

# HOW FINANCE CAN BALANCE INNOVATION, AGILITY, AND COMPLEXITY TO LEAD BUSINESS TRANSFORMATION



Transformation has evolved from a buzzword to a business requirement for organizations that want to achieve their goals and growth initiatives. But as companies expand, their organizational culture often breaks down into disconnected departments, functions, or individuals. These disjointed entities attempt to realize the company's mission using disparate data sources and technology systems. What results are often complicated, ineffective manual business processes.

Ultimately, similar work is performed using dissimilar methods, which can produce unreliable, inconsistent results and operational inefficiency. Communication, collaboration, compliance, and control all become more challenging and can strain workflows and resources. Too often, role identities form around inefficient processes, and they become ingrained in an organization's culture, impacting efforts to achieve strategic objectives, improve financial performance, and safeguard against inherent risks.

## Moving Beyond Chaos

The reality is that many companies spend too much time cast adrift in a state of chaos. They typically don't understand the factors that impede transformation or how to overcome them. Business leaders tend to operate in a reactive state rather than proactively cultivating opportunities

to elevate individuals and departments as strategic partners to the organization and its transformation initiative.

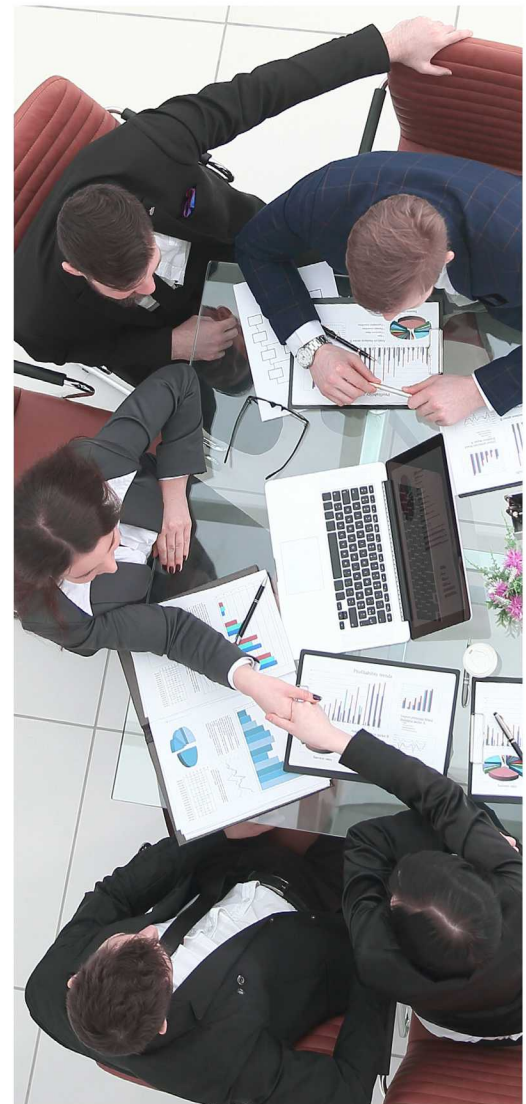
A culture of continuous change is needed to achieve strategic and operational efficiencies, swiftly adapt to marketplace changes, and achieve competitive differentiation.

## Where to Start

Beginning a transformation journey is similar to solving a 10,000-piece jigsaw puzzle: Figuring out where to start is invariably the hardest part. Some businesses look for corners to cut or edges to string together; others scan the bigger picture for a starting point. The key, however, is to identify a single initiative that is most likely to have an immediate impact on your organization. This shift in thinking can catalyze innovation and the cultural change management that is integral to an effective business transformation program – and set the business on the path towards achieving its strategic goals.

## Addressing the Challenges of Change

Successfully launching a business transformation project, ensuring organizational buy-in, and achieving measurable success will require a coordinated plan of action. This strategy for change should be addressed at the onset of any transformation discussion, and then revisited and revised on a continuous basis.



## Building a Case for Change

### 1 Define your vision for change

- Develop a corporate or departmental vision
- Create a future-state roadmap for realizing the vision
- Gain commitment from the right resources/ change agents
- Establish targets and goals by creating metrics
- Manage benefit realization post-implementation

### 2 Identify current pain points

- Identify opportunities for improvement and areas of focus
- Unearth root causes of inefficiency and ineffectiveness in key functional areas
- Develop a behavioral change plan to implement meaningful process change
- Identify systems and data needed to address root causes

### 3 Create a future-state operating model

- Design an effective and efficient operating model that supports cross-functional and divisional collaboration
- Implement a revised model that will have the lowest risk to and impact on your ongoing business
- Identify and create key metrics for measuring improvement

### 4 Build organizational buy-in

- Empower leadership or the corporate steering committee to make and adhere to difficult decisions, prioritize initiatives, and integrate plans across the program
- Communicate and engage with the finance and business community
- Determine the role and value proposition of the program/project management office

## How Finance Can Lead Transformation

It is critical that finance executives identify the values that drive organizational transformation across the people, process, and technology spectrums. Chief financial officers (CFOs) can galvanize support for transformation in the following areas:

- Finance function: Promote finance and back-office functions such as procure to pay, order to cash, and financial close
- Service delivery model: Improve services to internal cross-functional customers
- Operations management: Streamline efficiencies, drive data-based decision-making, and connect operating processes through initiatives such as integrated business planning strategy, supply chain logistics, and inventory-management redesign
- Induce transformational events: Plan and manage a transformational event such as an IPO, merger, acquisition, carve-out, or market repositioning
- Digitize processes: Automate processes through the use of enabling technologies such as robotic process automation and process-management solutions

## A Holistic Approach for the Entire Organization

CohnReznick's experienced Advisory staff can help address transformation challenges by equipping you with the insight and strategy to drive efficiencies and innovation, implement technologies that support business digitization and growth, and safeguard assets from regulatory and cybersecurity risks. We design holistic solutions that are aligned with your company's singular size and complexity to help support strategic objectives, reduce the cost of compliance and transactional processes, and elevate the office of the C-suite.

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