



Future of Finance:
Evolving
finance

Embracing new talent structures
and strategies

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From geopolitical and regulatory volatility to digital disruption transforming the way entire industries operate, the world of business is rapidly changing. To survive, organizations are evolving their operating models to boost value creation—rather than mere value preservation. In fact, 63 percent of chief executive officers (CEOs) say that over the next three years they need to improve their innovation processes and execution, according to KPMG research.¹

Leading organizations are focusing individual business units outward, operating in a collaborative setting to drive value across the enterprise. These organizations are moving away from bureaucratic, functional silos and towards service-driven teams that can be deployed throughout the business as necessary.

Beyond these structural changes, the finance function will require new capabilities, skills, and roles to meet the growing pressure to deliver more value and serve as a true partner to the business. Ultimately, finance will need to alter its approach to attracting, retaining, and developing talent to step up to the challenge.

The role of the CFO must expand

Managing and measuring enterprise performance and value contribution will be a top priority for chief financial officers (CFOs) of the future. They will be expected to unite their organization towards one goal: understanding inputs, perspectives, and challenges in order



to drive the right strategic decisions for both investments and growth.

To achieve this, CFOs will need to treat their core accounting duties as a set of processes and determine how technology can be applied to improve efficiency, as noted in “Tech Innovation to Reinvent the CFO Suite,” a KPMG and Bloomberg Studios article. They will also need to recognize and take advantage of their unique position in the company—at the center of enterprise performance, connecting finance, operations, and strategy.²

While there is no single path for the next-generation CFO, the position’s

47%
of CEOs are planning to upskill more than half of their workforce over the next 3 years.³

^{1,3} KPMG LLP, *2019 U.S. CEO Outlook: Agile or irrelevant: Redefining resilience*: <https://assets.kpmg/content/dam/kpmg/us/pdf/2019/06/2019-ceo-outlook.pdf>

² KPMG LLP and Bloomberg Studios, “Tech Innovation to Reinvent the CFO Suite” (December 2017): <https://assets.kpmg.com/content/dam/kpmg/us/pdf/2018/01/tech-innovation-reinvent-cfo-microsoft.pdf>

increasing importance to the organization will be universal. CFOs will need the right tools, structure, and workforce to support growing responsibilities.

Leveraging extreme automation

Findings from the KPMG and Forbes Insights survey, *Digital transformation*, reveal that 79 percent of financial executives think advanced technologies will be a “must-have” for their organization by 2022.⁴ Disruptive technologies make way for new value creation opportunities and can help propel the CFO’s agenda forward.

Blockchain, for instance, can help finance become more efficient by enabling faster processing, improving data accuracy and security, and eliminating out-of-sync ledgers and, therefore, the need for reconciliations. Finance can utilize predictive and prescriptive analytics to deliver meaningful insights to the business and help it respond more effectively to changing business conditions. And intelligent automation will provide finance professionals with tools to glean essential information for decision making and enable them to focus on more strategic work.

“The ability to analyze bigger data sets and identify patterns enables the finance function, often in cooperation with the commercial and operations functions, to identify higher return-on-investment activities or areas of savings,” points out Jolande Bot-Vos, program director, MSc Management at Imperial College Business School. “The exciting aspect of

these changes is that it allows finance to eliminate traditional lower value-added activities and get into value-added contributions.”

Redesigning finance

Digital disruption will inevitably spur organizational changes for the finance function. New centers of excellence will be developed to manage the implementation of disruptors, such as intelligent automation and data and analytics, and leverage the expertise of critical resources. Virtual service delivery will remove companies’ geographical boundaries, reducing the need for a local presence. Many people will be based remotely—either at home or in local offices—and will work in a virtual environment. The future will also likely see an increase in end-to-end process ownership, with finance collaborating with other parts of the business. This will ultimately give way to a less rigid hierarchical structure.

To address changing priorities, the CFO will need to lead a diverse finance team equipped with the right skills. The demand for a performance-centric and technology-enabled workforce will prompt finance to step outside of its traditional transaction processing and accounting role to focus on higher-value services.

The finance function will comprise talent specializing in data and analytics technologies; strategic thinkers to ask the right questions, glean insights from data, and communicate to the business; and technical workers adept at business modeling, process design, and core financial driver analysis. To align with changing business models, some organizations have already created new positions—such as chief data officer, chief robotics officer, and chief experience officer—to report to the CFO or act as a strategic partner. More roles are anticipated to emerge, as 73 percent of CEOs believe that technology will create more jobs than it will eliminate.⁵

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Emerging roles in finance

Shifting priorities are prompting changes to the finance workforce. Below is a sampling of emerging roles to support new capabilities and skills requirements.

Financial data modelers/scientists will execute complex financial models and advise on the financial and business impacts of different scenarios.

Business solutions architects, with experience managing a digital workforce and overall knowledge of the systems landscape, will identify required finance and accounting process changes and implement new and relevant technologies.

Innovation and investment strategists will identify changes in customer and competitor behavior and business implications, by taking an “outside-in” approach to developing insights from trend signals.

Business planning analysts will handle interactions between different business groups and communicate information effectively. They are also likely to have extensive business knowledge and deep technical finance and accounting expertise.

Business partners will need a strong understanding of external markets to examine and leverage threats and opportunities into strategic direction for the business. They will accordingly navigate ambiguity and influence a potential shift in the business model.

⁴ KPMG LLP and Forbes Insights, *Digital transformation* (2017): <https://home.kpmg.com/content/dam/kpmg/us/pdf/2017/08/KPMG-Forbes-Digital-Transformation-report.pdf>

⁵ KPMG LLP, *2019 U.S. CEO Outlook: Agile or irrelevant: Redefining resilience*: <https://assets.kpmg.com/content/dam/kpmg/us/pdf/2019/06/2019-ceo-outlook.pdf>

Talent strategies

With the need for new roles and retraining of those who will be affected by the fallout from increasing automation and other organizational changes, finance functions require an effective talent management strategy. KPMG research indicates that nearly all CEOs believe nothing is more important than attracting and retaining top-notch finance talent.⁶ A holistic approach for addressing the critical aspects of managing finance talent will be essential and can be achieved through a number of strategies:

Buy outside talent. Achieving this at scale involves fostering relationships with key universities and possibly bringing in people from less traditional routes, such as those with science, technology, engineering, and mathematics, rather than finance, backgrounds. With over a third (38 percent) of CEOs agreeing that they need to reposition their business to meet the needs of millennials,⁷ companies may also consider redefining their employee value proposition and redesigning their talent acquisition strategy for digital natives.

Build the organization's internal talent pipeline. Consider investing in career path design, learning, and development; reskilling the workforce to deliver more business-centric services; redefining role definitions and core competencies; and developing succession plans to address the retiring and incoming workforce. Older workers can play an important role in helping to develop younger ones, and we can expect to see an increase in "reverse mentoring," where younger workers help older generations learn new skills, particularly around digital technologies.

Borrow or partner. An increasingly popular strategy is injecting specific talent or teams



into a workforce through partnerships or borrowed talent. Businesses can simply integrate flexible workers or develop a multifaceted workplace ecosystem that includes elements of onshore, nearshore, or managed service working. Functions might also choose to work closely with a partner to build capabilities that feed into an environment of high-performing talent.

Develop high performers. A particularly popular route for larger corporations, leaders can focus on retaining and developing high performers by creating rotational programs. They need to understand which roles in their organization are critical and identify any areas where the business might be at risk of becoming overly dependent on an individual or team for institutional knowledge.

The use of each of these strategies will vary from business to business and sector to sector, with each organization needing to modify its approach to its own unique needs.

How to get started

Regardless of the strategies finance organizations decide are right for their business, they will need to ensure their workforce is prepared for the changes to come. The journey forward will require the following steps.

Define a compelling vision. Aligning the finance vision with business objectives and ensuring commitment across the organization is key. To help garner stakeholder support, clearly articulate the project scope, measureable and realistic goals, and potential benefits—using simulations and other supporting materials that demonstrate the value to the organization.

Establish new ways of working. Identify workplace behavior and process changes that support the future state, such as adopting new collaboration techniques, implementing end-to-end process ownership, and establishing cross-functional governance.

⁶ KPMG International, *The view from the top* (November 2015): <https://advisory.kpmg.us/content/dam/advisory/en/pdfs/view-from-the-top.pdf>

⁷ KPMG International, *2018 Global CEO Outlook: Growing pains*: <https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2018/05/growing-pains.pdf>



Taking action

Current CFOs can learn from leading companies that have already reconceived their finance organizational design and talent strategies.

The finance function of a power and utilities company was burdened with failing core processes, a top-heavy workforce structure, redundancies, capability gaps, poorly defined culture, and employee turnover.

KPMG helped the company define 400+ roles and 650+ processes to govern finance operations, identify core end-to-end processes, adjust its competency framework, and create a compelling employee value proposition to attract top talent. To improve retention, the employee experience was examined for gaps, and employees were provided with the tools to create actionable career development guides.

After identifying functional skill and industry knowledge requirements, KPMG and the company facilitated workshops to close technical and behavioral capability gaps. With a combined 4,349 hours of training, finance employees discovered how to apply tools and frameworks to better understand business operations, drive performance, and support key performance indicators set by stakeholders.

The finance function has already made significant progress to its future state—process-driven, stakeholder-centric, and focused on delivering value across the business.

Determine a talent strategy. Explore how the workforce may evolve over time and adopt an agile response to managing potential risks, such as talent pool depletion, lack of innovation, and a disengaged workforce. Consider a proactive approach to managing talent—for instance, by making opportunistic hires around the skill sets that are anticipated for the future, rather than waiting for a new technology implementation.

Assess learning and development (L&D). To enhance the capabilities and skills of today's workforce to meet future needs, organizations should provide a dynamic, learner-centric L&D experience—combining engaging content (e.g., “gamified” assets and subscriptions), on-demand delivery (e.g., mobile and self-directed learning), and platforms that bring all learning tools together (e.g., learning portals and social learning management systems).

Consider people and change impacts. Understand how new strategies will affect key roles and keep the organization apprised of changes. Build trust and help ease automation anxiety by explaining how job roles will evolve rather than disappear. Ahead of implementing a new technology or process change, increase employee engagement by encouraging participation in brainstorming and planning sessions.

Finance organizations should begin thinking about developing new skills, capabilities, styles, environments, collaboration points, career paths, and operating models for the future. Those able to transform their organization and talent strategies will be better equipped for the challenges and casualties that accompany any fundamental market shift.

How KPMG can help

KPMG's Finance Transformation practice supports the growing agenda and increased responsibilities of the CFO. Together with our People and Change practice—which helps clients identify and address people and organizational elements to navigate working in a digital age—we can help your organization prepare for the future of finance.

Our approach, methodologies, and tools are time-tested across various industries and have consistently demonstrated enhanced strategic value to the finance function. KPMG's global network helps clients align their finance organizations with the strategies and needs of their businesses to realize and sustain value over the long term.

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