

Clean and accurate data – the critical enabler to Finance Transformation



The Situation

Not many accountants today will remember 16 column ledgers and those that do will know that the first digitisation of accounting took place when PCs and Excel became the accountants' new tool, quickly followed by general ledgers and a whole host of other software that made the accountants' lives simpler.

So while the principles of accounting haven't changed in a long time technology has moved along, which means it is now possible to produce an up-to-the-minute cut of the numbers, the ability to forecast the coming days, weeks, months or years and to produce analytics that shape and direct organisations in quicktime.

The only constant through the evolved practice of accounting, therefore, where CFOs are critical to business decisions, is the financial data, which remains at the heart of all financial reporting.



The Challenge

Recent CFO focus has been on "push of a button" graphical representations of their business to make decisions, leaning towards Finance Transformation in terms of the ERPs that will 'solve' all their problems; however, all too often this doesn't materialise.

Central to any Finance Transformation, though, is the data and how that data is accumulated. At present, many accountants whose role it is to create the analytics for performance management struggle with poor data, requiring them to spend precious time 'cleansing' the data for consumption before inventing increasingly novel ways to present their findings.

The rise in robotics and AI means that in general terms the art of book keeping is dead; however, the need for accurate data remains the fundamental building block for all the accountant's activity followed by the need to map, automate and standardise processes.

Also, we would be remiss if we didn't look at our current situation, and leverage and plan for changes to the way we work: with the data, the systems and the skills of the people using and interpreting it. Ever more important, therefore, is the need for a connected, integrated system to collect data and access it from anywhere.

The next leap forward in accounting, therefore, is not Finance Transformation solely through a new ERP, but taking a long hard look at why transformation is required and how the data comes together to ensure quality and accuracy at speed and the ability to access and interpret it from anywhere.



The Key Questions

1. Does your data come together with little or no human intervention and is it ready for consumption?
2. Are your upstream systems and processes efficient and effective and can you access them from anywhere?
3. Are you working to common standards?

**“Not fixing your data and processes inhibits the benefits of your technology”**

“We implemented a global planning tool at high speed. The system catered for direct data entry that looked very much like the old data entry spreadsheet, allowing for instant consolidation of results. Despite implementing a new direct data entry planning tool with instant consolidation, the planning team decided that spreadsheets should be filled in and centrally uploaded, thus negating the benefit of instant consolidation.”

**What do the experts say?**

“Data, Data, Data, then processes, then standardisation.”

1. **Data.** Clean and fix your data. Understand the dimensions you require, which in turn will enable you to fulfil your reporting requirements:
 - a. **Collate and review** all of your data sources to determine if they contain all the right information (dimensions) that you require
 - b. **Assess the quality and accuracy** of data in each of your upstream systems
 - c. **Determine what impacts the quality** of your data – is it, people, systems or processes?
 - d. **Check if the data flow is logical** – flows in one direction, it is timely and requires no intervention
 - e. **Determine what happens to the data** at every point in its journey to final reporting

2. **Systems and processes.** A ‘Repeatable Change Model’ is required with the following key considerations:
 - a. **Be focussed & targeted** – don’t try to do everything at once
 - b. **Keep the result you are looking for front of mind** – this is all that matters and getting there needs to be planned
 - c. **Start small, move fast** – change needs to happen in bite size chunks. Delivering smaller changes quickly breeds a culture of change
 - d. **Keep it simple** – go back again to what you are trying to achieve. Automating an over-complicated process increases the likelihood of failure – what are the challenger organisations in your industry doing?
 - e. **Stay disciplined** – ...and follow the Repeatable Change Model

“Finance in a box”

3. **Common standards.** Finance teams in large organisations are spread out globally and over time different processes and practices emerge, some good, some bad. Having a global standard for processes that is effective, efficient and automated creates not only cost opportunities but a higher quality of financial data, which in turn enhances financial decisions.

- a. Create your standard:
 - Start with why? What are you trying to achieve?
 - Do not blindly automate the current process
 - Simplification is your best friend
 - Challenge the statements ‘we need to have this’, ‘we need to do it this way’, ‘we have always done it like this’
 - Standardisation is your best friend’s friend
- b. Robustly test:
 - Test every interaction with your standard
 - Test potential interactions with your standard
 - Test for the ‘human’ element:
 - Can it be accessed from anywhere?
 - Are the right permissions in place?
 - Are the users skilled in its use and interpretation?
- c. Roll it out:
 - Ensure there are no deviations
 - Close down other processes, systems that used the old practices
 - Monitor the process
- d. Repeat



So what?

- Finance Transformation is not simply a case of jumping on the ERP bandwagon – be clear on the strategic reason for why you need to change
- Core to everything is the data and its dimensionality. Clean it first, before anything else
- Develop a repeatable change model before developing a “Finance in a box” solution; a common standard for rolling out any Finance Transformation
- If you are not sure or clear on where to start and how to go about the change, seek advice from a Finance Transformation specialist

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