Today, more than ever, finance keeps the heartbeat of an organization. Few responsibilities are more important to a company than providing the CFO a timely, reliable, and unified picture of the monetary health of the business; identifying and mitigating risk; or the obligation to understand, administer and comply with applicable regulations.

Clearly, these are all huge tasks that come with equally huge drains on time and resources. All too often this means that finance becomes an expensive cost center that adds little value to the bottom line.

But what if finance could perform all its core functions faster, more efficiently, and at a lower cost? How would that change the dynamics? Perhaps the newfound time could be used to better understand and enhance profitability and their drivers at a detailed level. Maybe there could be a deeper look into operating expenses and more effective allocation of marketing costs by channel, by product, even by campaign spend. What about developing smarter forecasting and more insightful strategic planning that could amplify competitive advantage?

All that and more is totally doable. It just takes the right data in the right environment and a commitment to financial transformation.

Here are 3 quick tips to get you started along with real-world examples demonstrating just how much a few changes can mean to the business.
Consolidate and simplify

Oftentimes, organizations are hindered by their traditional departmental approach to financial business processes—which usually requires taming or “untangling” increasingly chaotic and siloed systems. This kind of environment is not just slow and unwieldy, it’s likely to harbor “blind spots” and invite differing opinions about which number or viewpoint is the right one. Moreover, it inhibits the ability to understand and explain the linkage between business events, operating activities and financial results.

Consolidation is by far the best way to overcome these problems.

Finance Data Warehouse Scales to 7 Billion Records

A top 10 European retail bank born from multiple acquisitions with 10 million individual and 700,000 corporate clients had no integrated source of enterprise data due to a highly complex process and more than 200 systems. The bank needed an integrated, scalable solution capable of handling 7 billion records (which were mushrooming by 40 million per day), while also meeting distinct regulatory requirements across countries. By developing its finance data warehouse, the company achieved:

- Five-day reduction in close cycle time
- A single integrated platform for customer profitability, statutory, regulatory and management reporting
- Increased time for analysts to spend analyzing performance instead of validating data

Dig into the details

Businesses can’t operate without reports but curiosity should not end there. Reports just recap *what* has happened—in the past. It’s only when you probe the details that you are able to connect the dots and understand *why* it happened.

An integrated finance foundation holds the granular detail necessary to shed insight into customer and product profitability, help mitigate low-yielding customers and products, improve revenue and cost forecast accuracy, reveal profitability trends compared to the market, and answer not only ‘what’ but also ‘why’.

Moreover, actionable information opens doors to new opportunities.
3 Tips for Turning Your Finance Department into a Value-Adding Machine

Make Data and Analytics Broadly Accessible

Sadly, after reports are filed and results are communicated, the reference data usually gets tucked away for safekeeping just in case it’s needed later. But later may never come so all the while that wealth of information continues to lose value until it’s virtually worthless.

A better approach is for finance to help democratize the use of data and analytics throughout the organization so that all employees are empowered to make real-time data-driven decisions...decisions that don’t just show the bottom line, they impact it in a big way.

Front-line employees closest to the action have the best handle on what they need. Providing self-service analytics gives them better visibility to drive the business where they see it needs to go. With ready access to data and analytics, users are able to look at more attributes than ever before, ask a greater number of the “right” questions, and correlate data better to get more relevant answers in a matter of minutes instead of days or weeks. More importantly, users have more confidence in those answers.

Profitability Analytics Drive $80 Million in Revenue

WW Grainger, the Fortune 500 industrial supply company that serves B2B, B2C, online, and brick & mortar retail locations leverages profitability analytics to support brand/segment profitability reporting and value-based contracting/customer profitability. Grainger is able to take detailed revenue and costing techniques to drive insights into their business. This can include HR costs, distribution and logistics costs, customers and their profitability to the company. This data helps Grainger make daily decisions and gives them the visibility into the quarter long before the quarterly financial reports. The solution was so ‘profitable’ it paid for itself in four months and generated $80 million for additional lift.
A happy “side effect” of self-service is that when business users reduce their reliance on IT, administrators and analysts can spend less time on reporting and more time on developing new solutions and other high value activities.

“Study after study has shown that organizations that deploy analytics are likely to be more profitable and data driven than those that don’t. I’ve seen in my own research that organizations utilizing analytics, especially advanced analytics, are more likely to measure top- and bottom-line impact than those that do not.”

Fern Halper, research director of Advanced Analytics for The Data Warehousing Institute (TDWI)

It All Adds Up
If your organization is already doing all of these things, congratulations on being a progressive leader. If not, there’s no better time than now to make a few changes that will transform finance into a value-adding machine.

This paper was created by CITO Research and sponsored by Teradata

Michael Ingemann
Director – Data Driven Finance, Teradata Corporation
As a senior management consultant I began delivering all kinds of finance transformation projects for companies in Europe and Asia. And helping to optimise finance departments and enhance their analytical capabilities through data management have proved to be my main interest and key strength.

Dan Woods
Chief Analyst and Founder, CITO Research
I do research to understand and explain how technology makes people more effective in achieving their goals. I write about data science, cloud computing, and IT management in articles, books, and on CITO Research, as well as in my column on Forbes.com.