

Finance Business Partnering

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20 yrs after the advent of 'business partnering',
finance continues to be called 'bean counters'!



% of Finance
employees in business
partnering roles.

% of organizations
where Finance is
primarily playing a
reporting or number
crunching role.



Survey: Stakeholders of finance lamented that Finance -



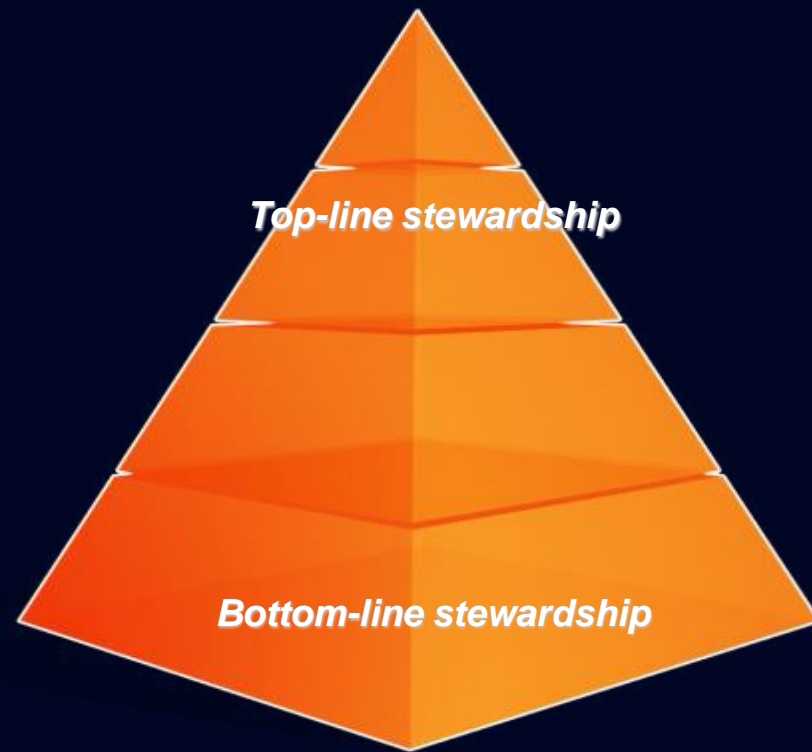
This is such a waste...

- Correlation between high performance business and high performance finance organization is 84%!
- The project owner may be too involved to take a distant look.
- Most business partners expect finance to help them make choices by providing clear decision rules.
- Junior and middle finance managers tend to grow frustrated with the transactional nature of their role.



Workplan for a CFO

– Jeff Emmelt, Chairman, GE



Strategy Formulation

Trajectory of profitable growth

Making the business look outwards through insightful competitive and industry analysis.

Initiative/Investment Analysis

Understanding the key drivers of success

Kotler found that 60% of all marketing initiatives are generally a failure!

Cost Structure Optimisation

Cost structure that can afford that pricing

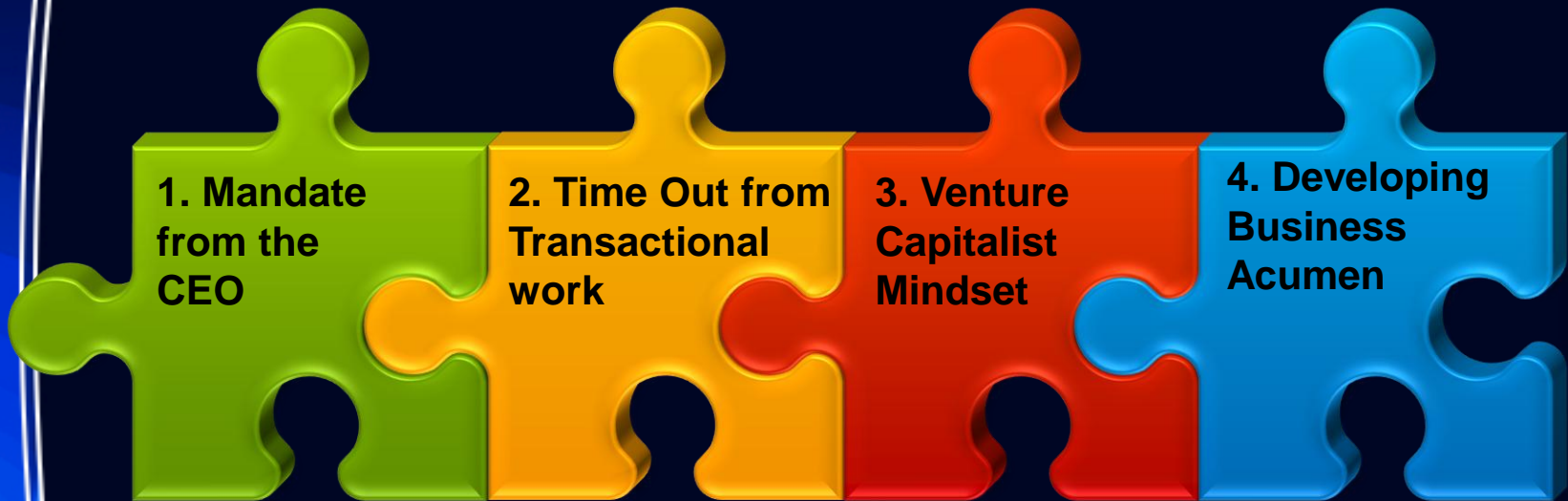
Doing benchmarking externally with competition and internally with the best manufacturing locations, to find the right cost structure.

What does Business Partnering mean?

Strategy, fundamentally, is making a choice.
Financial Analysis should help the business in making a better choice.



7 Steps Towards Business Partnering



7 Steps towards Business Partnering



**5. Learning
Analysis
Tools**

**6. Mastering
Soft Skills**

**7. Redefining
KRAs**



3. Example of a Venture Capitalist analysis



Microsoft Office
Word 97 - 2003 Document

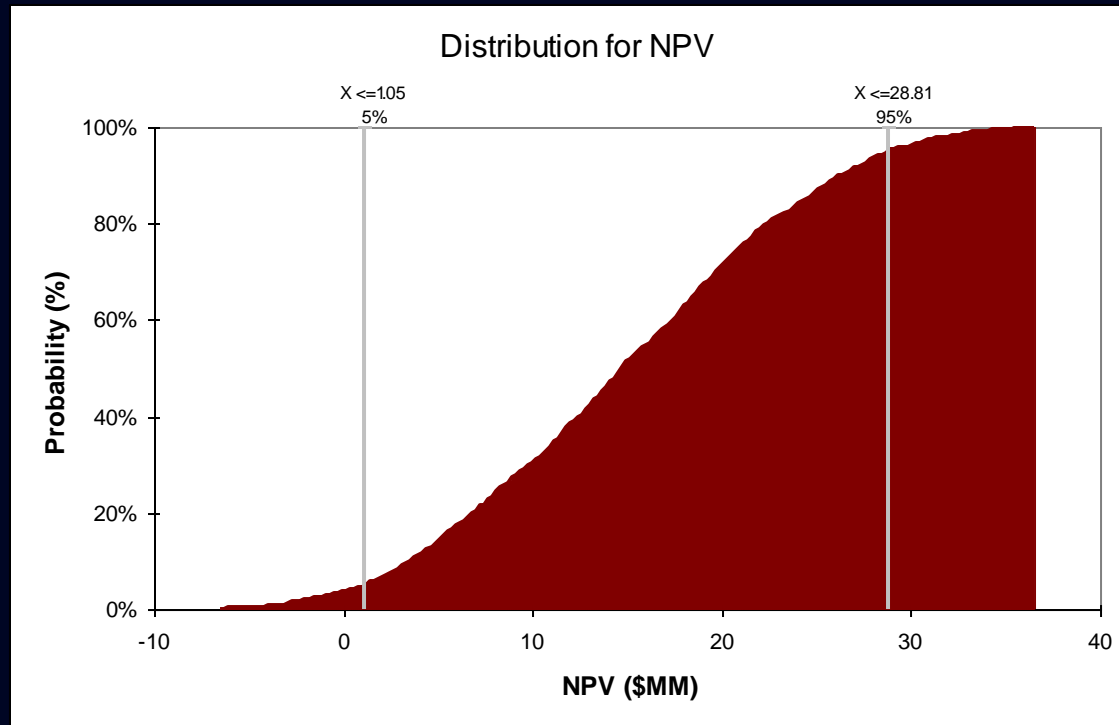


4. Example of Business Acumen: Who's Winning & Why Template

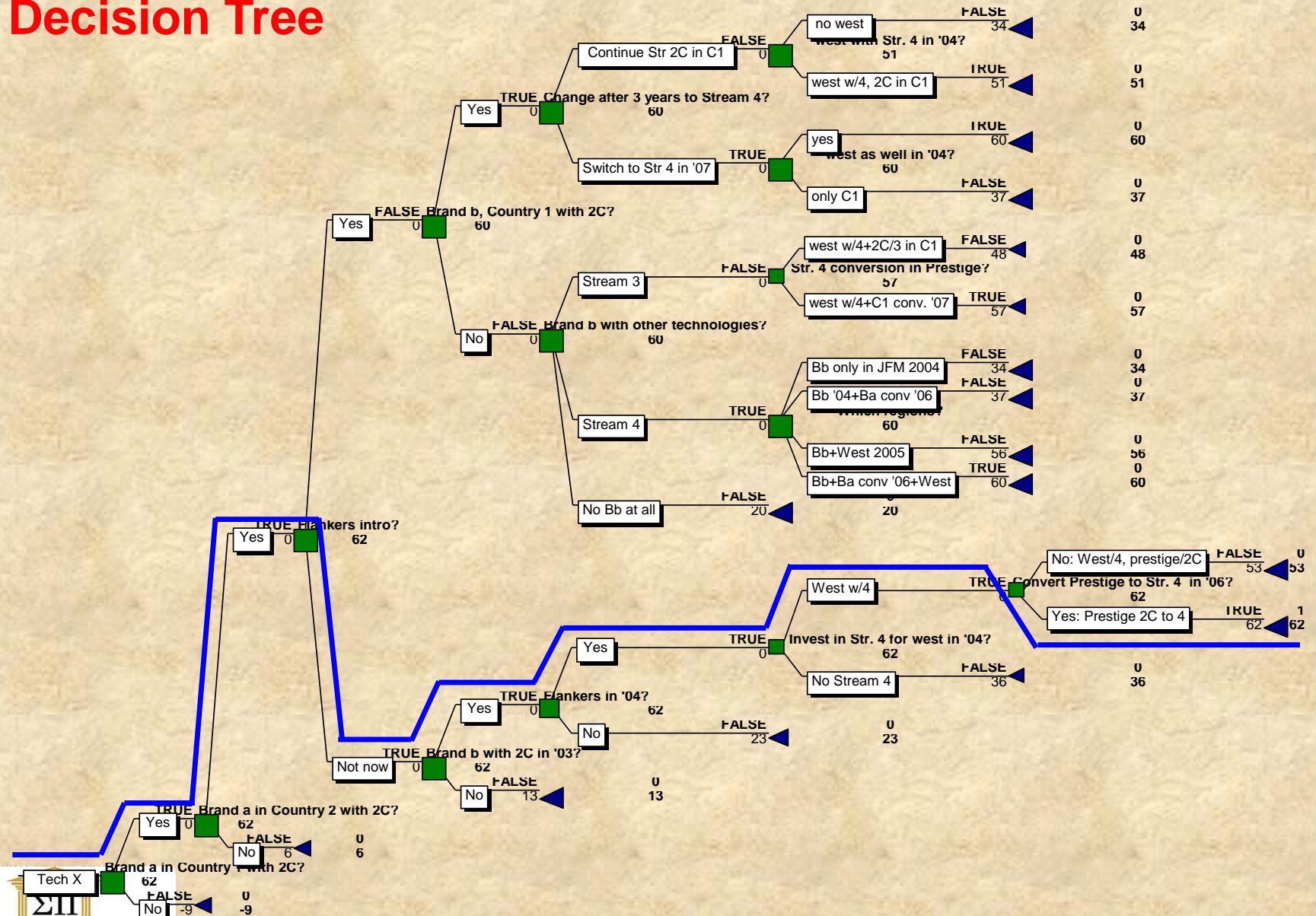
Core Supplier	Current performance	Known drivers behind performance	What is their positioning with this Channel?	Our hypotheses on why this supplier is winning / losing with this Channel (notable successes and failures)
Supplier A	<ul style="list-style-type: none"> Underperforming in this channel Declining market share by xxx 	<ul style="list-style-type: none"> Limited sales support (limited POS presence, infrequent promotions) Share of shelf is lower than share of sales 	<ul style="list-style-type: none"> A big supplier with a strong presence in beverages Historically has been strong at convenience channel and small retailers 	(-) <ul style="list-style-type: none"> Has historically de-prioritised this channel Has a very small sales team for this channel with limited budget and with no authority to make any significant changes Margins are lower than key competitors
Supplier B	<ul style="list-style-type: none"> Category leader at x % share Growing strongly in this channel 	<ul style="list-style-type: none"> Strong sales support (frequent promotions, strong POS presence) Highest share of shelf in the category 	<ul style="list-style-type: none"> Category leader - leading the innovation in this category Large international presence with funds Dedicated sales team 	(+) <ul style="list-style-type: none"> Has the ability and funds to invest heavily into this channel Provides above average margins Excellent POS support and awareness campaign increases footfall to the category
Supplier C	<ul style="list-style-type: none"> Under performing in this channel vs.. national average Flat share for the past 12 months 	<ul style="list-style-type: none"> Limited sales support Limited shelf space & pos presence 	<ul style="list-style-type: none"> Large supplier that understands the category shopper inside & out with strong presence on TV & other media 	(-) <ul style="list-style-type: none"> Tight sales budget is limiting their ability to win with key customers - this is believed to be due to their heavy investment on advertising & PR at the moment
Supplier D	<ul style="list-style-type: none"> Aggressively growing Significantly over performing in this channel vs.. national average 	<ul style="list-style-type: none"> Channel specific sizing, packaging Heavy sales support Best in class joint promotions with excellent execution Share of shelf is 2x share of sales 	<ul style="list-style-type: none"> Tries to be a strategic partner - understands and fulfils channel needs better than other suppliers Small but aggressive firm, flexible to tailor its offering based on customer needs 	(+) <ul style="list-style-type: none"> Disproportionately investing in this channel Providing highest overall margin in this category Providing customer specific packs and promotions such as bundled packs or price-marked packs



5. Example of @risk analysis: NPV as a probability distribution



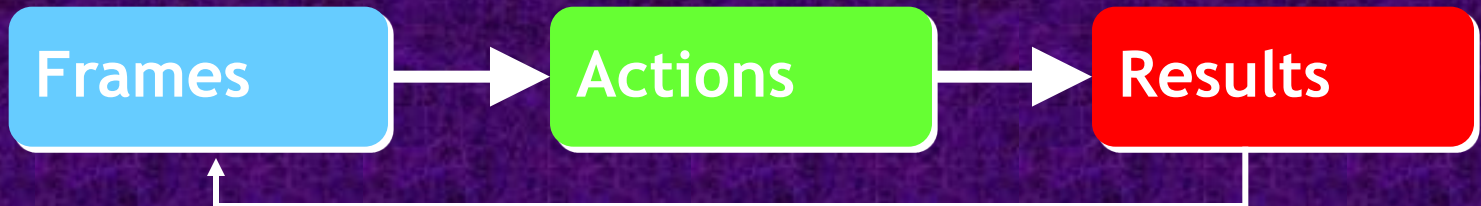
5. Example of Advanced Financial analysis: Decision Tree



6. Example of Soft Skills: Advocacy Vs. Inquiry

Productive conversations

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> ▪ What I see is a perspective on how it is ▪ Those who differ may see something I've missed ▪ Assume others strive to act with integrity ▪ Use our differences to improve our views | <ul style="list-style-type: none"> ▪ State thinking behind own view ▪ Seek and offer illustrations ▪ Inquire into others' views ▪ Make dilemmas discussable ▪ Design ways to test differences | <ul style="list-style-type: none"> ▪ Increased understanding ▪ Higher commitment to action ▪ Increased recognition of own contribution |
|--|--|---|



Unproductive conversations

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> ▪ What I see is how it is ▪ Those who differ are wrong ▪ They have bad motives (or, are wrong for being wrong) ▪ Get others to do what I know is right | <ul style="list-style-type: none"> ▪ Assert own view ▪ Take own reasoning for granted ▪ Minimize inquiry into others' views ▪ Ask leading questions ▪ Keep thoughts and reactions private | <ul style="list-style-type: none"> ▪ Limited understanding ▪ Low commitment ▪ Each sees other as problem |
|---|--|---|

7. Example of KRA: Gold Standards

One of the Gold standards for a Business Finance role:

- ❑ Shows a tremendous sense of ownership for his/her brands, acting as the brand(s) CFO.
- ❑ Understands the brand strategy, pricing, technical performance, selling strategy, cost, profitability, etc. better than anyone else.
- ❑ Integrates that knowledge well and proactively recommends solutions or alternatives which impact the business.
- ❑ Looks at the big picture and doesn't accept "givens".
- ❑ Has a major impact on projects before they reach major investment points.
- ❑ Reverse engineers the economics, as needed, so the team knows what they need to deliver and the pricing/cost structure to make sense financially.



Thanks for your time: Deep dive in the workshop!

Get the right business understanding - qualitative and quantitative



Analyse for patterns, drivers and risks



Develop new insights, based on deep business knowledge and financial analysis



Engage with business partners, and impact the decision

Good luck!

