Blueprint for Success

DESIGNING THE FINANCE ORGANIZATION
FOR EXCELLENCE
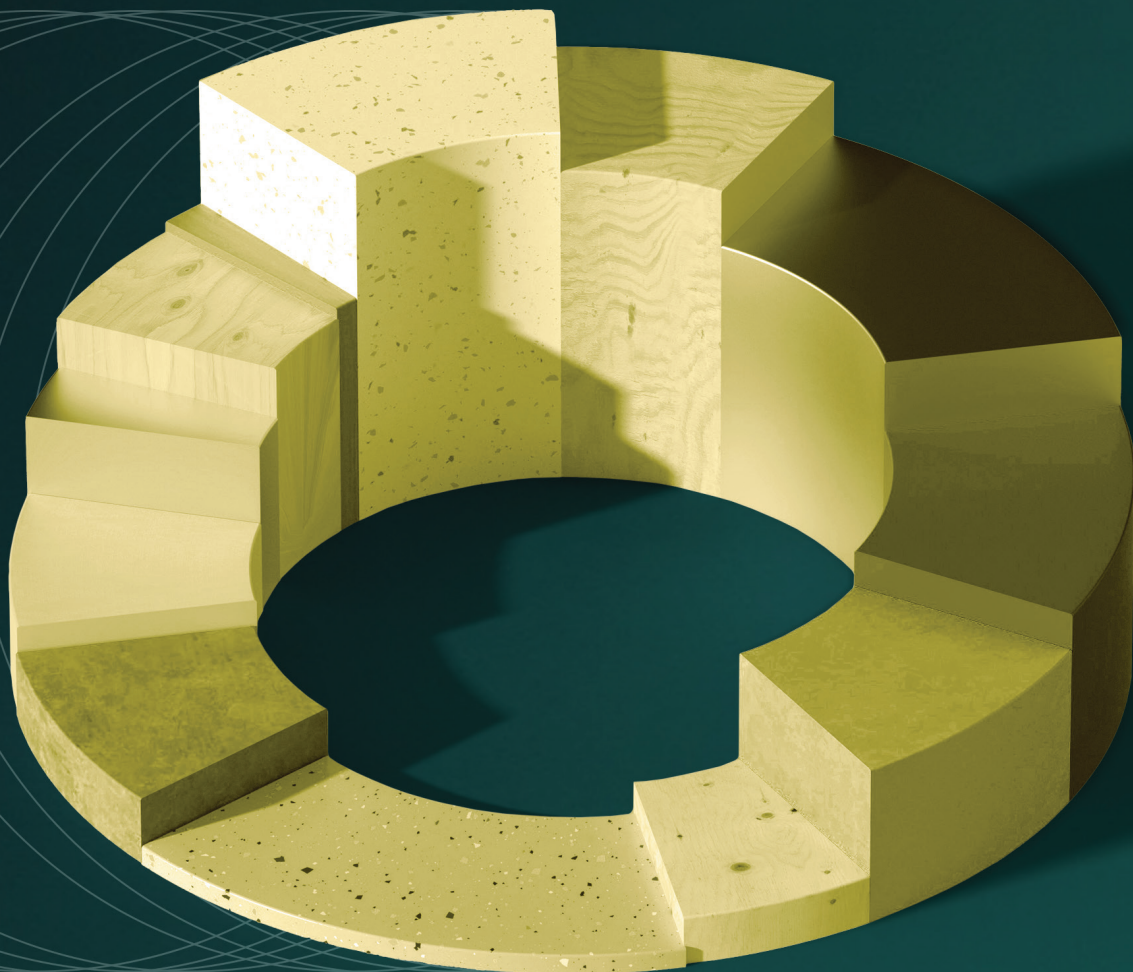
CFOs are focused on organization design and cost management as two of their top priorities in 2024[1]. This focus will prompt Finance teams to evaluate the function's structure, the ability to deliver increased value to the business, the impact of technology on the org, and opportunities for cost savings.

It is critical to take a modern approach to org design. The days of hard-wired, single, hierarchical reporting are over, and dotted line reporting has become a viable organizational strategy. Modularity is a core component of an effective organization design; it enables management to manage costs by flexing operations with demand fluctuations. Numerous organizational structure archetypes can accomplish a company's objectives – one size does not fit all.

While the approach to org design has changed, one factor has not – customers do not care how an organization is structured so long as they receive the right product at the right cost. High performing teams link organizational design to value delivery, addressing not only roles and responsibilities, but also how teams efficiently provide exceptional service and how leadership fosters that performance.

51%

of organizations are starting a major redesign initiative in the next 12 months[2]

46%

of business unit finance activities report through the finance function[2]

66%

of finance leaders believe the digital competency gap within their finance team is widening[3]

40%

or more of finance roles will be either new or significantly reshaped due to finance technology through 2025[4]

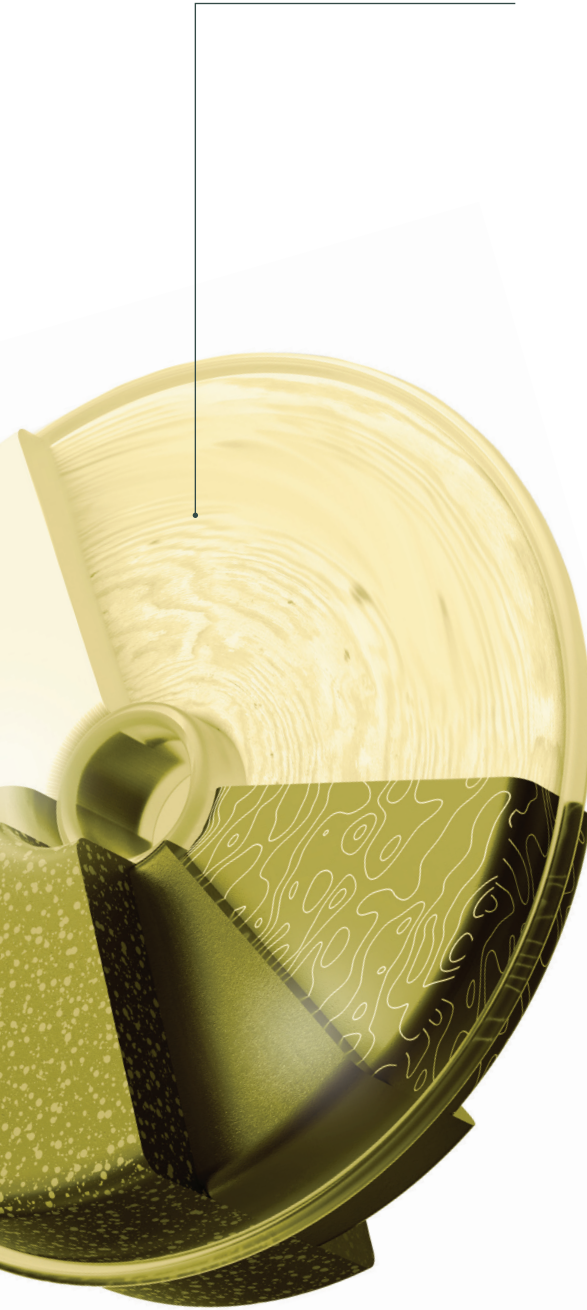[1] Gartner – 2024 Finance Executive Priorities Survey

[2] Gartner – Redesigning Finance Structure and Roles to Support Growth

[3] Gartner – Finance Department Structure

Factors to Consider for Designing a Finance Organization

ORG DESIGN CONSIDERATIONS

FUNCTIONAL COST

- Cost to serve and perform finance activities
- Affordability targets and budget adherence
- Labor market dynamics
- Attrition and recruiting
- Third party staff augmentation and advisors

COMPANY REQUIREMENTS

- Legal entity structure
- Management structure (BU vs. geography)
- Geographic footprint & language needs
- Company size
- Degree of centralization

SERVICE

- Business process outsourcing
- Shared services
- Centers of excellence
- Complexity of tasks
- Location of resources
- Tax implications
- Regulatory compliance

ROLE OF FINANCE

- Functional ownership of core activities
- Reporting relationships
- Cross-functional partnership
- Stakeholder engagement
- Linkage to operational strategy
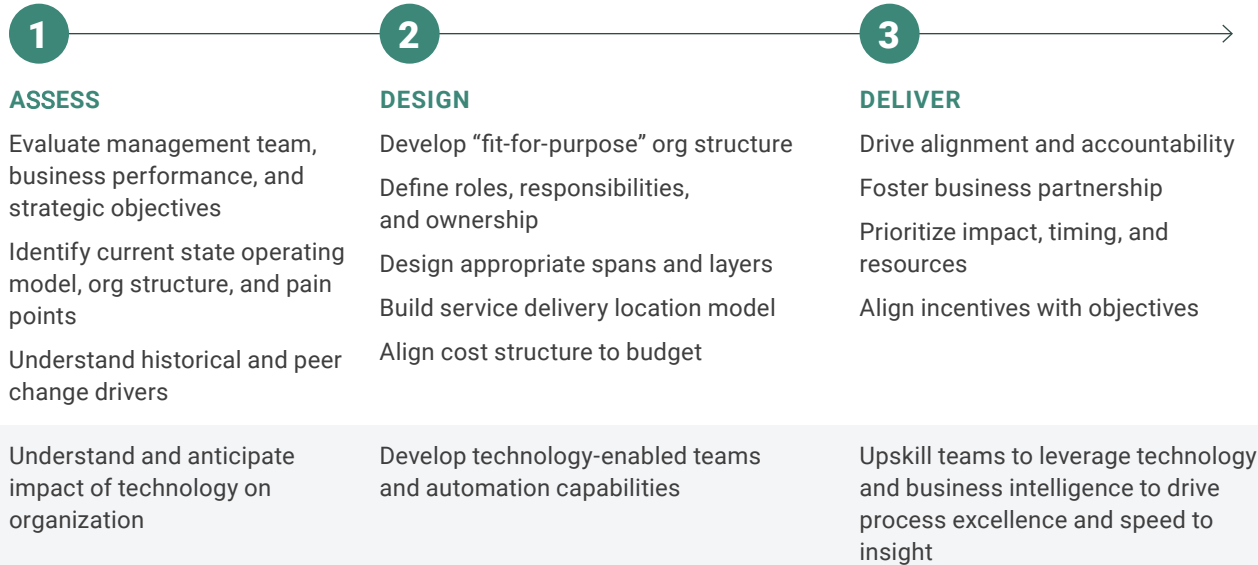
TALENT AND LEADERSHIP

- Leadership capabilities
- Talent needs & skill gaps
- Ability to hire strong talent
- Metrics and KPIs
- Rewards system
- "Career" vs. "job" culture
- Geography of talent

TECHNOLOGY

- Systems and tools
- IT partnership and support
- Systems roadmap
- Data integrity and access
- Process automation
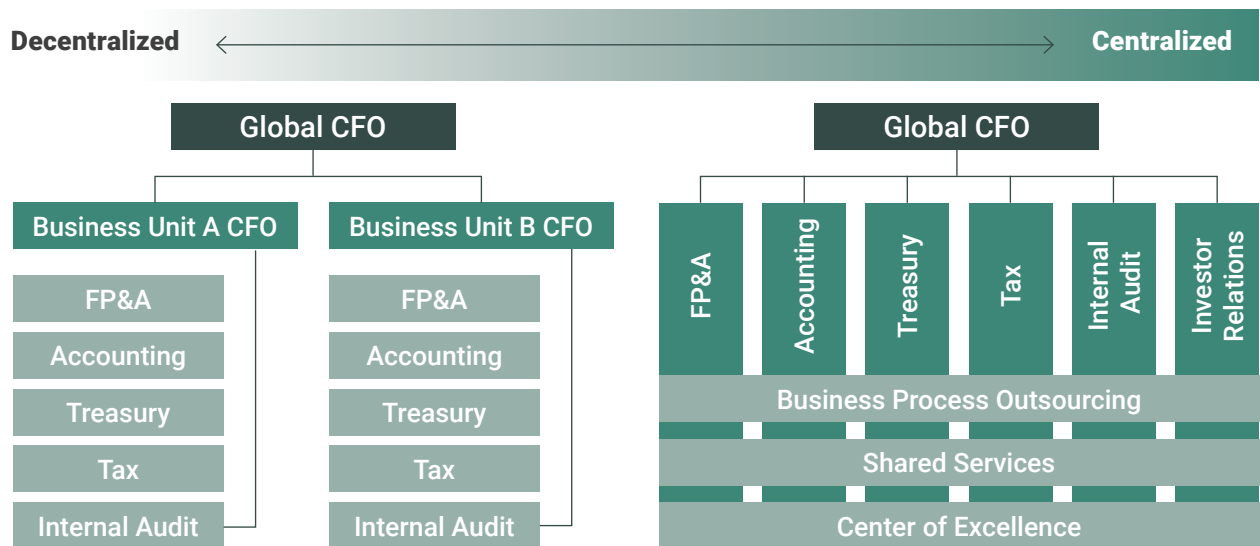- Degree of technology adoption
- Cost vs. benefit

The Path Forward

① ———————— **②** ———————————— **③** ————→

ASSESS

Evaluate management team, business performance, and strategic objectives

Identify current state operating model, org structure, and pain points

Understand historical and peer change drivers

DESIGN

Develop "fit-for-purpose" org structure

Define roles, responsibilities, and ownership

Design appropriate spans and layers

Build service delivery location model

Align cost structure to budget

DELIVER

Drive alignment and accountability

Foster business partnership

Prioritize impact, timing, and resources

Align incentives with objectives

TECHNOLOGY ENABLEMENT

Understand and anticipate impact of technology on organization	Develop technology-enabled teams and automation capabilities	Upskill teams to leverage technology and business intelligence to drive process excellence and speed to insight

Org Design Spectrum

ONE SIZE DOES NOT FIT ALL

When designing the finance org, CFOs should strive for a structure that is fit for purpose and aligned to key stakeholder and business requirements. Ownership structure and business model (e.g., private, public, holding company, family-owned) play a significant role in design. Hybrid org designs are also popular to ensure that structure is best suiting the needs of the business.

Decentralized ←————————————————————→ **Centralized**

Global CFO

Business Unit A CFO
- FP&A
- Accounting
- Treasury
- Tax
- Internal Audit

Business Unit B CFO
- FP&A
- Accounting
- Treasury
- Tax
- Internal Audit

Global CFO
- FP&A
- Accounting
- Treasury
- Tax
- Internal Audit
- Investor Relations

Business Process Outsourcing

Shared Services

Center of Excellence

While corporate-centralized teams typically exhibit greater process consistency and control, decentralized teams may be able to better partner with other functions throughout the business. Thus, finance teams can benefit by deliberately implementing the team structure and reporting lines that best suit their needs.

Leading Practices

CATEGORY	LEADING PRACTICE	WHY IT MATTERS
Purpose-Driven Activities	Functional activities and the respective delivery are determined by requirements needed to run the business, make decisions, and incite action.	Alignment of activities, roles, and location of activity execution will ensure Finance is focused on delivering the core services needed to efficiently operate and partner.
Ownership & Alignment	Functional ownership, reporting lines, and interdependencies are clearly defined, documented, and understood.	Clear definition of functional ownership and reporting lines amplifies worker productivity and unlocks savings by mitigating duplicative cost and rooting out shadow activities.
Metrics That Matter	Leadership uses metrics to measure efficiency, monitor effectiveness, drive performance improvement, and instill budget accountability. Affordability targets are evaluated against leading benchmarks.	Metrics can provide real-time governance to indicate if org design is purposeful, right-sized, and within budget. KPIs and SLAs can uphold quality of services. Benchmarks can help establish targets and pinpoint improvement opportunities.
Communications Strategy	Leaders demonstrating right behaviors are the purveyors of change. Communications are clear, timely, and targeted to the appropriate audiences.	Diligently communicating and managing change facilitates employee understanding of and connectivity to broader corporate ambitions. It cultivates culture and mitigates employee fatigue or unwanted attrition.
Financial Stewardship	Financial impacts of org changes are proactively quantified and evaluated.	It is Finance's responsibility to scenario plan how organizational changes and headcount fluctuations influence direct and indirect costs.
Technology	Leadership evaluates the current and future impact of enabling technologies as a part of org design.	Technology and automation will introduce new capability and allow employees to evolve into more dynamic, value-based roles.

How Ankura Supports Clients

ORG STRUCTURE & TALENT

Org Design (incl. SSC, BPO)

Design future state org structure with defined spans & layers, implement service delivery strategy, and develop monitoring capabilities.

Interim Management

Serve in finance leadership roles and support transformation, transition, hiring, and training.

Job Descriptions, Roles & Responsibilities, Training

Draft job descriptions, build responsibility assignment matrices, create training materials and facilitate knowledge transfer.

SAMPLES

Finance Org Cost Benchmarking
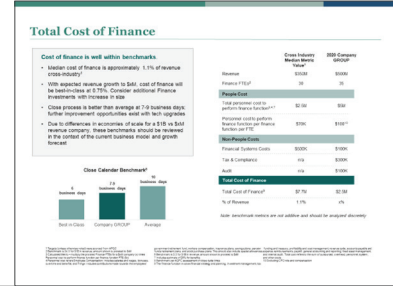
REPORTING & GOVERNANCE

Benchmarking, Cost to Serve

Identify and analyze key benchmarks and implement performance improvement plans.

Delegation of Authority (DoA), Decision Rights

Analyze, align, and implement DoA and governance models.

Headcount Analytics, Dashboarding

Develop analytics and dashboards that are integrated with financial actuals and forecast.

Headcount Dashboards
Spans & Layers Analytics
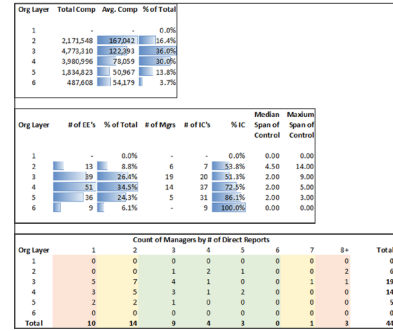
DELIVERY EXCELLENCE

Process Ownership

Define process ownership, align underlying activities to requirements, establish process taxonomies, and identify cross-functional interdependencies.

Tools & Automation

Develop tools and automate manual processes to drive efficiencies across Finance. Enable greater focus on higher value-add activity with technology.

Transaction Management

Manage complex business integrations (or spinoffs) resulting from M&A or consolidations. Support org and talent strategy through transaction lifecycle.

Activity Identification & Responsibility Assignment Matrix (RACI)
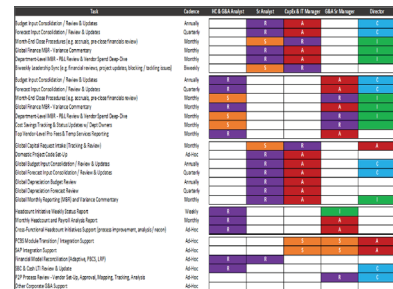
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