumbent staff. The question is: *Are accountants natural business partners?*

Peter Simons: With the relentless need to drive efficiencies, businesses need better data. However, finance is not the language of a business, so finance professionals need to provide business intelligence in a way that the business understands. So much of what the role of the traditional accountant is now performed by an IT system or shared service division. Accountants self select to be accountants however often lack the partnering skills.

CIMA research shows that core accountant skills are needed to perform the central finance function role along with business

understanding and a strategic outlook. Adhering to professional standards and providing integrity are key.

The challenge for many is how you develop business competencies. Unilever for example has a finance academy to upskill their finance people, however, it often comes down to personality – those with the right personal skills, will be successful in the role.

Simon Richards & Peter Duff: If teams can allow it a mix of qualified and non-accountants are positive contribution to the finance function.

Mark Johnston: Thomson Reuters tend to have qualified accountants as business partners but it should be noted that the relevance of a qualification varies from country to country – in the UK there is more emphasis on qualifications. There are examples in the company of non qualified accountants in senior business partnering positions, and they can often bring a different perspective eg strong M&A or strategic backgrounds.

Philip Cooper: Business skills are seen by finance professionals as more important than technical and IT skills – however the latter are a given for most employers and employees in finance. Strategic and leadership skills are two areas which seen as particularly crucial but it is surprising how few see the need to further develop these skills in their own case.

Whose responsibility is it to upskill accountants? Employers / employees / professional bodies?

Universally, on-the-job training is the most effective way to develop the commercial and business-savvy skills that business partners need. Getting involved in projects outside finance which will develop a better understanding of the business is key to making this happen.

Peter Simons: Accountants or employees expect to have continued support however it's primarily the responsibility of the accountant to ensure they develop their skills.

Research shows that development is created as follows:

- 10% doing a course
- 20% being a good leader
- 70% doing the job.

They also need to have a genuine passion for the business.

Jon Hill: Good business partners should identify themselves pretty quickly. Expose them to other areas of the business so they can get out and about and fully involved, so you can demonstrate to the business that they need that business partner.

Philip Cooper: CIMA continues to transform the qualification training so that there are more practical, case study led aspects to display commercial instincts. It's the accountant's responsibility to develop their knowledge and it's often a lack of understanding how the business works which holds them back.

Peter Duff: The thought process and how accountants approach business issues is key to becoming a successful business partner. One way of getting accountants there is "What would you do if it was your money?". Go beyond giving financial information – mitigate or explore why the money should be spent.

Simon Richards: Developing a business partnering approach is a significant finance change programme. What does the finance function stand for? How can you add value to the business? His finance team delivered tailored finance training for non-finance managers in line with business objectives. This not only shifted the perception of finance, it brought the team up to speed with what was going on in the business and helped them develop relationships. It also gave the function an opportunity to bring the non-finance managers up to speed on core finance skills, making the role of the business partner much easier as the basics were learnt.

Implementing business partners

Lack of buy-in from operational business leaders was the biggest issue for those present in Manchester and London when it came to implementing business partners.

Peter Simons: Before you embark on the business partner route, make sure that the business has full confidence in your function by getting the numbers right. While this is progressing, look at developing the business partner role at the same time.

Unilever saved costs in finance through outsourcing and simply began the business partnering approach without having to make a case for a new team.

Engagement with the business is key to the success of the function's approach as finance needs to be integral so it's not brought in at the last minute. Define the role.

In Philip Cooper's opinion, many accountants are more comfortable with analytic work and it is a minority which will have the right skills, such as in problem solving and communication, needed to exercise the business partner role properly.

In the CIMA research, another barrier to accountants becoming more fully integrated with the business was a potential loss of objectivity – one third of respondents identified going native as an issue. There is also the risk that by integrating with the business finance personnel become invisible to the finance function and lose out on promotion opportunities. However Peter Duff believes that blending in is important – the role is to ensure that day to day, things work. The FD shouldn't wade in when there is an issue otherwise you risk undermining the business partner and creating a scenario where operations will cut out their BP and simply go to the top of finance.

There was a general consensus that when implementing the business partner approach, what the business wants and what the finance function wants to operate may differ, so negotiating needs to happen early on. If there is a fundamental disagreement then the approach will fail. The role needs to be independent but understanding from a business risk point of view.

How do you get the balance between finance regulation and commercial advice right? Get the monthly reporting right, so the reporting is as efficient as it can be and introduce IT systems so that less time is dedicated to this aspect of the function. What is important is putting the information to use with strong communication skills to illustrate the findings or conclusions.

Mark Johnston: In some areas, Thomson Reuters' finance function

is big enough to be able to clearly separate the revenue and costs assurance aspects from the business partnering approach by setting up dedicated teams eg shared services, SOX, revenue assurance. However, there are geographical issues and not all teams have this luxury. Smaller teams are often dragged back into the reporting and core finance issues.

Peter Duff believes that it's difficult to explain the purpose of a business partnering approach if the operational business isn't used to you adding insight. Dispelling the myth that you aren't there as gate keepers and score keepers can be hard. Persuasion of benefit is key. If possible, remove the transactional and reporting function elsewhere. Get a clear understanding of exactly what your people do. Make sure you have a way of quickly reacting to dealing with issues or change that will inevitably come up.

Simon Richards: Be realistic about what you can deliver and by when; don't expect overnight success. Surveying the business about what they think of finance and benchmarking against those results as things develop is a good way to measure success and ensure expectations are being met.

Mark Johnston: It's a huge change management process so really consider the people aspect. What are the career paths? If being FD is the goal they need to acquire a range of skills, so help define a way for them to get there.

How do you measure success?

The panel members agreed that it's important to link the output of a business partner with business objectives. Assessing skills is part of this; do they connect well with the business? Do they speak the language of the business? Does the business search them out?

Peter Duff: Produce a P&L sheet which outlines the challenges the business partners have had to deal with, how risk was mitigated and how their role impacted the bottom line. And above all see how many finance business partners become operational people themselves

A business partner from ITV was clearly able to demonstrate the value he offered and how he was fully integrated into the function he was working with as the sales director of the business unit offered to pay his salary.

What about revenue generation by the finance team?

Ensure that you manage costs effectively and work with the business to create revenue opportunities. If the finance function understands the business' growth plans then there is every opportunity for the function to play a key role in helping to redefine business models, reviewing the supply chain process and sales process for example.

Recruiting business partners

Lynne Hardman provided advice on what to consider through the business partner recruitment process.

Seek advice internally and externally on the business partner approach to get an in-depth view of what skills are needed in your organisation.

Engage sales and operations in the recruitment process so they are fully bought in to your final decision on who to recruit. Involving key internal stakeholders from the start will make any integration process much easier going forward.

Competency based interviewing isn't always enough to fully evaluate the candidate's experience and softer skills. Using scenario based examples will help you identify those candidates who have the strong commercial and communication skills needed.

Part of the induction process for business partners should be to involve business partners in operations immediately. Identify a project where they can add value and rapidly raise their understanding of the business; where possible push for them to be involved in non-finance projects.