

# Finance Effectiveness

## PwC benchmark services

Organisation

How well does finance partner with your business?

People

Do you have the optimal organisational design?

Technology

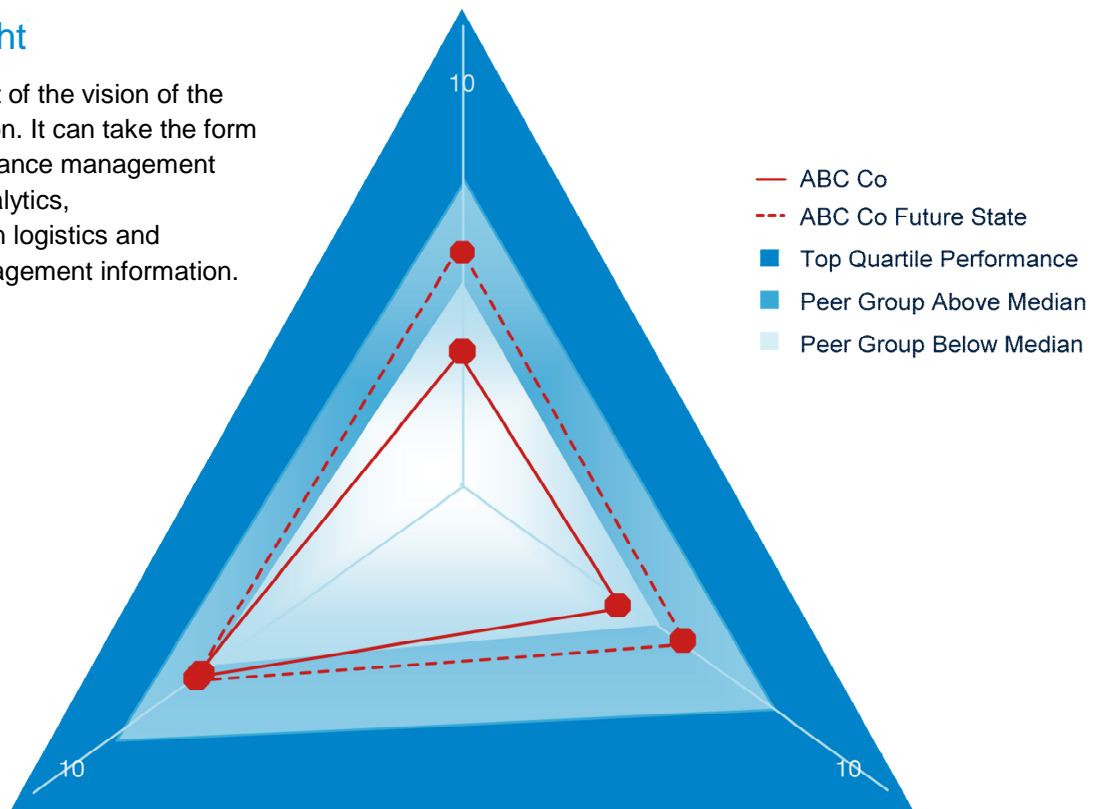
How well do you leverage technology?

What are the top finance functions doing differently?

# Our benchmark methodology assesses your finance function on three dimensions

## Business Insight

Insight is at the heart of the vision of the future finance function. It can take the form of corporate performance management (CPM), business analytics, corporate information logistics and straightforward management information.



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## Compliance and Control

The accountability of CFOs means compliance and improving control have been top of the agenda in recent years.

The future finance function needs to optimise risk management, compliance and control to establish a sustainable cost-effective control environment which meets today's requirements as well as being flexible for future changes in regulations.

## Efficiency

Efficiency in finance means performing tasks in a timely and cost-effective manner, typically via simplified and standardised processes that leverage technology and consolidation/elimination of non-core activities through shared services/outsourcing.

How do you balance the competing demands of insight, efficiency and control?  
What are top-performing finance functions doing differently?

# The PwC approach – Using standard tools, and leveraging our consulting and audit experience

## A strategic approach

- The benchmark is designed to provide strategic insight and an evidence based challenge mechanism aligned to “The Triangle”, avoiding low-level detail and deploying a practical balance between quantitative and qualitative questions
- The number and complexity of questions is minimised to ensure the impact of benchmark execution is reduced compared to other approaches

## Creating a baseline

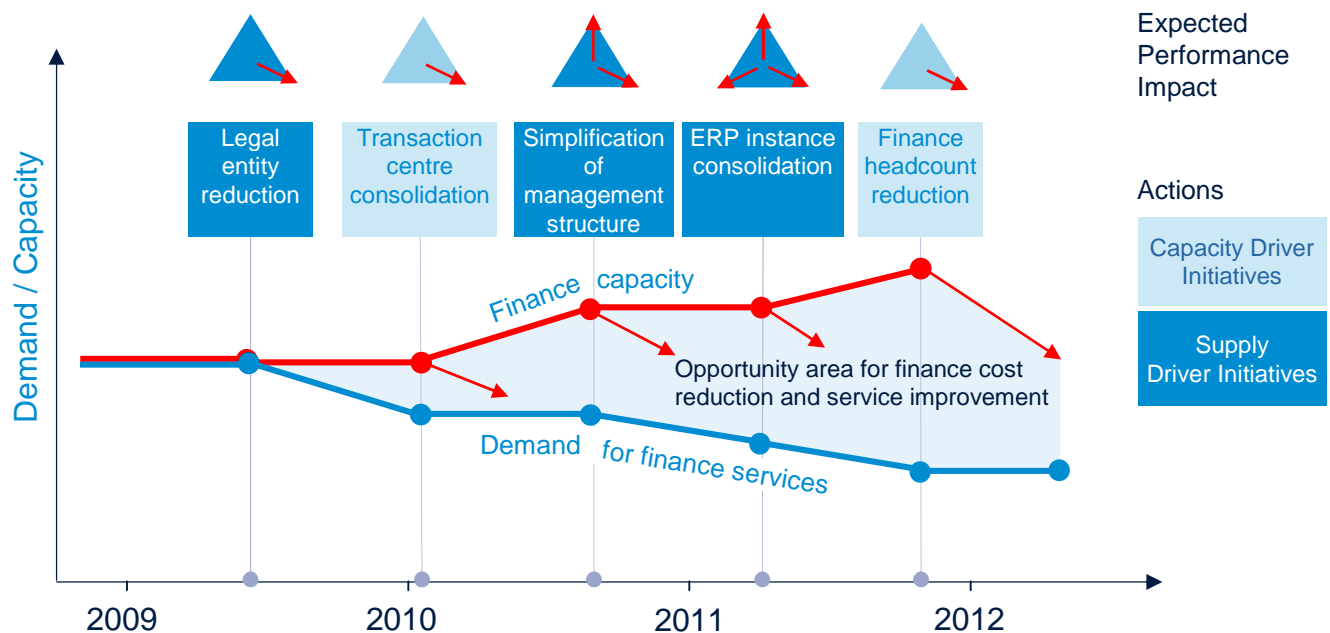
- Internal comparison between divisions, and external comparison to peer and top-performing organisations
- Using the benchmark assessment and a measurement framework, the client can continue to identify opportunities and monitor progress over time against known objectives

## Industry and functional expertise

- The analysis is informed by PwC’s wealth of experience working in depth with a wide range of clients

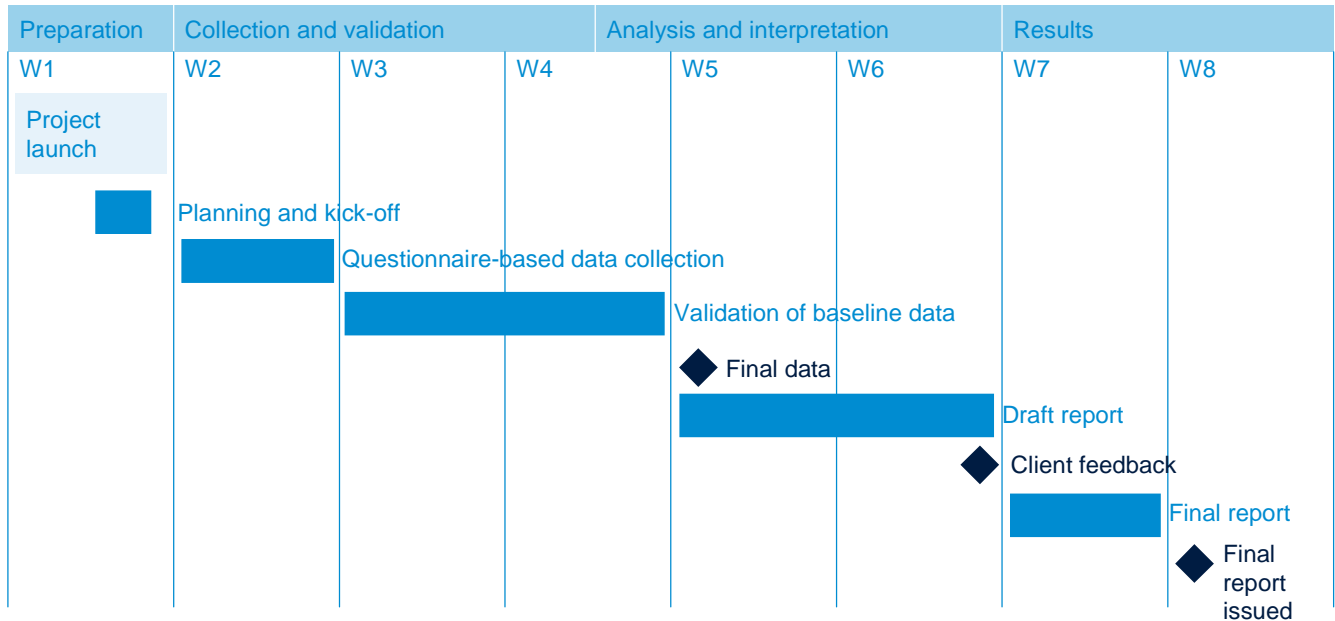
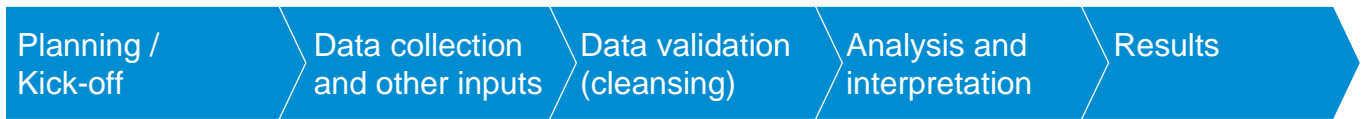
Providing standard web-based tools incorporating validation at data input, comprehensive user help, and self-service online reporting

## Baselining and measurement to manage transformation



# Typical duration 8 – 12 weeks

Assessment and analysis



## Reporting

The final deliverable is a thought-provoking Board-level pack addressing strategic opportunities.

**Overall Finance cost and headcount**  
An overview of Finance cost and headcount highlights performance gap compared with peer group

**Finance cost as a % of revenue**

Category	Value
ARM	1.12%
Peer group	0.87%
Top quartile	0.66%

**Finance FTEs per revenue (normalised to XYZ revenues)**

Category	Value
ARM	31
Peer group	25
Top Quartile	16

**Observations**  
XYZ's cost of Finance as a % of revenue than this is driven both by headcount and high re-general accounting.  
No material Outsourcing reported, possibly reflecting desire to retain control provisions and avoid working with a third party.

**Business complexity**  
Structurally, XYZ is broadly comparable with the selected peer group

**Number of operating countries**

Range	Value
1-3	95%
4-7	12%
8+	12%

**Number of business segments\***

Range	Value
1-3	95%
4-7	12%
8+	12%

**Key performance drivers**  
XYZ is comparable to peer group with regard to number of business segments (6) and other structural identifiers.  
\* There is a moderate number of finance locations (6) compared to the size of the organisation (25 legal entities) so there may be further opportunity to reduce complexity through effective integration in shared services.

**Questions raised**  
• What is the potential to further consolidate and integrate transactional across these locations?

**How do you balance the competing demands of Insight, Control and Efficiency to align with business strategy?**

**Key Performance Indicators**

- Business Insight**
  - Business insight FTEs per dollar of revenue
  - Finance cost as a % of revenue
  - % of Finance FTEs in business partnering roles
  - Management focused on finance
  - Single data repository for all
  - % of overall firm spent on data gathering or analysis
- Compliance & Control**
  - Control activities cost as % of revenue
  - Internal audit cost as % of revenue
  - Risk management value
  - Key controls automated
  - % of key controls automated
  - Number of key control owners of peer and
- Efficiency**
  - Finance cost as % of revenue
  - Finance FTEs per dollar of revenue
  - Finance spend to spend and charge
  - Average days to report financial results
  - Single data repository for analytics reporting
  - Complexity of key financial systems

## HR and Human Capital Metrics

PwC can also assist you to measure and benchmark your HR function and workforce performance. For further information, please visit [www.saratogapwc.co.uk](http://www.saratogapwc.co.uk)

Andy McCorkell | Benchmarking Director

020 721 31509 | [andrew.s.mccorkell@uk.pwc.com](mailto:andrew.s.mccorkell@uk.pwc.com)

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