Maximizing Finance Operations: Strategy Execution
Focus on Infrastructure, Systems and Human Capital

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The concept of a shared service model is not new. Many companies explore this option during financially challenging times. Unfortunately, reducing costs and outsourcing operational functions are often the only drivers for considering a shared service model. The reality is businesses can realize operational efficiencies, increased productivity, and better employee morale as well, with resulting cost savings.

**Infrastructure = the basic systems and services a company needs to work effectively.**

To leverage a shared service model, you have to understand the “basics” of your organizational infrastructure. These basics include people, systems, and objectives. Performing market evaluations will help you determine the maturity level of your organization across various work streams. More importantly, the results will help you plot out the “roadmap” for designing your shared services model. One key component of this infrastructure review is the establishment of a governance model. The governance model will help you redesign, re-tweak, or set up your infrastructure to:

- Address organizational deficiencies
- Establish a central point of control
- Create synergy among business partners

Strive for executive oversight, accountability across work streams, and clearly defined service level agreements (SLAs) in evaluating and/or establishing your infrastructure.

**Systems should include procedures, processes, as well as enterprise (or non-enterprise) solutions that help your finance organization meet its control, compliance, and business enablement objectives.**

It’s nearly impossible to avoid enterprise applications in the marketplace that can be used in your quote-to-cash (QTC) process. Unfortunately, many are challenged with legacy systems, different and multiple instances of a particular solution, and disparate processes and policies that impact operational efficiency. While it would be great for finance leaders to have the “keys to the safe” for funding system initiatives to make the process better, its likely to remain nothing more than a dream.

Nonetheless, it is possible to drive efficiency without breaking the bank. It’s not easy, nor will you solve all your needs, but strategic planning and tactical considerations can make a huge difference.

Here are a few options:

1. **Do nothing:** It may seem ridiculous, but it can be a good first option when meeting with a leader and/or C-level executive who signs off on capital expenditure requests. Why? It points out the obvious: You can’t “do” nothing and what you “need to do” will not be accomplished without some investment (typically time, people, and cost). It sets up the rest of your recommendations.

2. **Update policies and processes:** Generally, this requires no cost to the business other than time and ensuring you have the right people in charge of the necessary “change management.” In addition, market evaluation, current state and fit/gap analysis will assist in determining what policies and processes need to be updated. More importantly, you can develop more global policies that can bridge gaps across business segments, units, markets, and regions.

3. **Make the investment:** It’s not about pouring $10 million into a completely new enterprise solution. 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. Get back to basics and document your enterprise solutions. Then ask:
   a. Where are the deficiencies in the process?
   b. What area is contributing to increased sales cycle time?
   c. Are these systems integrated?
   d. What would my investment requirement be to “fix” the problem?

Your answers will help you identify what is really important and where an investment makes most sense. “You can’t boil the ocean” so don’t try. Focus on meaningful wins for your finance organization (not low hanging fruit!). There isn’t a silver bullet solution in the marketplace. You can implement an enterprise CRM, ERP, EDM, etc., and still need middleware, APIs, Web-services and tactical solutions to address specific needs.

The model discussed in “Maximizing Finance Operations: Ask, Analyze, Measure” is a repeatable and sustainable approach to evaluating your systems.
YOUR HUMAN CAPITAL KEEPS THE BUSINESS MOVING.

What similar transactions are performed across your organization? Identify highly transactional functions in your QTC process. Once you’ve identified these functions you can begin evaluating how to centralize these functions in a center of excellence. Typically these functions include credit, billing, collections, dispute management, and cash applications, as well as any supporting work streams. The benefit of such evaluation is, no matter where or who performs the work, the work streams are ripe for centralization and standardization. For example, your collection management team should be following a consistent strategy consisting of calls, emails and dunning letters. The system should drive the strategy and the organizational structure can improve productivity.

If you manage each office, region, or market as individual operating units with their own QTC team members, you may find sub-optimal operations. For instance, disparate team members may be responsible for multiple work streams creating a segregation of duty. Centralizing functions allows you to leverage scalability: Your resources can be cross-trained and potentially interchangeable as business needs evolve.

To learn more about how to maximize your finance operations, reach out to Chris Rios at riosc@dnb.com.