



## WORLD CLASS FINANCE - A LOOK AT THE FUTURE

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### Demands on the Finance Department of Tomorrow

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The aim of this thesis paper is to stimulate a discussion on making the traditional finance sector fit for the future. (November 2021)

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"World-class companies have not necessarily achieved excellence in all areas, but they have found the right balance between efficiency and effectiveness through the application of selected best practices.

As a result, they can create conditions that allow them to compete with the best companies in the world, even if they are not global organizations themselves.

World-class organizations have achieved their superior levels of performance because they have made the right trade-offs and choices in terms of the processes they use and implemented them very well."

(Source: [www.thehackettgroup.com](http://www.thehackettgroup.com))

What are the necessary guardrails needed for a modern financial system?

- Vouchers of all kinds are available electronically (= paperless) and are exclusively processed electronically: Delivery notes, incoming invoices, outgoing invoices, bank account statements, cash journals, payment guarantees, etc.
- Master data are created, made available and maintained according to fixed rules. The term "master data" is extended by the relevant data of the business partners: Order number, account number, material number, CO account assignment. It is ensured that this information is included in all documents (order, delivery note, invoice). Algorithms enforce compliance with the defined rules. Their functionality is regularly quality checked on a regular basis. Interfaces between different programs are clearly defined, same is the responsibility for maintenance. The IT department ensures regular user surveys to ensure that any problems that arise are solved promptly.
- Process flows and document flows are described in detail in a BPM tool linked to the ERP system. It is clearly defined who is involved in these processes, when and how. Process changes go through a clear, rapid process before implementation and are decided quickly.
- Process participants are equipped with the necessary hardware (e.g., laptop, headset, camera) without exception, headset, camera) and have acquired the necessary media competence, from wherever they work.
- The objective of all participants is the smooth running of the processes. This includes reducing the number of manual bookings to an absolute minimum. Keyword: permanent process improvement.



What is the role of a modern finance department and how does it see itself?

- All the processes of a company come together in the finance department as the "final unloading point". The end users know exactly where a process in the company is running well or is stuck.

In a highly automated financial system, new skills and functions are needed:

- Business Process Management & Internal Networking: Process monitoring and adaptation (panta rei), both for internal and external business partners.
- IT Support: report generation (ad hoc, standard, automation) for the department.
- Benchmarking: The specialists/experts from accounts receivable, accounts payable, general ledger and controlling meet regularly to coordinate their monthly reports and inform each other about the development of the respective KPI. The specialists know the KPIs common in their company's industry, are familiar with the benchmarks and can make recommendations on how to improve their own KPIs. They regularly talk about the latest trends and discuss to what extent they and their company need to change here.
- Big Data Analysis: How are trend analyses and the resulting decisions linked to the actual data collection to be able to carry out a Plan-Actual comparison?

Currently I see no change - everything seems to be the same here: cost centres, cost units, project numbers or material numbers, material groups, orders.

What's next? Perhaps the "stream" (in reference to the data flow) would be a nice name for a time-limited initiative, a planning horizon, that enables modular adaptation to trends and changes.

- Predictive Thinking: The closer we are to future events, the further Artificial Intelligence develops, the better our opportunities will be in making the right decisions for the future.

Away with controlling based on the past - long live the future!

*Example coverage analysis: away from "how long does the stock last, according to the outflow of the last 3-time units" to "how high does the stock have to be based on the incoming orders".*

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What is your experience? Where are we today? Are we standing or moving? Is it going in the direction outlined? Is everything staying the same?

If things do not change, they cannot remain what they are.