

Executive Summary

Opportunity. The finance department sits at the information nexus of the organization. It regularly collects financial and non-financial data from every business unit and consolidates that information into summary and detailed management reports. Finance can therefore be a powerful agent of organizational change. It can leverage the information that it collects to assist executives and line of business managers to optimize processes, achieve goals, avert problems, and make decisions.

Obstacles. However, most finance departments have yet to step up and advise the business in a proactive manner. Most are stuck playing a back office role: they are forced to spend too much time producing internal and statutory financial reports, which leaves little time to analyze data and collaborate with business managers about how to improve the business. In the process of producing all these reports, finance teams create information silos, using spreadsheets and other low-cost tools, that interfere with top executives' ability to obtain a consistent view of enterprise performance.

Partners with IT. Forward-thinking finance departments have figured out how to transform themselves from back-office bookkeepers to strategic advisors. They have learned to partner with the IT department—more specifically, the business intelligence (BI) team—whose job is to manage information and deliver a single version of corporate truth. In so doing, they have liberated themselves from manual data collection and report production processes so they can engage in more value-added activities.

Business Intelligence. To succeed, the BI team must create a data warehousing environment that contains all the data that the finance department needs, with the appropriate rules and calculations already applied. The data must reconcile to the penny with operational reports generated from the general ledger. The BI team must also provide reporting, analysis, dashboard, and planning tools that access the data warehouse as well as other data sources and empower finance users to explore data on their own without IT assistance.

Growth Path. Once the BI team delivers a solid BI infrastructure, the finance department can spend 80% of its time analyzing data instead of collecting it. They can work proactively with the business to forecast the future instead of report on the past. Armed with analytical insights, the finance department can collaborate with business managers to optimize pricing, reduce inventory, streamline procurement, or improve product profitability. They can help business managers evaluate options, such as whether to add more salespeople, change commission fees, partner with a new supplier, or change merchandising assortments.