

# WHAT'S IN YOUR TRANSFORMATION PLAYBOOK?

## The role of finance in driving strategy and supporting innovation to deliver value



The goals of improving operating efficiencies and modernizing the technology platforms needed to elevate business insights are common objectives of most key stakeholders across an enterprise.

The finance function also has its sights on reducing costs and tightening controls, but the Office of the chief financial officer (CFO) can provide a unique and valuable perspective to the chief human resources officer (CHRO), chief information officer (CIO) and others in the C-suite when it comes to executing the company's transformation playbook.

This eBook will examine the evolving role of the CFO in driving transformation and leveraging technology to create value across the enterprise.

***“If you simply deploy technology and say it is a digital transformation, most organizations won't realize the full benefits.”***

Jon Given

## DEFINING DIGITAL TRANSFORMATION AND WHAT IT MEANS TO YOUR BUSINESS

What is digital transformation? At its core, it means leveraging digital technologies to create new business processes — or modify existing ones — that will enhance the customer and employee experience and position the company to react to market pressures.

Experts caution that organizations can't just automate long-standing processes and call it a digital transformation. “If you simply deploy technology and say it is a digital transformation, most organizations won't realize the full benefits,” said Jon Given, managing director in Huron's enterprise solutions and analytics business. ***“You must approach it as a business transformation which includes modernizing existing processes and capabilities, aligning your organizational design and skillsets, and establishing a new operating model for continuous improvement.”***

Digital transformation is unique to each organization, but there are some common elements that all companies need to consider when evaluating a digital transformation project.

### Determining the business processes to target.

You want to focus your efforts in those areas of high cost and complexity or help to provide your competitive advantage. Based on your key objectives, organizations will invest in front office applications to help fuel growth or simplify the back office in an effort to reduce costs. For many, back office cost and efficiency gains through the standardization, shared service consolidation and automation deliver the greatest value from new capabilities.

### Creating sustainable value and ongoing benefits.

It is important to assess the real value of executing a transformation, not just the short-term gains. *“The long-term value of transformation is not always apparent, so you need to be able to quantify the value of addressing a current issue over the long haul, not just the immediate gains,”* said Scott Leshinski, managing director in Huron’s enterprise solutions and analytics business.

### Leveraging modern technology platforms, such as cloud, blockchain, and RPA.

Organizations need to align their technology strategy with their business goals. Emerging technologies need to be viewed as more than just efficiency tools. The value of these tools to the entire organization are not always achieved when the scope of their use is limited.

### Improving operational efficiency and reducing costs.

For Williams Companies, an energy infrastructure company, the close was a manual and labor intensive process which they identified could benefit from a digital transformation. *“We’ve taken it from five days to 45 minutes,”* said Brad Mueller,

Senior Vice President of Enterprise Accounting at Williams Companies.

### Delivering a better user experience for customers, business partners and employees.

Oscar Guererro, Group Deputy CFO for Argo Group, an international underwriter of specialty insurance, said his organization’s transformation started independently of implementing new technology, but technology has enhanced the effort to build better internal and external relationships. *“The transformation to strengthen our relationships with employees before implementing a more modern digital platform has enabled us to better meet partner and client expectations.”*

### Boosting your analytical and decision-support capabilities.

Often organizations have a few key objectives for data as part of a larger transformation, according to Given. *“Organizations want to initially unlock the value of their data since data is an asset. However, focusing on better management of data allows organizations to gain new insights and answer critical questions previously unanswered.”*

## AVOIDING THE PITFALLS THAT CAN DERAIL TRANSFORMATION

One of the biggest mistakes an organization can make is delaying or failing to undergo a digital transformation. Companies can lose ground to competitors and have difficulty meeting the demands of staff, clients and partners with a lack



of modern systems and processes. ***“Change is hard, but inaction can be more detrimental to the business in the long-run,”*** said Leshinski.

But once a digital transformation project gets underway, there are some key steps that can help overcome some of the challenges organizations face as they develop their transformation playbook.

Gaining organizational commitment and support from executive leadership is a critical starting point for a successful digital transformation. Without executive buy-in, the project is likely to sputter as it will not be viewed as a priority.

It is also important to accurately assess your organization’s capacity and culture for change. If people, processes and technologies are not prepared for a shift to a more digital mindset, it has little chance of gaining traction.

Once the stakeholders greenlight a digital transformation project, the organization needs to commit the appropriate resources. Does the organization have the right people with the right skillset to lead a transformation? Are you taking a serious look at how processes can be streamlined? Are you avoiding automating inefficient and redundant processes? Are you willing to make the proper investments in new platforms and tools to upgrade existing systems?

As the transformation progresses, it is important not to lose sight of the key business objectives set forth and the need to ensure that all initiatives align across the enterprise. Transformation shouldn’t take place in a bubble, and a transformation that doesn’t drive value for the business and key stakeholders is a wasted effort.

Being able to demonstrate the value the playbook is delivering is at the core of the transformation process. As the old business adage goes, you can’t manage what you don’t measure.





# STRATEGIES FOR CRAFTING THE ULTIMATE TRANSFORMATION PLAYBOOK

Careful planning is key to a successful transformation, and that involves doing the necessary reflection on your current and future state as you assemble a transformation playbook. Here are some things to consider as you develop your playbook:

- Establish the short- and long-term goals and critical capabilities defined within the transformation playbook. Examples include: increase topline revenue, reduce costs, enhance the consumer and employee experience, allow for entry to new markets, support global workforce, etc.
- Baseline the current state of the organization for areas in focus. Creating a baseline will help identify the areas that can deliver the largest return on investment (ROI) or business impact for the organization to prioritize investment.
- Define your end goals by asking questions about the future state of the organization. Why are we undergoing this transformation? What type of organization do we want to be? What types of individuals and tools are part of that vision? Are these objectives focused on the outcomes most important to our business, customers and employees?
- Determine expected outcomes, how they will be measured and what success looks like. Ensure measurement and focus doesn't stop at initial deployment – establish a framework for continuous measurement and improvement.
- Develop a plan for communicating the transformation roadmap. Are organizational objectives aligned? Is the messaging clear and consistent?
- Set expectations for how the transformation will be managed. Is there active participation and sponsorship from the C-suite?
- Prepare the organization for continuous transformation and improvement. This process is not a one-and-done effort.



### The CFO's Unique Role in Developing the Transformation Playbook

With their view of the company's financial position and plans for expansion, the CFO is the natural leader of the transformation journey. The vantage point of the CFO extends to the overall business strategy, which has to align with the digital transformation efforts. The finance function is typically involved in long-term planning and is aware of enterprise merger and acquisition (M&A) activity that could impact the company's strategy for integration and transformation.

- Do we have the data required to address our most critical questions?
- What are the sources of data and how is it governed?
- Do we have a sufficient level of detail to determine profitability at the product line, business unit and regional level?
- How can we enrich data to fill some of the voids?
- Do I trust the data and have confidence in our reporting?

CFOs also typically have a clear view into the operations and information technology (IT) functions of an organization. ***“Often the CFO is the one who is first identifying the need and working alongside IT as a business partner throughout a digital transformation,”*** according to Leshinski.

## CONCLUSION

A firm's ability to adapt to and sustain change is an indicator of its capability to generate value from that change. Executing a successful digital transformation can deliver immense value to your organization.

Strategic integrations, coupled with focused solutions designed to deliver value across the organization, will propel organizations forward.

Companies that align their business objectives, organizational design and technology will be better positioned to carry out a transformation playbook and enable their organization to thrive now and in the future.



## ABOUT HURON

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