

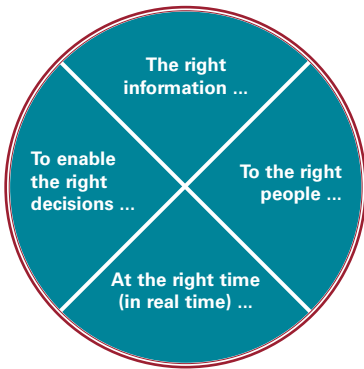
# Finance Function Insights

ADVISORY

## Editor's NOTE

In this issue, we outline key considerations for finance teams looking to move beyond spreadsheets to business intelligence

### Fundamentals of business intelligence



Source: KPMG in the UK, *The New Wave of Business Intelligence: Creating Management and Information Architecture* (2009)

Dynamic economic and competitor pressures are making it more important than ever—especially for finance professionals—to know and understand the drivers of corporate performance. Business intelligence (BI) has emerged as one of the most promising answers to this need. Below, we focus on a few topics that finance teams should consider early in their BI journey.

Our starting point is that technology is only one component of effective business intelligence. Certainly, it can enable a skilled, motivated finance team to bring about the desired business objectives and better informed decisions, but technology cannot produce the right information at the right time without the right people.

We welcome your comments and questions on the content you receive from KPMG, as well as suggestions for future topics you would like to see covered. Please feel free to send your feedback to me or contact the authors of each article directly.

Best regards,



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## Upcoming EVENTS



### Share forums

KPMG share forums offer attendees an opportunity to participate in small group sessions with industry and technical professionals. Groups discuss current challenges and opportunities in a particular area of focus.

*Explore the **Brave New World** of financial planning, budgeting, and forecasting*

We invite you to **sign up** if you would be interested in attending a KPMG share forum on financial planning, budgeting, and forecasting. We are hosting one share forum each to address this topic specifically for Software and Technology companies (April 2010), and then another for the general finance audience (May 2010).



### Webcasts

*Thriving Not Just Surviving: **Canadian perspectives on leading finance functions***

**Join** KPMG professionals and guests as they share insights about how Canadian finance leaders have fared since the recent crisis, and what they're doing now to prepare their finance teams for a future that may be vastly different than the one imagined before economic turbulence hit (May 2010).

We invite you to suggest other topics or industries of interest on the **online form**. We will contact you when dates and registration information become available.

# Don't try to boil the BI ocean— ESPECIALLY ON YOUR FIRST TRY!

PAUL CURITZ, NATIONAL LEADER, BUSINESS INTELLIGENCE SERVICES, KPMG



More than 50 percent of business intelligence projects fail to deliver the expected benefits

Gartner 2003 press release

Why do many first- and second-time business intelligence projects fail? I have attended many meetings where the project sponsor or manager has agreed to deliver everything to everyone in unreasonable timeframes. Why? It should be evident that the more a BI project has to deliver, the greater the risk of failure.

I have observed that novice BI project sponsors and managers can fall into the trap of trying to boil the ocean primarily in three ways:

- 1 BI may be seen as simply a more efficient way to deliver information that is currently produced in innumerable spreadsheets. This is not BI; it's conventional reporting done quicker. When these overly cautious BI projects start to deliver, reaction from across the business may be "much ado about nothing."
- 2 The BI mandate may be unclear. Project teams may feel pressured to keep everyone on side and so they agree to additional requests. The latter will almost certainly extend the time and cost to deliver, which can have the unintended effect of jeopardizing executive support for BI.
- 3 Business stakeholders may not appreciate the importance or complexities of defining the content and options for delivering a BI environment. BI software vendors can make this look easy, but it's vital to recognize that they are selling BI delivery software, not BI.

In other words, vendors can supply the tools but not the blueprint for effective business intelligence.

Even when a BI project results in a significant technical achievement—processing terabytes of information or spanning multiple business units and geographies—it can still lack business value if it focuses on the wrong information.

To help deliver expected outcomes, BI project owners should:

- Ensure that the business owns the project, with BI supporting the tools.
- Start small and grow incrementally. Go for quick wins and winning will soon become a habit.
- Don't implement all the bells and whistles that the software is capable of until you have something to make a noise about. Remember it's about high-quality, relevant content over form!

# Business intelligence:

## MORE THAN JUST A TECHNOLOGY ISSUE

CAROLINE LEMIEUX, MANAGER, FINANCIAL MANAGEMENT ADVISORY SERVICES, KPMG



Effective approaches to business intelligence usually consider several factors upfront:

- The information sought by business leaders
- Available technologies
- Impacts on processes
- The need for enhanced analytical skills
- An influential “torch bearer” with broad business understanding
- Clear accountabilities for producing accurate, reliable outputs.

Success is ultimately measured by the resulting capacity to produce predictive analytics that better enable the organization to navigate current conditions and prepare for the future.

Too often, some of these elements are neglected as BI project owners concentrate on the technology component. For example, they may overlook the need to build consensus on key performance indicators (definitions, method of calculation), how KPIs may be applied to operations, and likely impacts on existing processes, which may need to be modified so that they can be measured.

Having a broad understanding of the business is crucial, which is why successful BI initiatives are often sponsored by finance leaders, who work closely with their counterparts in IT. A high-profile CFO with the ability to influence other parts of the organization is an ideal “torch bearer.”

Most organizations are already practicing BI in its simplest form using Excel® spreadsheets. However, more powerful BI tools can enable the organization to generate information of different kinds and levels of complexity, with less time, greater efficiency, and without sacrificing quality. Sophisticated tools can be adapted if it becomes necessary to collect new information, enter additional information or, later in the process, revise the kinds of analysis to be performed and the skills required to do so.

Finally, as BI requirements evolve, it’s important to manage the impact of such changes on the individuals who are accountable for providing timely, reliable, and relevant inputs and outputs. Clarify expectations with them if necessary.

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WHO OWNS THE DATA AND

# why is data governance important?

ÉLISE LACOSTE, SENIOR MANAGER, IT ADVISORY SERVICES, KPMG



Too often, finance professionals spend much time downloading and transforming data rather than analyzing it. Personalized transformation of the data can lead to inconsistent information, which in turn diminishes trust in the data. Information silos using spreadsheets hinder the ability to produce a “single version of the truth” about organization performance.

It is important for business stakeholders to know and understand who is responsible for data and its transformation. One challenge is to agree on the definition of the key business concepts and on how to calculate the agreed-upon metrics. Without a clear assignment of accountability for business information and process, it may be almost impossible for stakeholders to address data quality and trustworthiness issues, much less to measure data quality improvement.

Data ownership is difficult to assign. Businesses can enumerate owner responsibilities, but that does not necessarily resolve the problem of assigning data ownership; in fact, it may worsen the situation, as people generally do not want to be accountable for things they may not fully understand and control.

Since different stakeholders may use the same data in different ways, it is possible that they have different definitions or rules for it. When it comes to data, who should be the ultimate owner? Who should determine the rules? The data producers? The data consumers? The system owners? The process owners?



Up to 50 percent of managers place no confidence in the numbers presented to them

Business Intelligence research, Cambridge University 2009



## ! The rise of the CMIO

Responding to the challenge of diffuse ownership and accountability for BI

The emerging role of Chief Management Information Officer (CMIO) combines good business knowledge with an ability to leverage the IT organization.

In Europe, we typically see the CMIO reporting to the CFO but overseeing an organization that draws significantly from business performance managers and IT.

Where the CFO is able to take a performance measurement view, and the CIO a systems availability and efficiency approach, the CMIO should be thinking in terms of business outcomes and deliver information that drives the right behaviours and decisions to support the strategy.

Source: KPMG in the UK, *Insight from Information: Summary of Business Intelligence research conducted by Cambridge University (2009)*

When it comes to data, who should be the ultimate owner?

Who should determine the rules?

In fact, the enterprise should be the ultimate owner. A more global approach to data governance and management can help reduce any political tensions created by the sharing of data across functions and lines of business.

By implementing data governance, organizations can clearly define the roles and responsibilities needed to institutionalize their commitment to data quality and use.

Today, many organizations choose to implement a separate structure based on data stewards and committees to manage and govern their data.

The finance and BI teams should work closely together with the data stewards and the rest of the organization to define key organization-wide business concepts and, more importantly, to persuade the CFO and other executives to certify the metrics that ought to be used when producing reports.

# Intelligent talent management

## IN THE FINANCE FUNCTION

LAURA CROUCHER, ASSOCIATE PARTNER, PEOPLE & CHANGE ADVISORY SERVICES, KPMG



### How can a finance function transform the skills of its people from data gathering to value-added decision support analysis?

Across Canada and around the world, finance professionals are experiencing transformation in the nature of their work. As the market, industries, and organizations change, finance leaders are searching for—and implementing—new ways to align their teams to meet emerging business requirements. Gaining popularity is a strengthened finance/business partnering model that delivers enhanced business value through decision support analysis.

What this means for finance professionals is a significant shift in capability requirements. The change is not necessarily a move away from routine activities, such as data gathering, but, rather, the broadening and enhancement of skills required to deliver higher value-added support for the business. Data analysis for forecasting that enables strategic decisions and solving business problems is one desirable upgrade.

And it is not just the hard analytical skills that are in demand. Both technical and enabling competencies are required. To carry out a broader business mandate, finance teams should consist of professionals with well-developed soft skills in areas such as communication and relationship management. For instance, stronger collaboration between finance and IT may be needed to convert business leaders' requirements into efficient and timely sources of true business intelligence.

So, it follows that finance transformation involves more than just structural change. The new analytical and business partnering activities require new skills, mindsets, and behaviours. The task for finance leaders is to systematically identify the specific skills that can meet their unique business needs and then outline a plan to develop their talent. The latter is not simply the job of HR. The talent management strategies of leading finance functions typically include approaches to employee attraction, as well as development and retention that surpass formal training programs and include job rotations, action learning, succession planning, mentoring programs, career paths, and more.

Good finance talent is a precious commodity. A planned approach to talent management can help finance leaders ensure they have the right people, with the right skills, in the right place at the right time, doing the right things at the right cost.



## New THIS QUARTER

A quarterly round-up of our latest insights on issues in financial management and reporting.

### ***Cash Is Back in Fashion, But Is It Here to Stay?***

KPMG International's second annual cash survey indicates that most companies improved cash flow forecasting over the past year—thanks in large part to increased attention from lenders and other stakeholders—but forecast accuracy still isn't up to scratch.

For finance leaders, these results highlight an opportunity to better engage colleagues in operations and key functions, who often hold the key to timely and accurate data input.

### ***Does Your Business Intelligence Tell You the Whole Story?***

An extensive review of business intelligence research conducted by Cambridge University and commissioned by KPMG International.

The findings suggest that delivering on the promise of BI remains a challenge, despite significant investments by many organizations.

Too often, BI initiatives focus on technical implementation at the expense of information users and owners. Better outcomes are possible when organizations employ a holistic approach that enhances both management and information infrastructures.

**Publications can be downloaded from our site: [www.kpmg.ca/thriving](http://www.kpmg.ca/thriving). Print copies can also be requested from your local KPMG office.**

**You can automatically receive the latest KPMG insights on issues in financial management by [subscribing to our e-mail list](#).**



## IN THE next issue

### **The CFO at the centre**

Under pressure to answer to an increasingly diverse, demanding, and broad base of stakeholders, many organizations are looking to their finance leaders to understand and explain the dynamics affecting the business and bring reassurance.

Our next issue will explore the changing role of the CFO and the future of the finance function. Topics will include the CFO and sustainability, and the trend for the CFO to sign-off on the tax provision process in many organizations.



## HOW **KPMG** can help

Through its global network of member firms, KPMG has access to more than 1,100 talented professionals dedicated to financial management, who share insights and experience on financial management matters to assist clients of all sizes.

Simply stated, we help finance leaders and finance organizations drive business value. We work with private and public sector clients to help ensure the integrity of finance processes and information delivered to key stakeholders.

We help clients tackle finance-specific issues while addressing larger mandates from the business via six broad categories of services:

- Finance Strategy
- Business Performance Management
- Business Intelligence
- Financial Reporting
- Finance Process Improvement
- Financial Talent Management Strategies.

We take a holistic view of the important connections between business goals, team skills and capabilities, critical behaviours, and cultural attributes.



### Contact us

To discuss any of the issues or opportunities explored in this issue of *Finance Function Insights*, please contact your KPMG adviser or any of our Financial Management Advisory professionals:

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