

OLIVER WYMAN'S FUTURE OF FINANCE SERIES

TRANSFORM YOUR FINANCE WORKFORCE

Three forces impacting Finance operating model change


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THE OPPORTUNITY

Why now is the time to transform your workforce

The new normal has accelerated the need for organizations to go digital, and head into new frontiers with advanced technologies, AI and big data analytics. These pressures are fueling greater urgency to enhance Finance talent and capabilities — which businesses are struggling to fill.

The increase of digitization now requires chief financial officers (CFOs) and Finance operations to invest in **new skill sets, automate processes, make faster decisions (with broader sets of information), and step up on business change processes.**

Covid-19 has reinforced the broader, strategic advisor role that CFOs and their Finance teams are taking on within the business — for example, they were at the heart of retaining enterprise agility throughout the crisis. Today, there is a heavier focus on hiring employees with strategic and advisory skills, an innovative mindset, and with abilities to leverage advanced technologies and data analytics. As CFOs embrace these changes and organizational transformation, they need the right mix of talent, agility, and a broader business acumen across the enterprise.

What follows is our next installment in [“The Future of Finance” series](#), a collection of content developed by Oliver Wyman to help CFOs and Finance areas to position themselves as better business partners.

Here, we discuss three forces that are impacting Finance teams and driving an urgency for change. We take a look into the next generation of skills your Finance workforce will need to prioritize, and discuss our latest research on how the pandemic has changed employees’ work-life visions. We share five key success factors to help CFOs and Finance areas improve their talent models, attract new recruits, and develop a sustainable, flexible workforce approach. Although this paper focuses on financial institutions, the workforce and talent insights we share can be leveraged by non-financial companies.

COVID-19, along with a colossal tech shift has increased the urgency to reskill Finance talent and for teams to become more digitally-savvy.

THREE FORCES FUELING AN URGENCY FOR CHANGE

In our most recent client work, we have found three forces impacting Finance areas and fueling the urgency to enhance skills and capabilities.

First, accelerating digitization pressures on enterprises have created new Finance challenges and demands. Consumers are demanding improved, convenient digital experiences, and they want a seamless journey across various products and services. Leveraging cloud and microservices providers have allowed banks to maximize agility and drive more cost-efficient operating models. As a result, financial institutions now need Finance teams that can manage the proliferation of automation — as well as the ever-growing business demands of frequent, granular, high quality information across the enterprise and broader market ecosystems spanning multiple sectors. For many firms, it's become challenging to handle these demands effectively and to thrive in this digital era: A growth mindset is essential along with the ability to work on projects that evaluate risk for the enterprise; analytical capabilities based on stronger scenario testing and planning are necessary for advising the business; and leaders may now need to establish a new operating model between Finance and business.

Second, the pandemic has profoundly impacted employee experiences and changed employee work-life visions. Today, maintaining employees' wellbeing and flexible working options is paramount for organizations to be talent competitive and achieve sustainable performance. At the beginning of the pandemic, many firms experienced a welcomed increase in productivity and employee engagement, however that productivity has now dropped off as individuals are either frustrated with their situation or are no longer working in crisis mode. Flexible workplace dynamics, such as work-from-home arrangements have shifted "from exception to accepted," and employees have developed new skills that they want to advance further. A recent survey showed that 34 percent of Millennials plan to look for a job at a different company once the pandemic has subsided; 80 percent are concerned about career growth; and 75 percent say the pandemic has made them rethink their skill sets.¹

Third, companies have already established remote infrastructures due to the pandemic. This investment gives businesses a strong platform to re-envision the future of the workforce within Finance.

FINANCE ROLES CONTINUE TO EVOLVE

It's no secret that Finance and Accounting roles have broadened. Finance operations still need to maintain their task-based, standardized utilities (Accounting, Treasury, Financial Planning and Analysis, Tax, Compliance, Internal audit controls, etc.), but in 2021, CFOs have a critical seat at the senior leadership table, with organizations reaching to Finance not only for survival, but to also drive decision making, plan future growth, and become stronger advisors to the businesses.

¹ [Prudential's Pulse of The American Worker Survey: Is This Working?](#), conducted by Morning Consult in March 2021.

This value-added shift — moving from solely task-based workload and number crunching to operating as strategic advisors across the enterprise — is now a cornerstone for leading financial institutions to retain strategic agility and become more effective. However, many Finance teams are not well positioned yet, and may not have the right operating and human capital model in place (including attraction, development and retention of key talent).

During our discussions with Finance teams, 43 percent of CFOs we spoke to feel their workforce is not well positioned to support this shift. This is due to compounding factors such as difficulty in attracting talent; changing career attitudes of younger employees that want broader more flexible career paths; and difficulties in upskilling the more tenured employees.

THE CHALLENGES AND DEMANDS AHEAD

KEY FINANCE CAPABILITIES THAT REQUIRE GROWTH AND DEVELOPMENT

The Finance skill set of the future requires a greater prevalence of agility and strategic thinking. As Finance becomes stronger advisors to the business, a growth mindset is essential along with the ability to work on projects that evaluate a broader set of risks and scenarios for the enterprise. Stronger capabilities are needed that use real-time data and analytical tools for decision making. Hiring data scientists is now more common, and talent needs to both understand key performance indicators (KPIs) and be able to advise the business on using KPIs effectively (which may include advice on how KPI affect human behaviors and decisions).

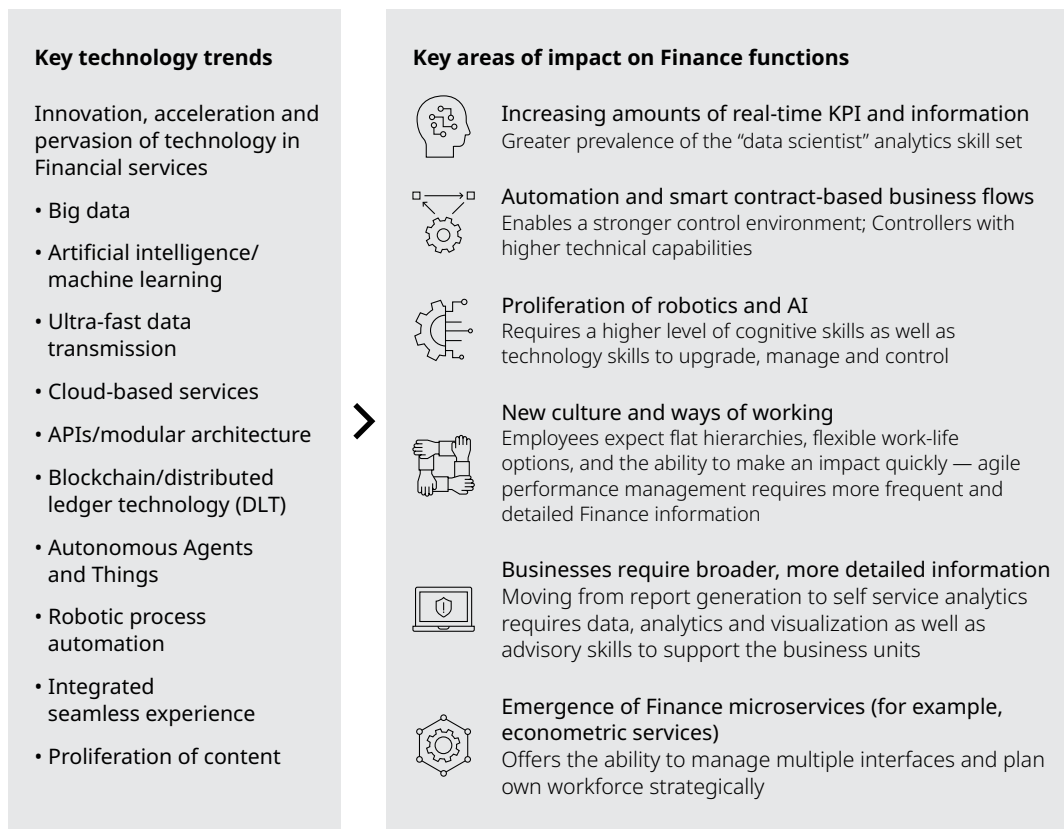
Finance needs to develop talent with a higher-level of non-traditional technical skills, and have teams that can manage the proliferation of automation, AI and robotics. Finance also needs to rethink outsourcing strategies. Previous transformation efforts have often focused on automation and the offshoring of service centers to cheaper locations— with “standard” Finance skill profiles, which in many cases has resulted in fewer career development opportunities for employees of the retained core Finance function. As third-party digitalization and microservices continue to emerge, these outsourcing strategies will need to be reassessed.

Agile process improvements require new ways of working. Firms are already moving to flatter organizational models, with fewer layers, to empower projects, initiate collaborative decision making, drive career development and tap into employee talents — but businesses also need to capture more diverse information from their agile workforce in order to retain control over value delivery from these often transformational programs.

Finance needs to develop a culture that embraces change and transformation

Finance needs to develop a broader business acumen across the enterprise. As teams initiate discussions with the business on wants, visions and services, they need to be able to effectively determine the required data, analytics and data visualizations, and continuously manage expectations on Finance-supported “projects.” Below we present the digital forces and key technology trends affecting the banking industry, and showcase how these trends will impact the enterprise’s vision for Finance.

Exhibit 1: Digital forces and next generation capabilities



Source: Oliver Wyman analysis

SIGNIFICANT CULTURE AND SUPPORT GAPS

Our recent client work demonstrated that Finance employees are experiencing significant gaps in culture and the support mechanisms for successful workforce transformation. For example, current career path options are often limited and require greater business and skills exposure. And we have found that previous leadership styles often do not empower employees, with leaders not always being accessible or focused on coaching. Directors and managers we have spoken to received limited coaching on how to further develop teams with broader skill sets.

As stewards of value generation and preservation for the enterprise, Finance directors should seek to prioritize development and change in four key areas. Many organizations have started to expand or develop capabilities but need more investment, resources and planning in these areas. At Oliver Wyman we work closely with clients to re-examine their Finance infrastructures, operations, processes and talent needs. Below we share four areas of development and actions that are needed to stay ahead of demands stemming from the digital transformation in the banking industry.

Exhibit 2: Four workforce development areas and actions

| | |
|---|--|
| <p>Invest in talent and skill development programs</p>  <p>Align the Finance function with the digital forces and strategies that are affecting banks.</p> <p>Why this is needed: Talent management and skill development embrace life-long learning and create proactive identification of the new roles and skills needed (for example, data scientists).</p> | <p>Establish business partnerships and acumen</p>  <p>Business partnerships are essential for Finance to support enterprise value preservation and generation.</p> <p>Why this is needed: Organizations are reaching to Finance not only for survival, but to also drive decision making, plan future growth, and to become stronger advisors to the business.</p> |
| <p>Develop a growth and change mindset</p>  <p>Build a culture that embraces change and innovation and one where Finance can work in flexible team structures (for example, agile).</p> <p>Why this is needed: Leaders often spend resources on the most innovative, expensive technology, but if they do not retool their workforce or change how the work is performed, they will not generate the innovation, change, and growth originally envisioned.</p> | <p>Be ecosystem-focused</p>  <p>Ability to detect ecosystem drivers of value — for example, customers, suppliers, microservices providers, and integrate these value drivers into dynamic performance management.</p> <p>Why this is needed: More data is being collected from various sources, which is relevant to performance, planning, stress testing. Step change in operating model effectiveness often relies on third-party microservices providers.</p> |

Source: Oliver Wyman analysis

FORCE 2

THE PANDEMIC PROFOUNDLY IMPACTED EMPLOYEE EXPERIENCE

The pandemic profoundly impacted employee experience and changed employee work-life visions. Today, maintaining employees' wellbeing and flexible working options is paramount for organizations to be talent competitive and achieve sustainable performance.

While many banks experienced a welcomed increase in productivity and employee engagement at the beginning of work-from-home arrangements, that productivity has now dropped off as individuals are either frustrated with their situations or are no longer working in crisis mode.

A recent survey of Millennials found:

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of Millennials plan to look for a job once the pandemic has subsided

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of Millennials say the pandemic made them rethink their skill sets

80%

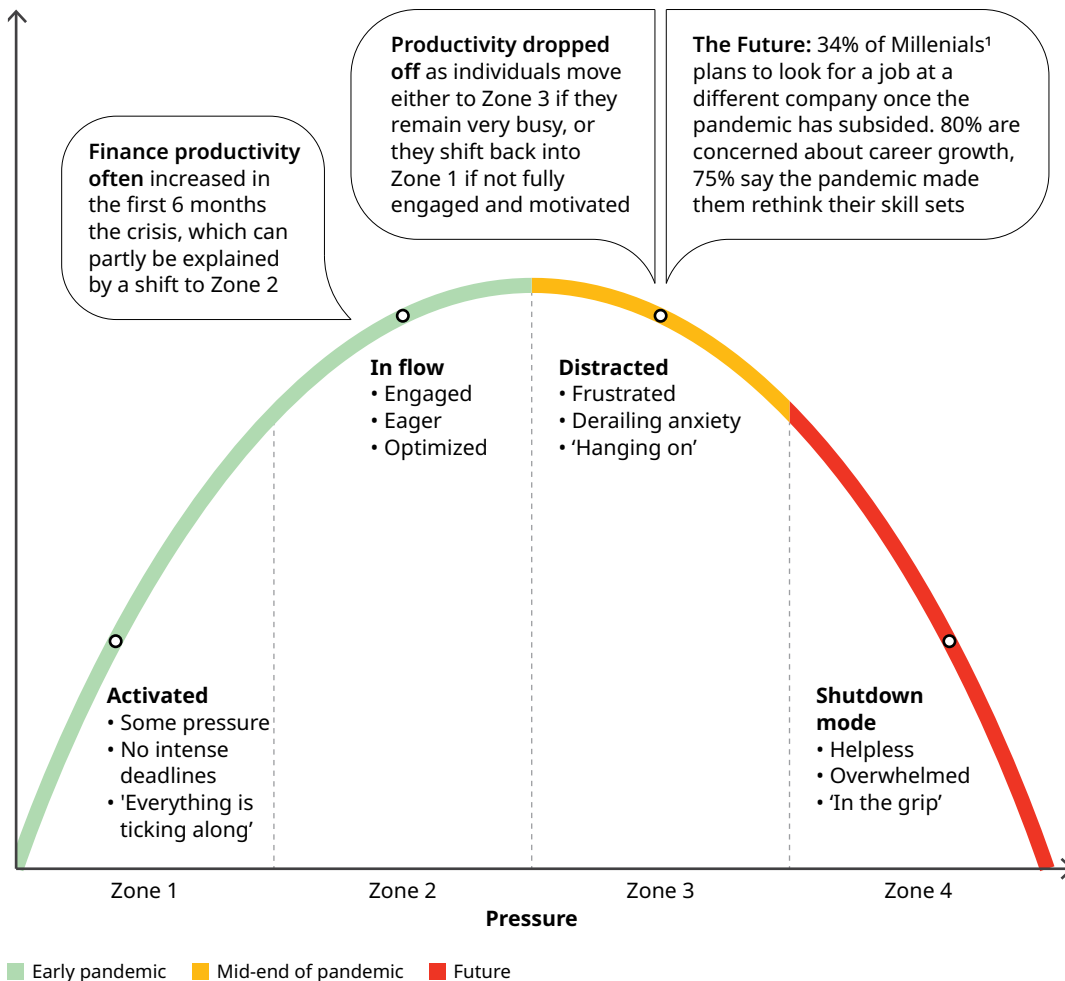
of Millennials are concerned about career growth

Source: [Prudential's Pulse of The American Worker Survey: Is This Working?](#), conducted by Morning Consult in March 2021.

What's needed: As we continue moving towards the new normal, Finance functions need to react urgently to this dramatic shift in employee sentiment. Employees expect flexible working (a hybrid-model that combines both office and work from home arrangements) to become the norm (as opposed to solely working remotely). The market outlook for Finance talent remains competitive, fueling the need to develop more flexible working options and career trajectory paths to attract top talent.

Exhibit 3: Maintaining employees' wellbeing and flexible working options is paramount to achieve sustainable performance

Performance



Source: Oliver Wyman analysis

The pandemic has revealed new possibilities and ways of working. Next, we will discuss how we can use the pandemic's learnings to design the Finance organization of the future.

FORCE 3

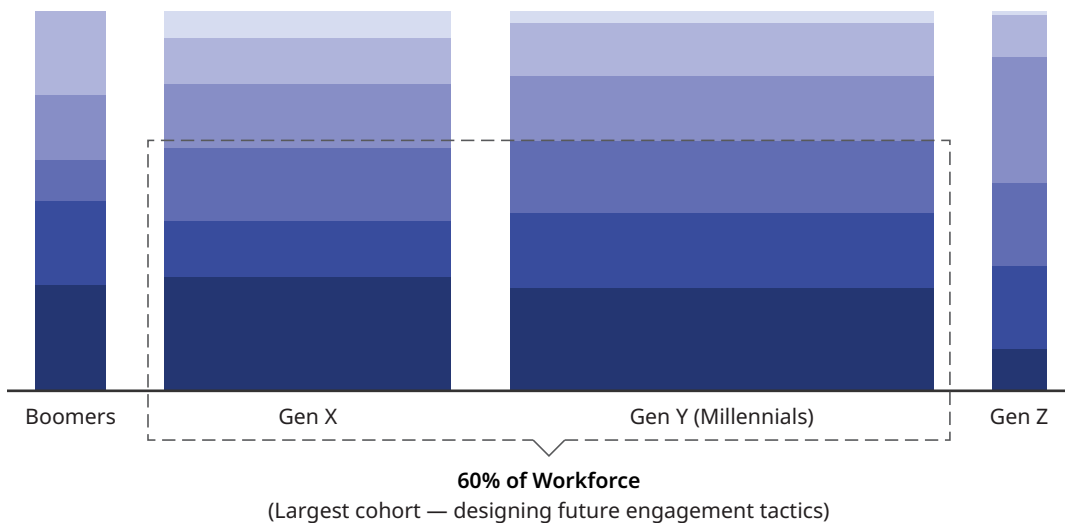
RE-ENVISION THE FUTURE OF WORK

We worked with financial services companies to design their post-pandemic working model and found that most employees, regardless of their generation (Boomers, Gen X, Gen Y and Gen Z), missed the advantages of working in a physical community. A majority of employees (70 percent) we spoke to preferred the office setting for leadership exposure, career development, informal interactions, and office facilities.

Exhibit 4: Flexible working, a hybrid model that combines both office and work from home arrangements, is likely in the future

Employee sentiment towards office culture

What aspects, if any, of an in-office culture do you miss while working remotely?








■ Informal interactions ■ Facilities ■ Leadership exposure ■ Company events ■ Don't miss it ■ Other

Source: Oliver Wyman analysis

Sustainable, flexible working arrangements provide high employee job satisfaction, while also increasing talent attraction and retention. CFOs and Finance organizations need to re-examine and consider the various roles within their Finance function, and determine how these roles were exemplified during COVID-19. *How can the elements of roles be adjusted — to keep high employee satisfaction and also meet the needs of the business?* Below, based on our recent work, we present different aspects illustrated through "personas." We provide examples of the needs or choices to consider when designing a new Finance operating model that embraces flexible working.

Exhibit 5: How can roles be adjusted — to keep high employee satisfaction and meet the needs of the business?

|  Capital planning |  Finance data scientist |  Accountant |  FP&A — Business support |  Data visualization expert |
|--|--|---|--|---|
| Where? Location and infrastructure | When? Hours and scheduling | How? Scaling & technology | What? Job content and sharing | Who? Alternative workforce, automation |
| <i>"I collaborate with my team a few days a week at the office but otherwise I work from home."</i> | <i>"I work 40 hours a week but vary the days and times I work to meet the needs of my family."</i> | <i>"I work 60 hours per week during the busy season, but scale back to 30 hours per week in less busy times of the year."</i> | <i>"I share my project load with another FP&A manager and currently work a reduced schedule to support my personal needs."</i> | <i>"I work on demand on projects that fit my interests across multiple employers — I am my own boss."</i> |

Source: Oliver Wyman analysis

HOW OLIVER WYMAN CAN HELP: WORKFORCE STRATEGY AND TOOLKIT

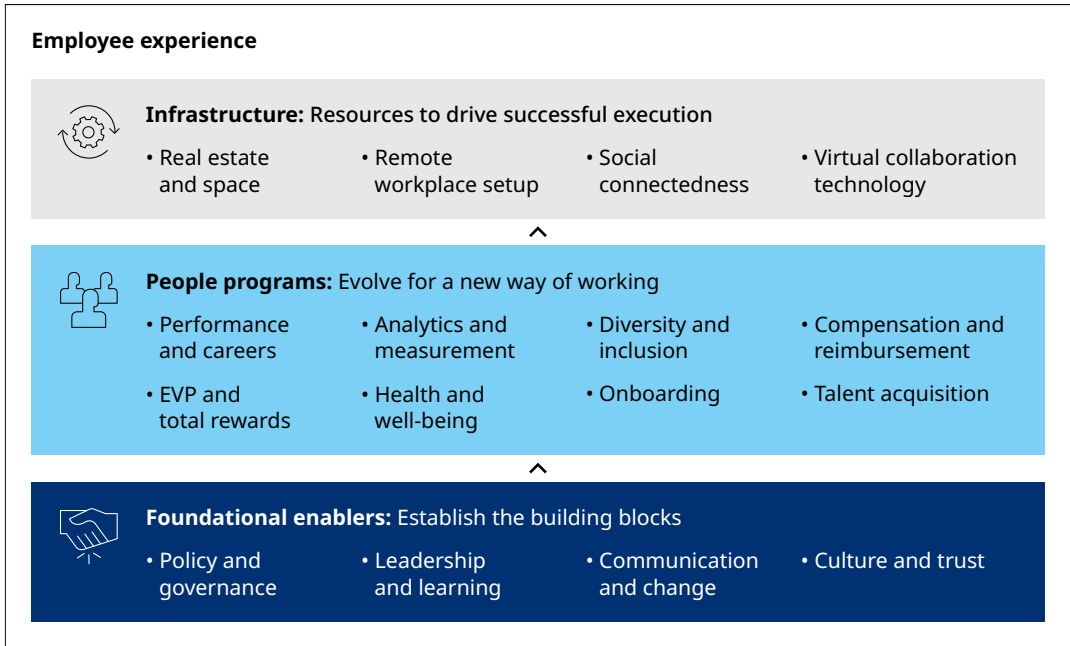
At Oliver Wyman, we have developed a comprehensive toolkit to help Finance organizations develop sustainable flexible work approaches. As part of our offering, we: (1) Provide Finance leaders with the foundational building blocks for leadership, culture, communication, policy and governance; (2) Develop people programs and new ways of working (through collaboration with our Human Resources consulting colleagues at [Mercer](#)); and (3) Support organizations with establishing the infrastructure and resources to drive successful transformation execution.

Advantages: Flexible working allows companies to target a broader demographic and build a more diverse workforce across various locations and geographies. This working model gives companies more capacity and flexibility, and offers strategic advantages for planning and management.

Another advantage to consider is that companies have already heavily invested in remote infrastructures, which provides the resources to execute flexible working and re-envision their "Future of Finance" workforce.

Below we identified three key areas from our Workforce Strategy and Toolkit: (1) **Infrastructure and resources** (many of which have been established/strengthened during the COVID-19 crisis and can be readily used); (2) **People programs** should evolve into the new ways of working; while the (3) **Foundational enablers** should be adapted to both the new talent and skill requirements for Finance as well as the flexible working reality.

Exhibit 6: Flexible working elements to consider



Source: Oliver Wyman and Mercer analysis

STRATEGIES FOR FINANCE CAREER DEVELOPMENT

Traditional career development has focused on a mix of “on the job training,” “formal qualifications,” and “teaching sessions.” To support the development of a broader skill set and flexible mindset for Finance employees, the traditional approach needs to be broadened through “experiential training” as well as making broader use of digital tools to promote a continuous-learning culture for Finance teams.

Below, we outline a few of the key interventions that support this shift in behaviors, communication and continuous learning. Additionally, career appraisal and progress discussions need to become more frequent to support project-oriented work where Finance employees are challenged to develop and broaden their skill sets. This will require a deeper and more profound support of Finance through their Human Resources business partners as well as dedicated resources that can support the development of specific skills — for example, analytics, communication, negotiation, research, leadership, etc.

Exhibit 7: The progression of new Finance talent requires shifts in behaviors, communication and continuous learning

Illustrative client case study: Key adjustments to Finance career development programs



Source: Oliver Wyman analysis

Finally, CFOs should consider including project-oriented tasks (for example, specific business projects) in senior promotion assessments (for example, Finance Directors) to ensure business partnership skills develop at an accelerated pace.

WHERE TO START?

Finance teams should use a segmented approach to implement workforce changes, as the needs and the focus areas within the function differ greatly. Additionally, the approach can focus on cost neutral strategies with the (partial) reinvestment of savings from automation and broader “nearshoring,” into enhanced value-added Finance capabilities and skills.

At Oliver Wyman, we have a well-established **four-step approach** for achieving a sustainable, flexible workforce transformation. Below we share a summary.

First, Finance needs to align the firm’s leadership around the strategic “Future of Finance” workforce vision, and specifically define Finance “overlap” zones (for example, business unit data/analytics). This will help to assess the impact on the Finance organization and workforce.

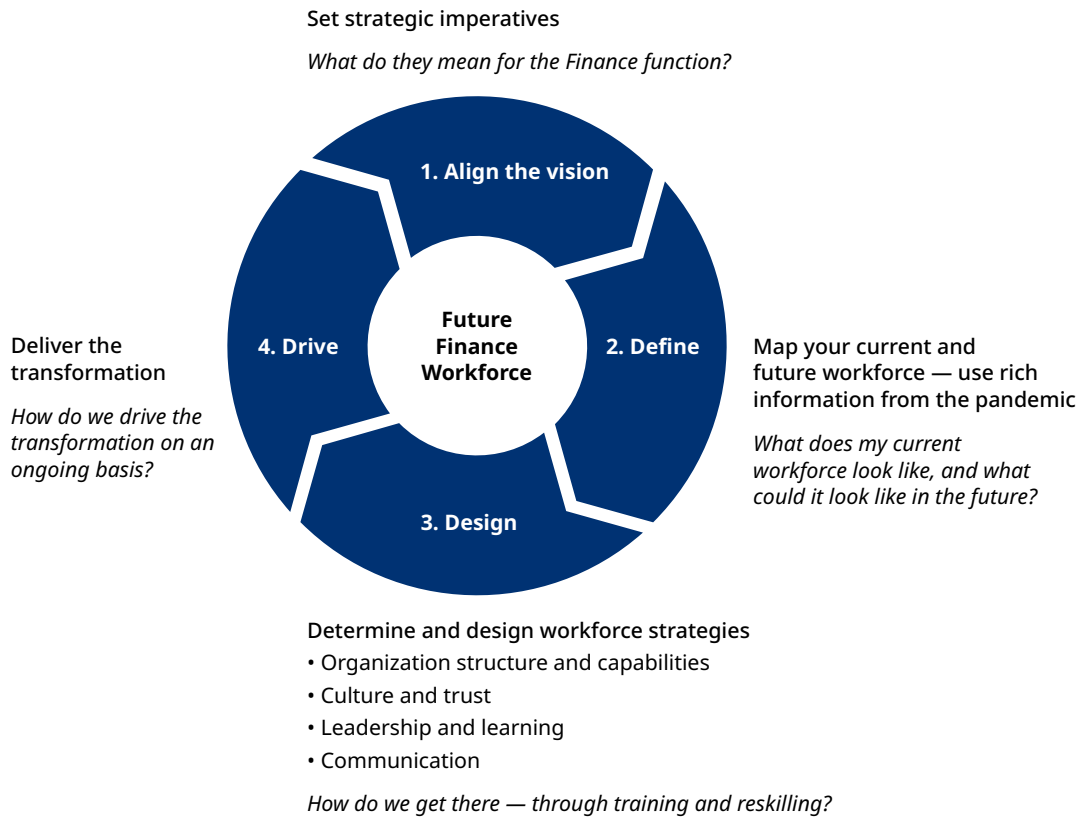
Second, Finance needs to define and segment out the key success factors of the workforce talent needed. Are more data scientists or strategic business advisors needed? Does the workforce have gaps when it comes to managing processes with AI or robotics? To segment and understand these workforce dynamics, Finance teams can use analysis from remote working arrangements during the pandemic. This will help enhance work-life balance, build a flexible workforce, and make your organization an attractive place to work.

Third, Finance needs to determine the workforce strategy and change “how the work gets done.” How can your organization achieve successful workforce results? Is it by prioritizing training; or gearing new recruitment efforts and/or reskilling tenured employees with deep institutional knowledge? Can the organization use a practical approach by pairing up experienced, senior talent with digitally savvy, junior employees to transfer learnings between both groups? Can business activities be reimaged through launching automation or new digitization efforts?

Listen to your team and empower employees to drive change in their everyday responsibilities. This will help to determine the foundational building blocks, the desired talent and new ways of working, and the resources and infrastructure needed.

Fourth, teams need to continue to drive a sustainable and ongoing workforce transformation. This can be started by establishing transformation governance. Finance should rollout coordinated efforts for implementing new technical platforms, improving talent models, establishing business partnerships, and sourcing data and analytics. Continuously iterating, testing, learning, and measuring progress is key to achieve a sustainable workforce transformation.

Exhibit 8: Four steps to achieve a sustainable, flexible workforce transformation.



Source: Oliver Wyman analysis

FIVE KEY SUCCESS FACTORS FOR FINANCE WORKFORCE TRANSFORMATION

We believe Finance needs to establish a shared vision and receptive buy-in from senior management, business-line leaders and human resources. Building this acceptance and strong linkage can be beneficial for organizations, helping them to foster engagement, build collaborative relationships, and enhance communication and decision making. As Finance workforce transformation programs are delivered over a longer-term horizon, we found that it is fundamental to establish and communicate a vision. This vision should consider the medium to long-term effects of strategic and disruptive forces on enterprise-value drivers as well as the resulting factors that impact the workforce. Establishing frequent pulse checks of reality against transformation targets are key for enabling smaller adjustments throughout the implementation, while introducing a simple implementation-focused roadmap can ensure the much-needed transparency for Finance teams when they “embark” with their leaders on this daunting journey.

Exhibit 9: Success factors

- 1 Think enterprise value-drivers**
CFOs and Finance teams need to understand commonalities and differences in strategic drivers across the enterprise’s businesses and functions.
 - 2 Think holistically**
Systematically consider all the potential factors impacting the workforce, including market trends and those unleashed by your group strategy as well as local initiatives.
 - 3 Think as a visionary**
Consider multiple, even radical market trends as the foundation for future capabilities and driving changes in your workforce.
 - 4 Calculate, assess, and adjust**
Qualitatively assess the impact of capabilities on roles and quantify both the demand for, and supply of, full time employees (FTEs) and skills under different scenarios — monitor developments and periodically course-adjust.
 - 5 Think implementation**
Define an easy-to-use roadmap, supported by self-explanatory playbooks; facilitating and speeding-up subsequent implementation. Foster mutual learning and best practice sharing.
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Source: Oliver Wyman analysis

GET STARTED

The road ahead is uncertain. With many competitive forces and challenges in the marketplace, having a Finance team that is positioned to strategically support the business can be instrumental in making the right types of decisions required to thrive in this environment.

How can your Finance organization best position its workforce for future success? At Oliver Wyman, we have built a well-established strategy and toolkit to support CFOs with managing these accelerated digitization pressures — and drive sustainable action.

Our team can help your business re-examine and strategically position Finance operations and workforce talent. Successful implementation has resulted in clients' achieving stronger Finance function performance and enterprise value-generation capabilities as well as fostering higher Finance employee engagement.

The time to start is now.

Oliver Wyman is a global leader in management consulting that combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation.

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