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How to Transform your Finance Function from Cost Center to Strategic Value Driver



Table of Contents

01	Introduction	3
02	Understanding the Traditional Finance Role	4
03	The Need for Transformation	6
04	Key Pillars of Transformation	8
05	People, Process, Systems	15



01

Introduction

The core function of finance teams has remained consistent for the better part of the last century, but innovative finance leaders are seizing the opportunity to elevate finance from a cost centre to a strategic value driver. Breaking free from the traditional mold and achieving this higher purpose, however, requires an understanding of a quickly changing technological landscape, a new set of skills, and aligning finance with other departmental and broader organizational objectives.



02

Understanding The Traditional Finance Role

We are all familiar with the stereotypes of finance and accounting professionals. The perception of the “bean counter,” who toiled away alone in some back room under a pile of charts and graphs — emerging only to warn the CEO of overspending or underperformance — is far from accurate today.

In reality modern finance teams are often the most heavily integrated with other business units, lean heavily on technology, and provide strategic advice to leadership that extends well beyond simple dollars and cents. Those old stereotypes do persist to this day, however, because the core responsibilities of finance — and the way in which other employees typically interact with the department — remains unchanged, even if their methods have entered the digital age.

Every finance department is tasked with certain essential duties that are universal no matter their organization’s size, sector or setting.

“Ensuring the lights are kept on, all fires are put out, bills are paid, cash flow is ingoing and outflowing — without that, the business kind of stops, the wheels stop turning,” explained Ata Hae, controller for Toronto-based Amazon cross-selling software platform Carbon6. “That’s the most critical piece, and no matter what else is happening, it’s needed for the business to continue driving forward.”



02—Understanding the Traditional Finance Role (cont.)

Second to the foundational tasks that have long been part of the profession, according to Hae, is the reporting function.

“Helping management, leadership, the business report on their historical results, understand how they’re doing, where they’re lacking, where they’re leading, and performing some level of analysis of where the business is at,” he said. “The third part of the finance function is the ability to help the business as a strategic partner to grow and scale and take things to the next level, utilizing that historical information.”

Hae adds that those first two items are so fundamental to the ongoing operation of the business that there is often less emphasis on the opportunities for finance to play a bigger role in driving strategic value.

“Traditionally the accountant, the bookkeeper, may not have necessarily added to increasing topline of the business,” he said. “Due to the change in systems, the change in requirements, you often find individuals in finance are most learned about the business, and where the business is headed. That’s the value-add they provide now.”

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—**Ata Hae**
Controller, Carbon6



03

The Need For Transformation

Beyond overseeing the flow of money and reporting on the business's financial performance, modern finance teams have the potential to directly contribute to top line growth, and those contributions are needed now more than ever.

Haee explains that it's not just technological innovation that's enabling finance professionals to provide more strategic insight, though that is one part of the story. There has also been an increase in the speed and complexity of the environments in which businesses operate, challenging finance functions to stay ahead of new challenges without neglecting their core responsibilities.

"What has changed is how revenue is processed and billed to customers, the complexity in which that revenue is being generated and captured, and how the treatment of revenue has changed in terms of accounting standards," he said.

"It's required finance teams to be more agile, to think more critically, and to really think about root causes, understand systems a lot better, and understand data more than they've ever had to."

That transition, according to Float's Head of Finance Brendan White, only began in the last few years. After pandemic shutdowns, supply chain challenges, rising interest rates, new ESG requirements, the rise of remote work, inflation, and so many other external challenges, few businesses can survive without that greater level of insight.

"Over the last four or five year's we've experienced these significant shocks to the cultural situation, the economic landscape, and the companies that have sought the insights of their finance team have often emerged in a much better situation," he said. "The value is becoming more apparent, and the improvement in our ability to automate certain tasks has unlocked our ability to become that strategic advisor."



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Controller, Carbon6



04

Key Pillars of Transformation

Driving value for your organization that goes above and beyond the traditional tasks assigned to finance professionals requires leaning on new technologies to provide analytics and efficiency gains, developing new skills, and collaborating effectively with other teams and departments.

A. Advanced Data Analytics and Reporting

Getting a firm grasp on the data that is available, and ultimately putting it to use, is of significant strategic value to any organization. It's also a capability that is largely unique to finance teams.



04—Key Pillars of Transformation (cont.)

That's because no other department has as much visibility into all the moving pieces of the organization, and how they fit together, according to Haee of Carbon6.

"Finance is the one department that has a relationship with every other department of the business, other than the CEO," he said. "For that reason, I feel very strongly that the way in which the function should be utilized is to help that business grow and be the partner to the CEO."

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—**Ata Haee**
Controller, Carbon6

Haee says that high level view puts finance in a unique position to leverage data, develop insights and assist in strategic decision making.

White adds that in the past, reporting and data came in waves, often at the end of the quarter, month, or year. Now, he says, organizations have access to massive amounts of data typically produced in real time. As such, collecting data is only the first step.

"It's about asking the strategic question and connecting the dots that exist in the data to answer it," White said. "That's where the finance leaders have really changed; before it may have just been focussed on finance, and less on the actual business, now it's all one big data story that needs to be told, and the person who understands all sides of it is best suited to tell it."

Furthermore, White says that until recently finance technologies typically didn't work well with each other, requiring professionals to stitch together bits and pieces of information from various platforms.

"A lot of this is new to the cloud computing era," he said. "Now the systems can talk to each other, that's been one of the biggest changes, and that's really where that data story comes from."

Those capabilities, adds White, are poised to expand even further with the development and proliferation of artificial intelligence. In fact, a recent [survey](#) by Oracle found that business leaders fear the risks of not embracing AI and rethinking their financial processes - risks ranging from declining productivity to inaccurate reporting.





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Head of Finance, Float



04—Key Pillars of Transformation (cont.)

B. Process Automation and Efficiency

Sifting through all that data to provide strategic value takes time; time that finance professionals have historically dedicated to their core responsibilities.

Today, a galaxy of new tools has taken much of the manual labour out of the finance function, but it's often up to individual teams to onboard and implement those systems.

“Even just small systems we've put in have made such a difference, and saved us time, and real dollars too,” said Robert Ashe, the director of finance for Carebook Technologies, a corporate health platform for enterprises

Ashe explains that only a few years ago implementing a new technology system could take years to install and may have even required the hiring of a dedicated in-house technology consultant. Now, he says, you can sign up for a free trial online in minutes.

“Things that are as simple as paying your suppliers or getting bills into the system or consolidating your financial results, that stuff can take so long,” he said.

“I've seen companies that take a day to compile their financial data, and much longer if they need to make a change, so absolutely these systems can save you days of time.”

Not only do these technology systems handle traditional accounting tasks like invoicing, billing and payroll, but they can also do them more quickly, and accurately.

“In every Excel doc you'll find errors,” Ashe said. “So, part of [automation] is saving time, saving dollars, but saving mistakes can be a huge part of it as well.”

According Accenture, digital transformation can result in a 35 to 40% decrease in period close times, a 25% reduction in cycle time for delivering reports, and 99% accuracy in reporting. Other [research](#), however, suggests that only 8% of the finance industry is currently leveraging robotic process automation tools.



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—Robert Ashe
Director of Finance,
Carebook Technologies



04—Key Pillars of Transformation (cont.)

C. Business Partnerships and Collaboration

With those powerful insights, and with all the time savings provided by automation, finance professionals can provide value in new ways, often in collaboration with other teams and departments.

“You can do segmentation of your market, understanding who is buying your products, when they’re buying it, and draw ties between your marketing campaigns and who it’s working with, then you can reinvest more dollars into the sales and marketing tactics that are actually working,” Ashe offers as an example.

Not only does finance now have access to insights and metrics that can be instrumental to other teams and departments, but they also have the clearest vision of the company’s actual performance day-to-day, and are thus often best suited to provide strategic assistance to leadership.

“It’s really only the people in finance who understand the health of the overall company,” Ashe said. “Nobody else is responsible for making sure the company is profitable — salespeople want to close sales, marketing people want to spend marketing dollars, builders want to build — but in terms of making sure you’re actually getting benefits out of the work you’re doing, that’s ultimately finance’s responsibility.”

While finance may have once been an insular role, the modern finance team is often at the center of all business operations, and thus best equipped to ensure strategic alignment.



04—Key Pillars of Transformation (cont.)

D. Talent Development and Skill Enhancement

Achieving the unique opportunities presented to finance professionals today requires a range of new skills; skills that typically aren't incorporated into their training. For example, Ashe says that a base level knowledge of financial systems is quickly becoming a standard requirement for senior level finance positions.

In fact, a recent [study](#) conducted by Robert Half ranked “technology expertise” seventh on its list of “10 Skills that Really Count” for finance professionals, with “capacity for innovation” coming in tenth.

“The university programs, they don't teach that yet; I'm hoping they'll catch up, but as of now, definitely not,” he said, adding that much of the necessary information is available online for free to anyone who seeks it via Google, YouTube and other platforms. “Online resources are amazing, so a lot of it is doing research by yourself.”

Ashe adds that while it may sound intimidating many of the latest tools and systems have similar features and capabilities. “If you have a basic understanding of the relationship between databases and APIs you can understand any finance system in a couple days, because they all kind of work the same,” he said.

“It's kind of funny, you get a CPA designation and think you're set, but it's really not the case anymore.”

—**Robert Ashe**
Director of Finance,
Carebook Technologies

Rather than access to educational resources, Ashe suggests that the more significant hurdle is accepting that leading a modern finance team requires ongoing education.

“It's kind of funny, you get a CPA designation and think you're set, but it's really not the case anymore,” he said. “The knowledge you get just from watching YouTube videos and learning systems that way is actually becoming much, much more important.”





05

People, Process, Systems

The finance function is undergoing a transition from a cost centre to a strategic value driver. New technologies are both automating some of the department's traditional responsibilities, while also providing a wealth of data and insights into every corner of the business. As the team responsible for collecting and reporting financial data, and the one that has the most visibility into every other function, finance is in a unique position to offer new kinds of strategic value.

Rising to the occasion will require acquiring new skills, but much of the information they need is readily available online. Perhaps more importantly is embracing a different perspective on what it means to be a finance leader today.

Transitioning from a cost centre to a strategic value driver, according to White, is all about people, process, and systems.

"If you don't have people that are actively looking for ways to contribute value to the business, it won't happen," he said. "With the right tools and training that individual should be able to accomplish these initiatives themselves."

White adds that many who enter the profession today are eager for opportunities to go beyond the traditional tasks associated with the role and will ultimately embrace the opportunity to elevate their position.

"From there you can start working with other teams to develop insights, you can start asking more strategic questions — like how can we improve performance? What are the levers we have available to us?" he said. "You start with good data, good systems, good processes, and good people; if you combine the right mixture, a lot of these teams will get them on their own."



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