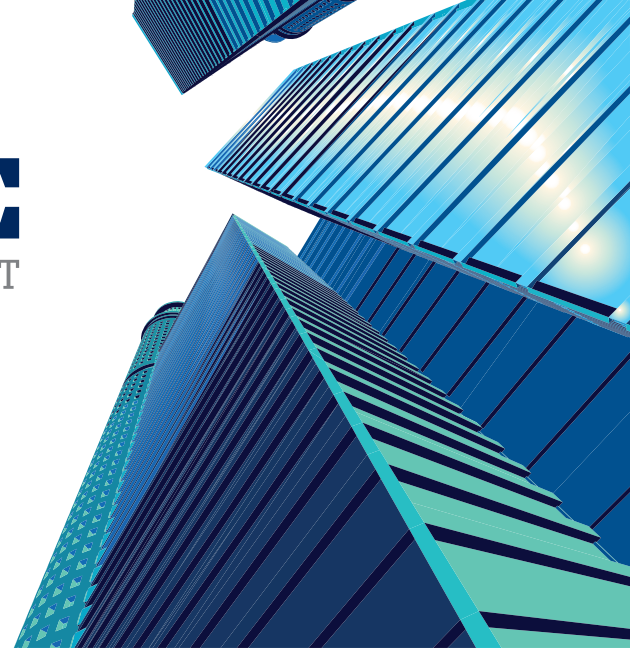


# FINANCE

TRANSFORMATION SUMMIT  
& CORPORATE FINANCE  
BOARDROOMS 2015



## The Future of Finance: *Hardly a Human in Sight*

Driven by technology as a game changer and talent as a differentiator, companies are recognizing Finance as the source of their competitive edge

*“Consumers are leading the way in adopting automation solutions in their private lives. With any luck, businesses will, eventually, follow.”*

Let me paint a picture of what the Finance organisation might look like in the future: It's run by technology, is nearly error free, and represents the kind of automated environment we've thus far only witnessed on the floor of automotive factories; there is hardly a human involved.

That, at least, is the view of Erik van der Steen a CFO specialized in transformations who is currently the Global Head of Finance at APM Terminals, a Maersk subsidiary and one of the world's largest port and terminal operators.

Given the continued evolution of information technology, he says, support functions will transform to an extent that is hardly imaginable today.

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# Technology as a Game Changer

"If we define Finance transactions as translating a set of physical activities – selling product, setting targets, or buying supplies – into a set of numbers that describe these activities, then it does not take much of a stretch of the imagination to see how the human element could be taken out of the picture," he explains.

In truth, Finance processes could simply be triggered by certain events and the function as we know it could be replaced by full automation, Erik continues. Current financial practices, he believes, will simply become obsolete:

"All that will be left is a retained group focusing on a few hotspot areas, evaluating process and system design, managing governance, and providing a reality check for management from time to time."

However, this won't be happening anytime soon – "certainly, not during what remains of my career," Erik laughs [nor yours, so breathe easy]. It's not because the technology is unavailable, but because it is patently obvious that businesses are moving a lot slower than consumers in adopting new, innovative ways of doing things. With consumers acting as early adopters, however, it will be their rising expectations for a similar experience in the workplace and in business, more than anything else, that will finally drive a transformation of Finance.

Consumers are leading the way in adopting automation solutions in their private lives. With any luck, businesses will, eventually, follow.

"All you have to do is consider that the reliability and quality of forecasting of any given weather App on your smartphone is far superior to the financial forecasting technology currently embedded in multi-billion dollar enterprises," says Erik. "It's astounding that at the enterprise level we accept unreliable and sub-par forecasting and data that is out of date nearly as fast as we can draw down the reports."

There are signs of change on the horizon, however. Across industries, we are starting to see indicators of the kind of future Erik is painting. The latest Robotic Process Automation or Artificial Intelligence technology offers automated processing at the user-interface level that mimics, or even better, the work done by human employees. The advent of these types of technology presages a transformation that, while still generally misunderstood by end users, is nevertheless recognized as a game-changer by the likes of KPMG Partner Bob Cecil, who specializes in Business Services Transformation.

It's a case of technology enabling and driving transformation. The roots of this kind of 'next generation' transformation are already taking hold in forward-thinking organisations such as Cargill, Barclays and others.

For now, the market is still nascent and many organisations simply don't have the infrastructure or culture in place to support this change. But while arguments in favour of human contact for "business intimacy" might still sway today's business leaders, just consider the pushback that greeted airports' initial introduction of self-service ticketing kiosks not that long ago ... or banks' automated customer service initiatives ... or subways replacing the human ticket booth with a machine.

And where are we with that today? If the way your organisation drives revenue and inter-

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acts with customers is benefiting from automation, why is the “back office” lagging behind?

## Talent as Differentiator

Hand in hand with technology, Erik is banking on talent to get to this future state. For while technology is the enabling denominator, it's the people on the team who turn it into value add.

In future, Erik believes, it is highly possible, even probable, that the vast majority of management queries will be met by Google-type search and solution capabilities. Given the disruptive influence of that technology, labour will be all but driven out of the equation. What remains will be a much smaller team, leveraging superior skill sets around design, monitoring, and improvement, to help management deliver value.

While for now things will remain more familiar, Finance leaders out there should be preparing the way. As a functional lead, a CFO or Head of Finance does not actually produce value, Erik concedes, but it is up to him or her to enable their team so that management's investment is returned to the bottom line.

“My job is to give my staff the tools and encourage the behaviours that will impact the business such that it more than offsets my cost,” Erik explains. It's a challenging role given all the changes that lie ahead for APM Terminals, but he has a strategy in place to make it happen. It is based on recognising the diverse talents within every single member of staff, and creating teams that reflect the best strengths of each individual.

“I believe that recognising and releasing the talent inside each and every member is a significant driver of value, but it remains largely untapped within businesses that are still using traditional management styles to ‘manage’ teams,” he explains.

Within APM Terminals' Finance team, the focus is on the kind of diversity and skills that celebrates each member's contribution to success. It's less about strategizing with HR about developing future leaders than it is about finding out what existing staff are able to bring to the table. To break the mould of conventional team-management, Erik has taken a different approach. It's based on mapping out a visual journey and leveraging each individual's unique resources to get him or her to the mind-set the business needs to achieve its targets.

“It may take a little longer,” says Erik, “but the results speak for themselves”.

## Getting to the Future

Erik's guiding principle is a 100 per cent conviction that every business deserves to be supported by truly excellent functions. There is no point in being half-hearted about this, he explains. Targeting world-class excellence in everything you do, and providing an environment that is enjoyable, recognizes talent, and provides interesting careers should be “business-as-normal.”

As a fairly young company [APM Terminals is less than 10 years old] there are lots of opportunities that present themselves, which means that Erik is ticking every box to drive the kind of excellence he has in mind. Nothing is off limits: from how data is managed, to how technology is implemented, how controls are leveraged, and how self-service is

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encouraged. Every opportunity to drive a more passionate culture means a transformation in performance. This also manifests itself in how success is celebrated and behaviours are incentivized. It's difficult, Erik concedes: difficult to implement, difficult to make stick, and above all difficult to sustain. But it is key.

## Maintaining Focus

Amidst all the distraction of day-to-day operations, there are three concepts that keep Erik and his organisation focused on moving forward:

### 1. You need to develop a point on the horizon

In other words, you need to know what excellence looks like and be able to visualize it. What is key, he says, is that he knows that the solutions already exist out there. To help his staff understand and adopt this mind-set he uses an image of a dark office building with the view out of a window, at the world beyond. The point of this "looking outside" visual, he explains, is that you might need to be creative about where your ideas come from; but you don't give up because your target is real, and the solution exists.

### 2. You need to develop a sense of urgency

What will make your organisation prioritize moving from point A to point B? There needs to be a strong and compelling reason to change, which will help you get past the resistance. Cost benefit analysis on its own is not as convincing as management likes to believe it is. You need something else: a unique selling proposition that will capture the imagination of your stakeholders – something to set you apart from the competition.

### 3. You need to unearth the talent and the capability that will make transformation happen - and then use it

This isn't about a "talent pipeline" – it's about recognizing the unique talents of your existing workforce. Everyone has something to contribute and when you combine all of these capabilities you end up with a strong unit. Diversity is key, Erik explains. You need someone with analytics skills; someone else who is a people person and can communicate; and you also need the conservatives, who advocate against risk. In combination this kind of a team is unstoppable.

## Summary

Finance, today, is in the middle of an enormous transformation – but it's not obvious to everyone. CFOs like Erik have recognized the shifts, led by technology, that are already starting to redefine enterprises and their support functions. What's most important, he says, is that you recognize the end-to-end nature of service, and understand where value is delivered at every stage. To this end, Shared Services is part of the solution to building value, but it marks only an intermediary stage, he says, and stands alongside IT systems, data management, and interpersonal skills as a pillar on which to build a better service. The "Centre of Expertise" nature of Shared Services means that you can get far more value out of a given process by creating specialisation (and careers) around it. Right now, he explains, we need these kinds of specialists to drive improved value: Centralizing expertise means you develop and encourage its capability and output, and positively impact performance. But while Maersk is planning to develop a stronger foundation for what is right now a small Shared Services outfit in India, Erik is clearly focused on big picture value, as opposed to savings around labour arbitrage.

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Shared Services is simply an intermediary step towards the ultimate, technology-enabled process specialisation that will drive value in the future, he concedes. But right now, that value is still based on manual intervention. In the long run, with automation, the need for Shared Services, like the need for a large-scale Finance organisation, will simply disappear.

To find out more about Erik's perspectives, join us at Europe's leading event for Finance Transformation in 2015.

Compare your vision for Finance with that of Leaders like Erik van der Steen, at Finance Transformation Europe, 2015. Erik will be presenting the keynote session on Wednesday February 11, on "Transformation 2.0."

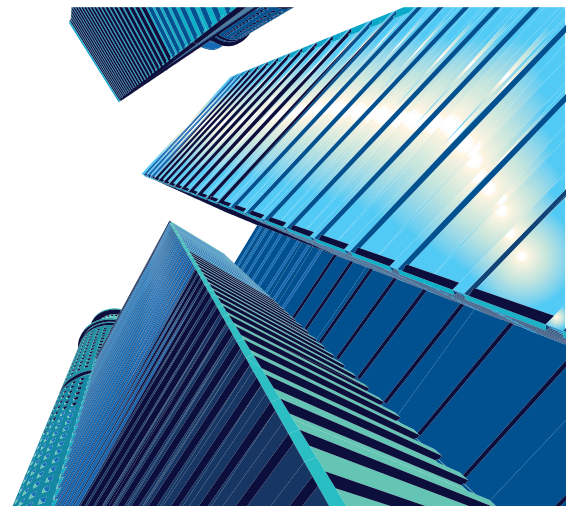


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10 - 12 February

[www.financetransformationeurope.com](http://www.financetransformationeurope.com)



## Creating a Vision - and Taking Your Team on the Journey

A crucial aspect of leadership is the ability to engender enthusiasm and buy-in for an enterprise's strategic vision. It means being able to visualize the future and set your team on a path to get there.

But taking your team on a journey has its challenges. First and foremost, you need to understand their mind-set "today", and how that differs from the desired mind-set that will support your goals. Then you need to work out how to transition them to that desired end-state.

Erik's approach is to avoid presentations, bullet points, slides and charts. Instead, he uses photographs to create a visual image of the journey. Before each meeting, he knows exactly which messages and actions he wants his staff to leave with. He also knows exactly where they stand at the moment. So he works backwards from the desired end-state, sketching and mapping out actions and ideas that will help the team migrate to where they need to be.

"I know it sounds crazy, but once I have worked out in my mind how to get someone from point A to point B, I look for an image associated with that journey. It might be a photo of tangled wires, it might be a car crash, it might be a party, or it might be a dark sky," he explains. "I choose an image that I think fits and that depicts the journey I need them to take - and that's what I go into the meeting with."

Note: Erik will take the same approach in his keynote presentation at Finance Transformation Europe, 2015. Come and join his session on Wednesday, February 11, on "Transformation 2.0" - but be prepared to brainstorm, not copy down bullet points.

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