VARESCHI [&] PARTNERS

BUSINESS PARTNER CONTROLLER

Development models for business partner controllers.

The ability

of controllers **to provide information and support to obtain a better decision-making process** is increasingly becoming a competitive advantage especially for those companies aiming at a profitable growth in the most complex markets. .

The Business Partners have the opportunity to use the great amount of information and their skills to provide a valuable support influencing and testing companies' decision-making process.

controllers

usually provide what the Management want, instead of what is actually needed..
The necessity to meet or exceed the Manager's expectations is the basis for organizing priorities according to requests for the Controller's support.

Many Controllers do not feel like opposing Management about the support and consultancy needed to improve the decision-making process. They simply provide data and detailed information which require further analysis by those who receive them.

controllers

and the IT infrastructure at their disposal **represent an expensive resource for enterprises,** especially if their job does not support effectively and efficiently the Management's operational decision-making process.

Supplying merely data and/or information, instead of focusing on a systematic vision and support, cannot lead to the differentiated decision-making process needed to improve the corporate performance.

Only a small part of the Controller's services are used to support decisions. Few Managers consider these activities and services as the main source for their decisions.

Controllers spend much (too much) time collecting data and using spreadsheets; they believe that the more information is detailed, the more it is valuable. They spend hours in front of their PC. In the meantime, on the Market, at the Plants or Product Development Departments, variables, priorities and model change.

Controllers are not aware of these changes.

Often, they provide information which is already known or which has become outdated, and they always do it too late. Controllers focus too much on the past rather than on the future: they forget that decisions only impact on the future.

context

Priorities assigned by Controllers to their activities
(source: CIMA)

01

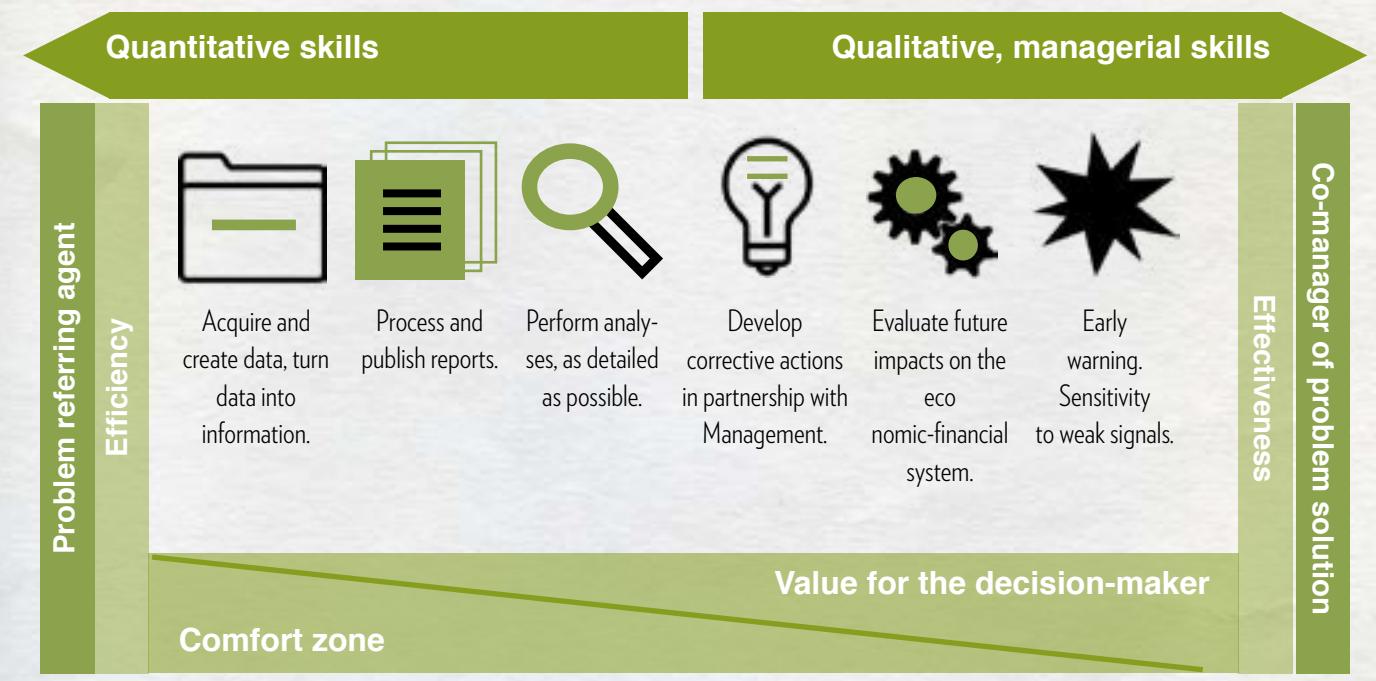| Activity	Value
Budgeting and Planning	4,42
Forecasting	4,27
Standard Reporting	3,98
Product/service profitability	3,80
Working Capital optimization	3,46
Prices optimization	3,33
Operations optimization	3,22
Project management	3,22
SG&A optimization	3,21
Supply Chain optimization	2,69
Financial resources/investment allocation	2,68
Demand planning	2,49
Customer profitability	2,46
Research & Development efficiency and effectiveness	2,45
Commercial channel profitability	2,43
Workforce planning/compensation	2,23
Suppliers/contracts management	2,20
Efficiency and effectiveness of Marketing expenses	2,20
Risk management	1,98
Competitors/market analysis	1,89
Brand profitability	1,85
Merger & Acquisition/analysis	1,80
Financial planning	1,60
Analysis of costumer credit	1,49
Customers analysis	1,46
Controlling model development	1,20

02

01 On a scale of 5 points, Controllers assign the highest priority (4.0-5.0) to Budgeting, Forecasting and Reporting.

02 At the bottom of the list, according to Controllers, there are activities related to risk management, analysis of customers and their credit, financial planning.

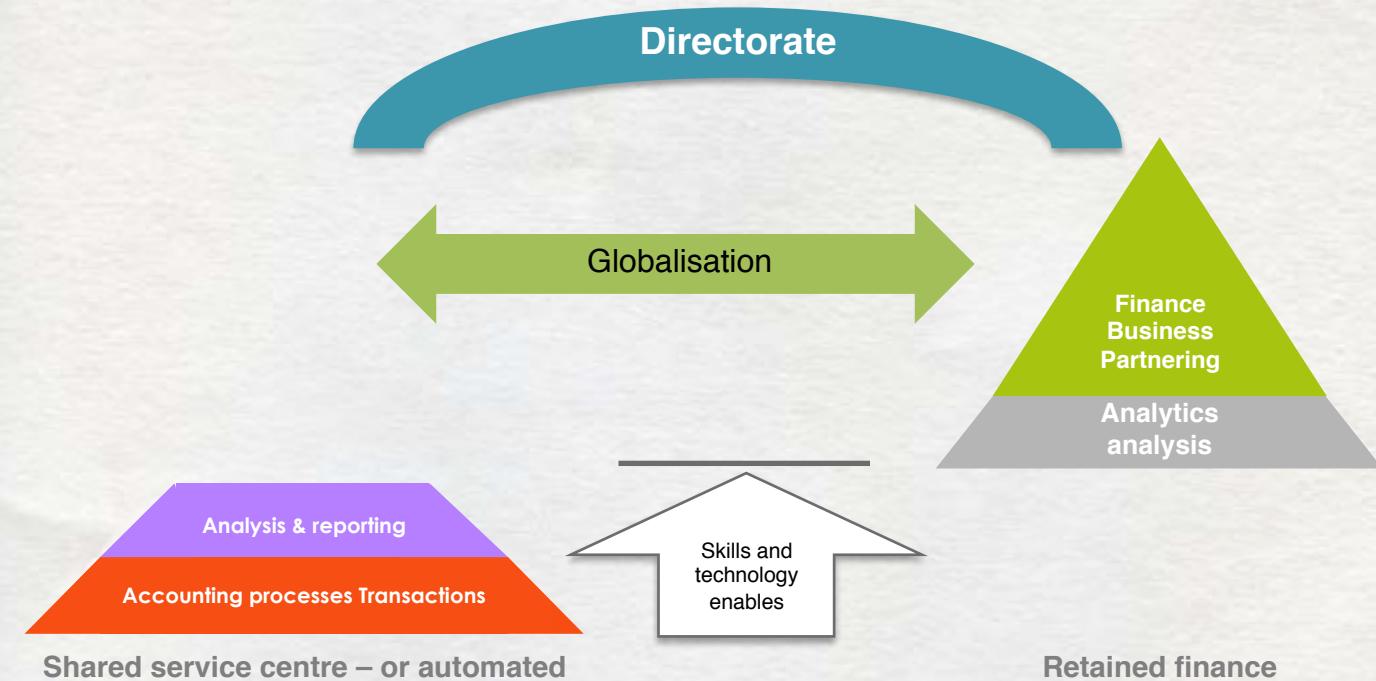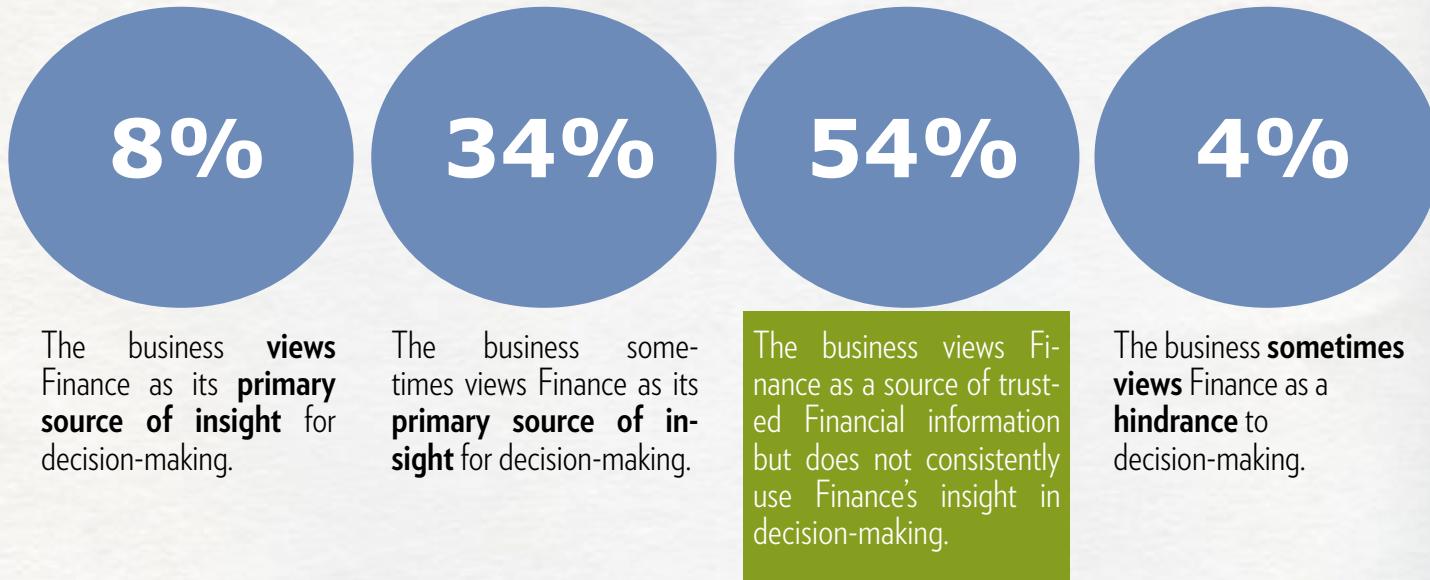Minor priority is given by Controllers to the Controlling model development.

CURRENT SITUATION

From the priorities analysis (previous page) it can be assumed that Controllers consider themselves mainly actors for **efficiency** management and to a lesser extent (or not at all) actors for **effectiveness** management.

Quantitative skills | **Qualitative, managerial skills**

Problem referring agent

Efficiency

Co-manager of problem solution

Effectiveness

| Acquire and create data, turn data into information. | Process and publish reports. | Perform analyses, as detailed as possible. | Develop corrective actions in partnership with Management. | Evaluate future impacts on the eco nomic-financial system. | Early warning. Sensitivity to weak signals. |

Value for the decision-maker

Comfort zone

4

Organisational perception of finance, percentage of respondents agreeing with statements.

(source CIMA)

8%

The business **views** Finance as its **primary source of insight** for decision-making.

34%

The business sometimes views Finance as its **primary source of insight** for decision-making.

54%

The business views Finance as a source of trusted Financial information but does not consistently use Finance's insight in decision-making.

4%

The business **sometimes views** Finance as a **hindrance** to decision-making.

Directorate

Globalisation

Finance Business Partnering

Analytics analysis

Analysis & reporting

Accounting processes Transactions

Skills and technology enables

Shared service centre – or automated

Retained finance

new way to be controller

"The best business partners I have seen are able to simplify complex situations so that line management are able to grasp it, engage with it and understand the consequences of different courses of action."

G. Colbert, Vice President of finance dor ISMO, AstraZeneca's international Sales and Marketing organisation.

"The financial information pack is for accountants own use. A finance business partner might reduce it to one page of insightful commentary or graphics as preferred by his client in the business. Finance business partners help the business by delivering the information they need, and help them to understand issues arising and potential responses."

M. Kelly, Credit Suisse.

"The tools I see most often used are the standard financial statements (profit and loss, balance sheet, etc.) plus some competitor and positional analysis. i believe the financial language is a barrier, plus that a lot of finance business partnerships are not deep enough i.e. they only address surface issues."

B. Smith, strategic buciness manager, Everest.

ENTERPRISES NEED TO DETERMINE

ROLE

What role they want the Controller to have to support and anticipate business development.

ONLY IN THIS WAY IT IS POSSIBLE TO

STRATEGY

What is the strategy to ensure the development of the role necessary to provide the service required.

SKILLS

Define the skills necessary for the Business-Partner-Team.

CHANGE

Activate an effective change process.

TRAINING

Determine training and development programs for Business Partners and Management.

Change Management: from "Supplier" to Business Partner

1

If the service offer and its benefits for the business are not clear enough, there will be little demand for a service of business partnering. This cannot be provided if Controllers are almost completely busy with activities of information processing and report drafting.

Controllers who wish to be or become Business Partners have to gain credibility and confidence from "(internal) customers".

- Credibility: through business expertise (know what one is talking about, be able to convey the information collected into the business specifics) and a strong presence in the business (be on-site when events occur and decisions are made);

2

- Confidence: by sharing the result's responsibilities (be in the same boat).

3

There are many examples in which the role of Controller turned into Business Partner can be correlated with a better focus on the business performance. This correlation is based on the ability to make more reliable predictions thanks to the new collaboration method between Manager and Controller.

Many Controllers still preserve their traditional role focused on transaction processing, information collection and report drafting. They still deal with many accounting processes. They believe their job ends with the report publishing. According to the Business Partners instead, the report publishing represents only the beginning of their activity.
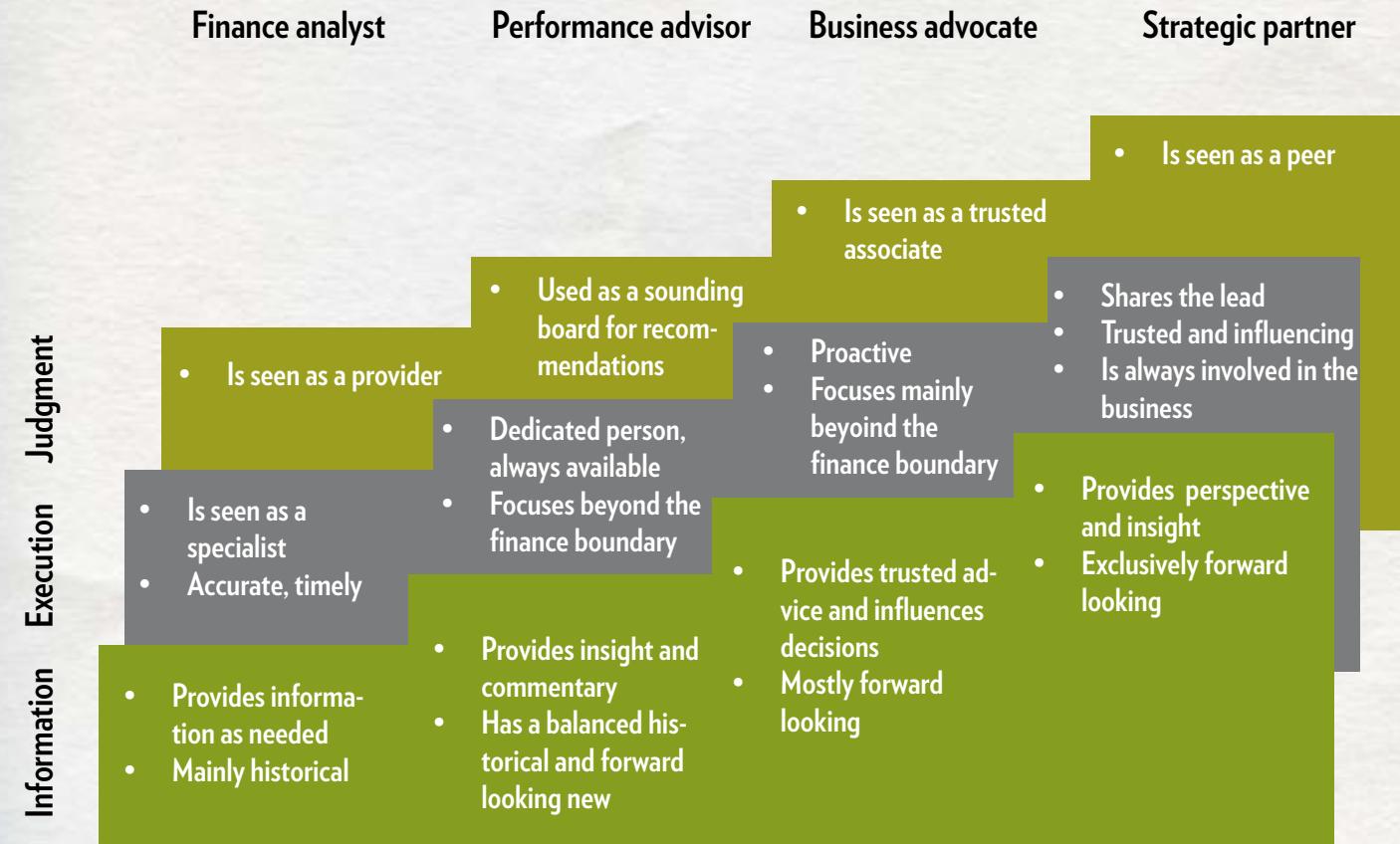
4

5

Controllers shall be highly objective, report in advance developments that could lead to an undesired direction, enhance efficiency and effectiveness and manage planning, budgeting, forecasting and reporting systems. These roles will be more and more important.

6

In the role of Business Partners, Controllers have a unique chance to become active protagonists of the business, (the navigator next to the driver in the Rally races of market and competition), be one of the players in a team and not a scorekeeper on the sideline.

7

There is a great opportunity to reinvent oneself as Partner (Pars = part of the whole) by contributing actively to the achievement of financial and strategic objectives.

Finance analyst **Performance advisor** **Business advocate** **Strategic partner**

Judgment **Execution** **Information**

- Is seen as a peer
- Is seen as a trusted associate
- Used as a sounding board for recommendations
- Proactive
- Focuses mainly beyoind the finance boundary
- Shares the lead
- Trusted and influencing
- Is always involved in the business
- Is seen as a provider
- Dedicated person, always available
- Focuses beyond the finance boundary
- Provides perspective and insight
- Exclusively forward looking
- Is seen as a specialist
- Accurate, timely
- Provides trusted advice and influences decisions
- Mostly forward looking
- Provides information as needed
- Mainly historical
- Provides insight and commentary
- Has a balanced historical and forward looking new

**vareschi & partners
development model**

1 Interviews with Management, Assessment Controller Team.

2 Business Partner's Vision & Mission

3 Business Partner's CANVAS

4 Skills develop- ment: training, learning by doing etc...

5 Pilot project development

6 Roll-out

1

interviews with management

Interviews with the Management-Team are aimed at collecting opinions, requests, constructive criticism, ideas about what the Controller is expected to do with regard to his new Mission as (future) Business Partner.

Moreover, interviews have the purpose to define the main activities of the Business Partner Controller and his skills (professional, technical and soft skills).

Interviews are also needed to understand what matching and training interven- tions should be performed with Management during the project implementation. The experience gained in successful projects teaches us that changes are required not only to Controllers but also to their "customers" and Managers.

1

Assessment Controller Team

Let's analyze those behaviours that allow to

- Achieve results in collaboration with "customers",
- Face complex matters and situations,
- Control interpersonal tensions and innovate.

The assessment of such skills is performed through exercises that simulate the operational and organizational context of the new Business Partner role, allowing to detect the behaviours of the subjects involved.

Such simulations will reproduce situations requiring to analyze and solve business problems, evaluate alternatives, make decisions together with Management (customer), organize activities and projects, conduct partnership activities within the decision-making process and present information and proposal in a new way.
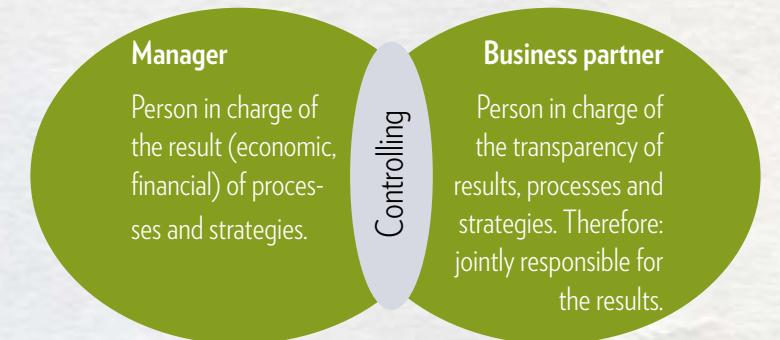
2

Vision & Mission

Strategic Focus

The strategic focus is aimed at highlighting and defining the strategic dimension of the new Business Partner role.

Vision & Mission will be presented and shared with the Management-Team and are the guidelines for the change process.

Manager

Person in charge of the result (economic, financial) of processes and strategies.

Controlling

Business partner

Person in charge of the transparency of results, processes and strategies. Therefore: jointly responsible for the results.

3

Business Partner's canvas

Key Partners	Key activities	Offered value	Relations with customers	Types of customers
- Who are our key partners?	**-** What activities are necessary for the value we offer?	- What kind of value do we offer to our customers?	**-** What kind of relation should we establish and maintain ?	- Who are we creating value for?
- Who are our key "suppliers"?		- What customer's problem are we trying to solve?	-How are the relations with our customers integrated?	- Who are our main customers?
- What key activities do our partners carry out?				- What are the specific characteristics of our customers?
	Key resources	- What product/ service package are we supplying to our customers?	**Support channels**	
	- What resources are necessary for the value we offer?	- What customers' needs are we satisfying?	**-** Through which channel we would like to reach our customers?	
	- Do our support channels need specific resources?		- How our channels are integrated?	
	- What resources do our relations with customers absorb?		- Which one are the most efficient channels?	

Technology

- What are the technological devices allowing us the implementation of the value offer?

Skills

-What skills should be created in our Team? Which one need to be updated?

4

Skills development: training, learning by doing

Skills development

The stage concerning skills development focuses mainly on the matching process between the expected skills of the Business Partner and the persons who act as Controllers.

Once assessed the matching degree, the project involves the setting of a specific training plan allowing candidates to reach the level required as for technical and relational skills.

The change process also includes training interventions for the Business Partners' customers in order to run the new intersection between Decision Makers and Business Partners.

4

Skills development:
training, learning by doing

Area	Skills
Intellectual	Problem solving
Relational	Willingness to interpersonal relations
	Groups management (managers and Business Partners in Team)
Managerial	Programming, decision-making, orientation to "customer" goal and (corporate) result
	Initiative, proactive approach, "unsolicited" consultancy
	Involvement in the business and focus on the future
Emotional	Management of stress, conflicts and critical situations
Innovative	Adaptability/flexibility – inclination to novelty
Professional	Innovative models and approaches supporting decision-making process

5

Pilot project development

Skills development (point 04) occurs simultaneously with the development and implementation of a change management pilot project.

The latter is chosen according to our experience in a critical business area, for example the commercial process or that of product development.
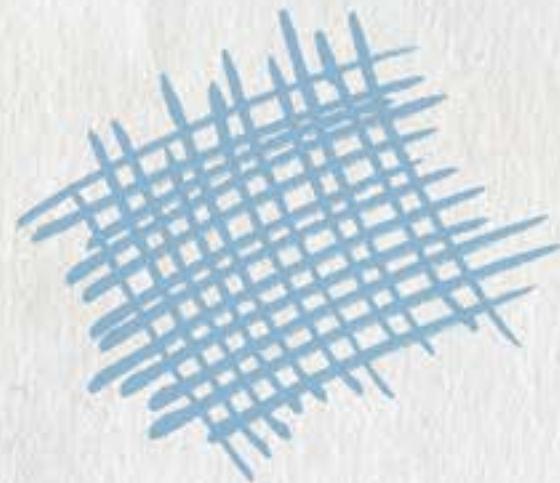
6

Roll-out

During the interview with Management-Team and Assessment we are able to identify such critical areas which are suitable for the pilot project.

The pilot project creates the basis for an effective roll-out at a corporate level.

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