



Copyright ©, LCG Lima Consulting Group, 2023

All rights reserved. No parts of this book may be reproduced without the written permission of the publisher. For more information, contact the publisher at sales@limaconsulting.com

in y f LIMACONSULTING.COM



## The Best Organizations Approach Financial Transformation as if Finance were a Profit Center

The best organizations approach Financial Transformation as if finance were a profit center. The old way of looking at financial operations was as a cost-center. If you agree, then that mindset changes everything about your Financial Transformation.

It will be how the board and leadership team gain the alignment for the performance metrics and the way that you, as a Financial Transformation leader, create value. It even changes the way that you refer to the **stakeholders** who benefit from finance, as they become more than **"users"**, but they become customers and advocates for your Financial Transformation.

THE PARTIES HARD



# SO YOU'VE BEEN "VOLUN-TOLD" to step into this exciting, newly-created position at your organization



For those organizations that reach the final stages of maturity in their transformations, they disrupt incumbents, revolutionize industries, and innovate society. Ultimately, they provide value and, in many cases, they take a winning position to rewrite the rules of value creation for their constituents and customers.

If you're a newly appointed
Financial Transformation leader,
or if you've been through a
number of financial
transformations, this document
is for you.



Whether this investment is in reaction to a competitive imperative, or an ambition to lead your industry with competitive differentiators, senior financial leaders in the non-profit industry can use this e-book to help strategically plan and execute a comprehensive roadmap for financial transformation.

To be transformative, your initiative will go beyond aligning the finance department as a part of your company's General and Administration expenses and instead focus on increasing revenue, decreasing costs and mitigating risks.

It will be **multi-disciplinary**, and **inter-departmental**, and may require some skills that the organization doesn't have today. Some staff will need to be trained, others up-skilled, and you may need to hire or outsource to add additional skills to your team, and you may need to establish new partnerships.

Using a comprehensive approach, your financial transformation will enable your staff to leverage computing power, and capture the value in your data. It will avail your organization to new business models, and provide the fundamental building blocks to empower the organization to adopt a data-driven operating model.





## THE HYBRID ORGANIZATION

Lima Consulting Group defines a "hybrid organization" as one that combines the best of both human and machine capabilities to achieve superior performance and competitive, sustainable advantage.

Organizations that want to reach a hybrid state of leveraging the power of data while augmenting human power, need to bring together Purpose, People, Process, Platforms and Performance.

By embracing these characteristics, a hybrid organization can achieve significant benefits, including increased productivity, higher quality, faster innovation, and better customer satisfaction. Those who do create sustainable, competitive advantages.





## WHAT WILL YOU LEARN?

In this document, you will learn a comprehensive approach for your financial transformation across the 5 dimensions below:

your business model to your key processes; both value driving and cost-driving processes. As your organization explores the role of finance, your initiative will be positioned to create the business case to seek the funding in line with its value rather than by merely estimating a percentage of revenue or benchmark, which may have little merit relative to the value creation at stake.



PROCESS – You cannot digitize what you have documented. The

that there is a consensus view within the organization and what "good" looks like. Good processes, good numbers, and good results don't just happen, they are engineered and supported by technology. Hybrid organizations are process dependent, not person dependent. But getting there requires that at least 35% of your value driving and cost driving processes are leveraging the power of automation.



#### **PLATFORMS** -

Technology should support the desired

business outcomes. Discussions about selecting the right ERP solution should come after your Assessments on your People, and your Inventory of your Processes. Only then are you in a position to set your Build to be on-time and on-budget.

### **PERFORMANCE** – Align

your key business objectives with a key performance indicators by using a balanced scorecard. Leverage best practices from design thinking to help elevate all your subject matter expert's communications in a multidisciplinary language. If you do, you'll also put your organization in a posture to begin applying agile methodologies so that you don't need to wait for a big bang and can start capturing value along the way.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

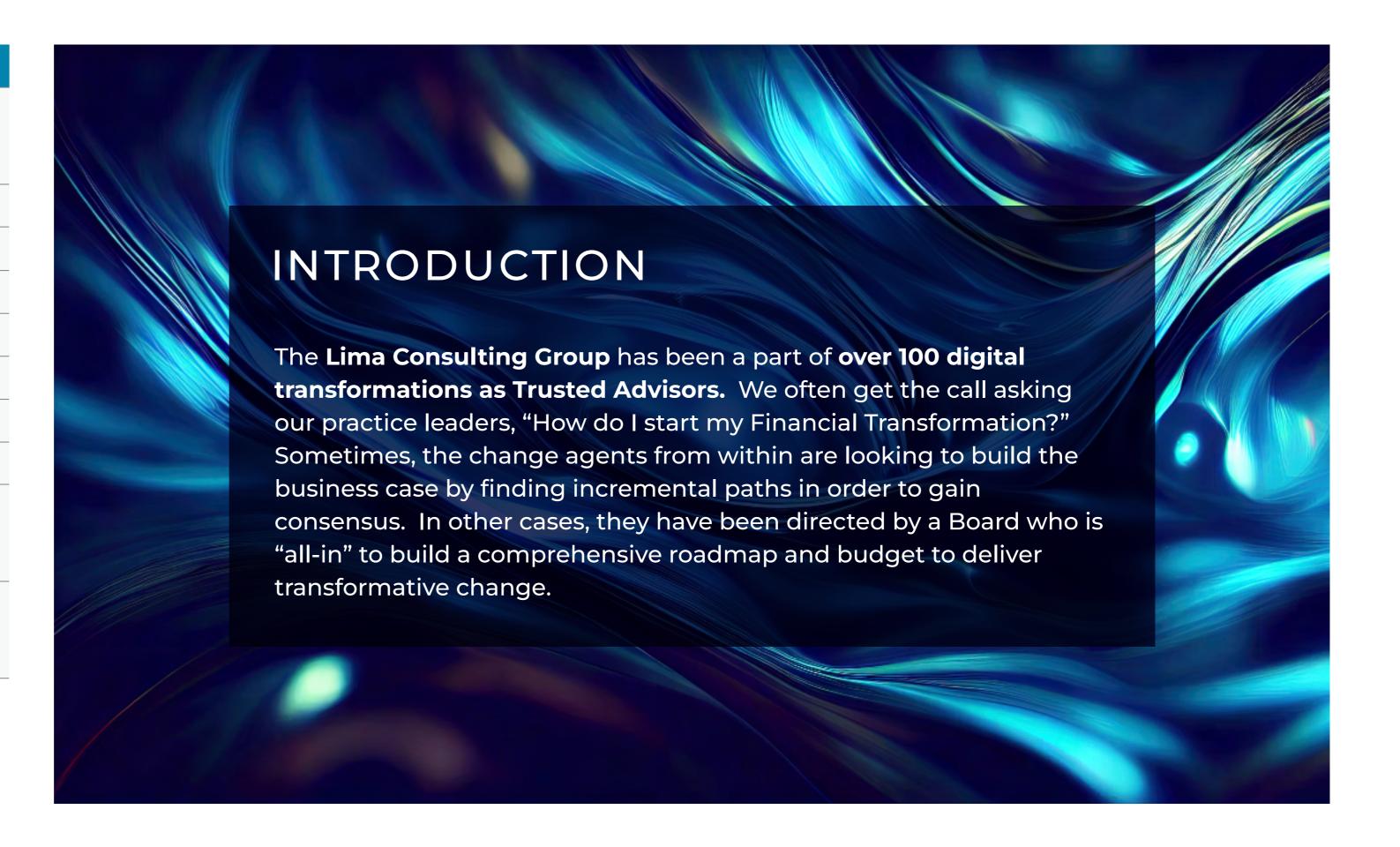
**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET





THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

In both cases, this guide will provide you, the Financial Transformation leader, with the tools and rubrics you need to be able to break the inertia, gain the consensus, right-size your span of control and effectively demonstrate that Financial Transformation is underway under your leadership.

This is, by no means, a comprehensive guidebook. Instead, we offer this as a guide to keep newly appointed Financial Transformation leaders from falling into common pitfalls and help you explode off the blocks. Your board and leadership are expecting you to quickly establish the momentum needed to show that Financial Transformation is underway within your organization.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

## THE CHALLENGES

Leaders Aspire to Start but Need to

## **Break the Inertia**



## PURPOSE CHALLENGES:

- Gaining alignment on who the customer is
- Adopting transformative business models



## PEOPLE CHALLENGES:

- Breaking silos
- Consensus and finding sources of funding
- Thinking big
- Attitude towards failure
- Leadership



## PROCESS CHALLENGES:

- Documenting then digitalizing
- Prioritizing digital investments



## PLATAFORM CHALLENGES:

- Selecting the right technology
- Upskilling the workforce
- Integrating systems



- Alignment of KBOs with KPIs
- · Cultural shift to a data-driven operating model



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

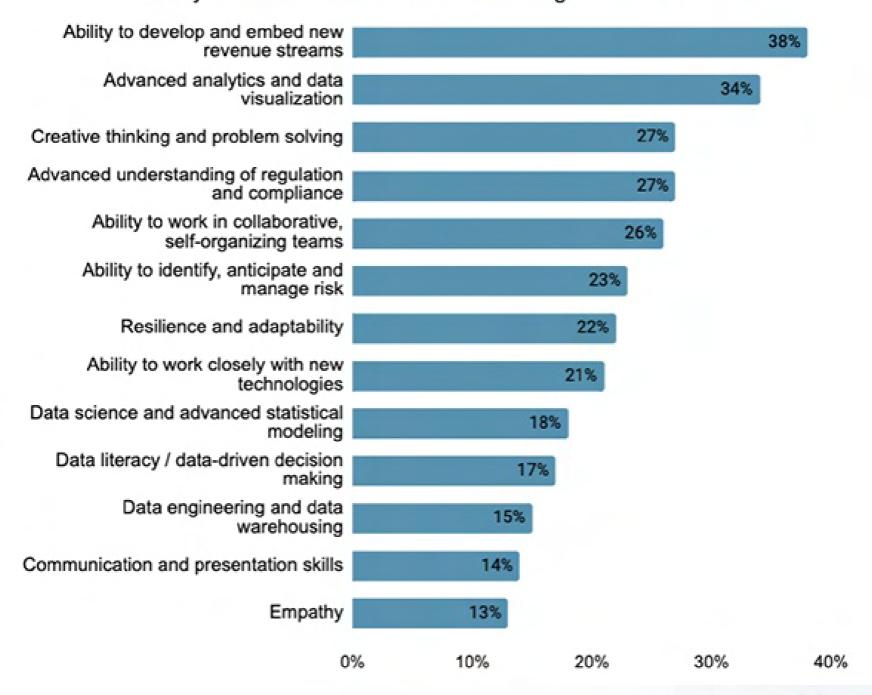
**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

# TOP CHALLENGES EXECUTIVES FACE WITH FINANCIAL TRANSFORMATION

Today's finance leaders need a mix of digital and tech skills.



Source: https://blog.workday. com/en-us/2022/global-studyfinance-leaders-tech-leadersnow.html



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

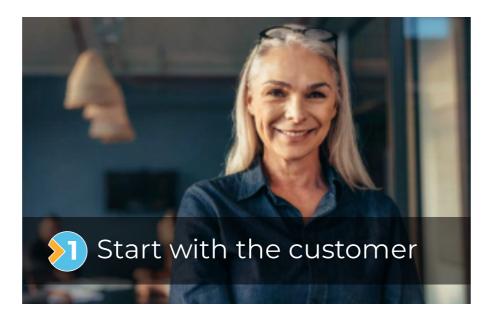
**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

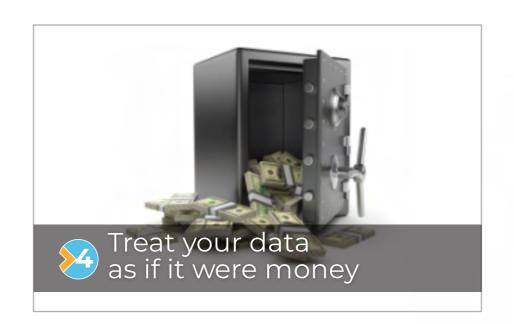
THE FINANCIAL TRANSFORMATION CHEAT SHEET

## **GUIDING PRINCIPLES**















#### THE LCG FINANCIAL **TRANSFORMATION MATURITY MODEL**

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL **TRANSFORMATION METHODOLOGY** 

THE FINANCIAL TRANSFORMATION CHEAT SHEET

## THE LCG FINANCIAL MATURITY MODEL

In treating Financial Transformation as a profit center, the inherent assumption is that you're better serving customers and delivering value. As such, it's important to identify who your customers are early in your transformation. As you begin that exploration, the language you use in assessing your maturity model will take on a customer-centric view of your stages of Financial Transformation Maturity Maturity.

## The 6 Stages of Financial Transformation Maturity



INNOVATE

#### **TRANSFORM**

All levels of the enterprise





**DEPLOY** 

use cases.

Operating within the familiar

legacy of processes, operat-

ing models in established

customer experiences and





Intentional and multichannel experimentation with a 360° view of customer experiences and use case.

## OPTIMIZE

Multi-department and multidisciplinary collaboration, funded as part of a data driven operating model with the ambition to affect corporate culture and the broad customer experience

#### **Dedicated transformationa** specialists guide strategy and operations based on business and customer centric goals, enterprise-wide investments, align with the corporate strategy, and in support of existing and new business models

operating within a Datadriven operating model. The high posture for both Agility Readiness and Data Readiness position the organization to adopt new business models and quickly adapt to changing market conditions and release new offerings in new markets both quickly and effectively. The organization can leverage insights and new technical innovations as part of the broader roadmap for people, process and platforms.

#### models in established customer experiences and use cases.

legacy of processes, operating

Operating within the familiar

DISCOVERY DESIGN

**BUSINESS, AS USUAL** INITIALIZED

#### MANAGED

STANDARDIZED

#### ADVANCED

#### **TRANSFORMATIVE**



# THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET













Operating within the familiar legacy of processes and operating models in established customer experiences and use cases.

- ·Building use cases and the business case.
- ·Conducting Assessments of Skill Gaps, Process Inventory and Process Documentation.
- ·Assessing the alignment of financial capabilities with the Balanced Scorecard and desired business outcomes.



# THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET













Pockets of experimentation adopted as siloed projects with limited scope across the Customer Experience and limited number of user cases.

- ·Looking for quick wins and building small use cases that can be leveraged with discretionary budgets.
- •Building the business case to take to the Executive Committee and board to fund a proper Financial Transformation.
- •Balancing an impact effort matrix to identify a portfolio mix of initiatives some that are quick hits, others that provide long-lasting, sustainable, competitive advantages.
- ·Recruiting specialists and investing in specific training for specific experts.



# THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET













Intentional and multichannel experimentation with a 360° view of customer experiences and use cases.

- ·Leveraging business analysts to document their processes from the very beginning to the very end.
- ·Assembling multidisciplinary teams to assess their value-driving and cost-driving processes.
- •Documenting the processes as constituted today, as well as re-imagining the processes so that they can be effectively executed within the technology platform of choice.
- •Challenging their teams to identify workflows, and even assess a band of excellence to identify Straight Through Processes.
- ·Similarly documenting Exceptions Based Processes and, where feasible, carefully re-engineering them so that they can be promoted to STPs, improved, or eliminated.
- •Enabling subject matter experts with training and access to resources to implement and adopt changes to processes.



# THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET













Multidepartmental and multidisciplinary collaboration, funded as part of a data driven operating model with the ambition to affect corporate culture and the broad customer experience.

- •Ensuring processes are engineered and fully deployed within the Platforms across the enterprise.
- •Ensuring processes can be simulated and improvements can be quantified using process intelligence and simulation techniques.
- •Ensuring processes can be automated to a great degree, using tools like robotic process, automation, artificial intelligence, machine learning, and process intelligence.
- •Enabling users of the solution with training and access to resources to implement and adopt the changes to processes.



# THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET













Dedicated transformational specialists guide strategy and operations based on business and customer-centric goals. Enterprise wide investments, align with the corporate strategy, and in support of existing and new business models.

- ·Identifying processes that can be fully automated.
- Optimizing deployments of the processes and platforms.
- •Ensuring a high degree of creativity to assess new business models and conduct scenario planning to launch additional offerings, eliminate offerings and open new markets.
- •Enabling mid-level and senior leadership with training and frequent vision formulation workshops to assess the impact of FX and prioritize future investment.



# THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET













## TRANSFORMATIVE

All levels of the enterprise are operating within a Data-driven operating model. The high posture for both Agility and Data Readiness position the organization to adopt new business models, quickly adapt to changing market conditions and release new offerings in new markets both quickly and effectively. The organization can leverage insights and new technical innovations as part of the broader roadmap for people, process and platforms.

- Changing their industry
- Launching new products
- Entering new markets
- Challenging established norms
- Innovating
- ·Adding value in ways that have never been done before
- •Enabling the industry with thought-leadership and results oriented use cases to establish their leadership position.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

#### **GUIDING PRINCIPLES**

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET





THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

#### **GUIDING PRINCIPLES**

5 PILLARS

**PURPOSE** 

**PEOPLE** 

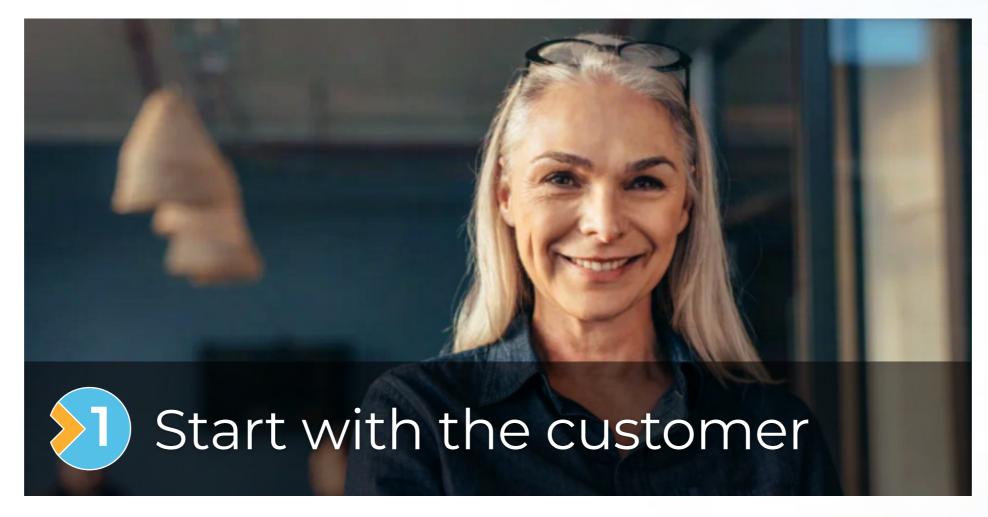
**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



In many non-profits, it's not clear who the customer is. There are many. You can't serve everyone. Early on gain alignment on who your primary stakeholders are or, if appropriate, who your Financial Transformation Customers will be.

Individual funders, institutional funders, partners, employees, volunteers, government entities, regulators, and of course, those who are ultimately served by the charitable mission. In non-profits, where the buyer is not the payer, it's important to break down the pain of each and understand their needs.

PRO-TIP 1: Be empathetic and leverage design thinking best practices to understand the pain of each stakeholder group. Your internal customers may not be able to clearly articulate what they want from the finance transformation, but skillful facilitators will be able to extract their pain. With an understanding of their pain, you as a senior leader will have justification and the inputs you need to be able to rank order initiatives to serve their needs and to distinguish their wants.

PRO-TIP 2: It's OK to identify a primary customer at the process level instead of picking one for the entire financial transformation.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

#### **GUIDING PRINCIPLES**

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



Assess the current business model and conduct scenario planning to assess future business models that align with the Purpose of your non-profit.

Align budgets and priorities based on this unique corporate strategy. Then build the business case and conduct design thinking to gain the consensus and break the inertia so that your organization is prepared to innovate. New capabilities will require that your organization consider new business models and new operating models.

thinking best-practices to bring key stakeholders together and build a Balanced Scorecard. It's the fastest way we know to help you gain the consensus with your Executive Leadership Team and your board. Build the business case to break the inertia and get started.

PRO-TIP 2: Do not look to historical budgets, industry benchmarks, a percentage of revenue, or traditional conventional rules of thumb to determine your budget for Financial Transformation.

Instead, build the business case relative to the value-driving and cost-driving processes that will be needed to support your Balanced Scorecard.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

#### **GUIDING PRINCIPLES**

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



Companies don't make money, people do. While many organizations have some workers who view themselves as indispensable fountains of knowledge, senior executives know that great organizations are process-dependent. Knowledge workers who are slow to reveal their processes generally don't know how, or don't have a process.

end customer or outcome and work backwards. Leverage design thinking best practices to do outside-in thinking. Leverage customer journey maps and service design blueprints before bringing in the Business Analysts to document the process maps.

build if they don't have process maps that make sense. Do not allow knowledge workers to create their own process documentation. Leverage outside consultants or an internal business analyst team who understand how to create Business Process Modeling Notation 2.0 (BPMN2.0) compliant documentation.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

#### **GUIDING PRINCIPLES**

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



When a customer gives you money, do you put it in a drawer and forget about it? No, you have corporate standards and Generally Accepted Accounting Principles that require that organizations centralize financial assets, and that they report with transparency and routinely. And so it should be with data. Your data should be centralized, governed by a data steering committee, and accessible in near real time.

Click **here** to hear a clip from our founders podcast about how data is as valuable as money

PRO-TIP 1: Identify data silos and bring shadow technologies in line with financial transformation initiatives.

leveraging the power of automation to capture data without having to re-architect your databases. Initiate a data topology assessment to identify the sources of data within your workflows, and put data visualization tools on top of the sources of data when appropriate.

PRO-TIP 3: Push the analysts to find the real starting point and real ending points of how data originates and where data goes to rest. You may find that the starting and end-points are outside the control of your organizational infrastructure.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

#### **GUIDING PRINCIPLES**

5 PILLARS

**PURPOSE** 

**PEOPLE** 

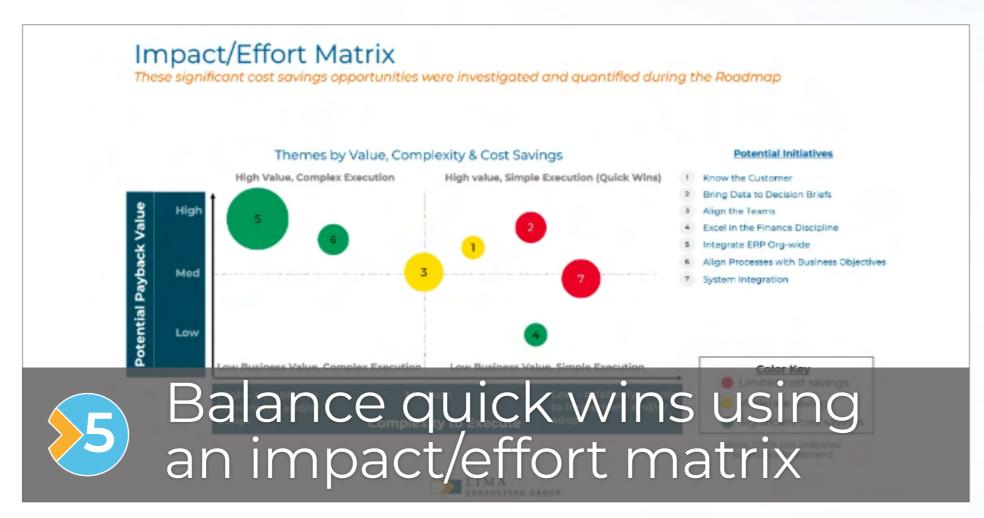
**PROCESS** 

**PLATFORMS** 

PERFORMANCE

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



Balance the desire to show "quick-wins" with the priorities that can create sustainable, competitive advantage. Quick-wins are typically great for winning the budgets to initiate Financial Transformation, but often work at cross-purposes towards meaningful innovation and lasting business impact.

PRO-TIP 1: Use an Effort-Impact 2 by 2 matrix to illustrate specific processes, products, or markets that show a portfolio approach to Financial Transformation.

portfolio of investments using financial forecasts to accommodate for increased revenue, increased efficiencies and risk avoidance.

economic value to the risks that you mitigate. After all, insurance companies do. Most transformation leaders don't estimate the value of risks avoided and miss this important dimension when building their business case. Those who do accelerate consensus get the full budget needed for the initiative and secure the approvals they need to break the inertia and start.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

#### **GUIDING PRINCIPLES**

5 PILLARS

**PURPOSE** 

**PEOPLE** 

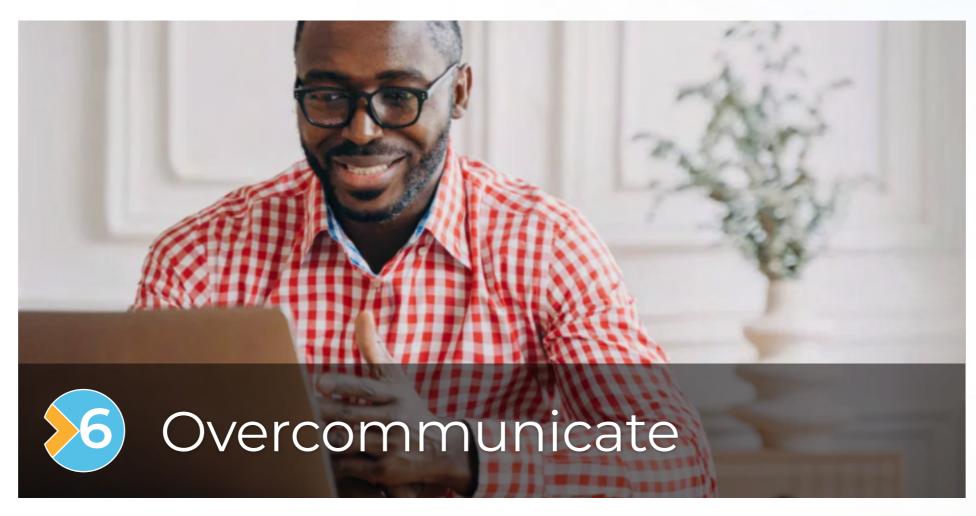
**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



Take a storytelling approach to Financial Transformation. It's memorable and will accelerate the adoption across your stakeholders. Leverage other endo-marketing efforts, internal newsletters, kiosks at the cafeteria, webinars, and other internal communications to stay in front of the rank and file and ensure that your initiative owns its own messaging.

communications
professional who will be
assigned to tell your
organization's financial
transformation story. Start by
drafting short videos or written
use cases to illustrate the pain
that specific people are
experiencing.

running a podcast-like series of conversations that are recorded and shared throughout the organization. Doing so allows your internal customers to tell your story and does the hard work for you of putting together a strategy of building internal ambassadors.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

#### **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

## 5 PILLARS OF FINANCIAL TRANSFORMATION





THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

#### **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

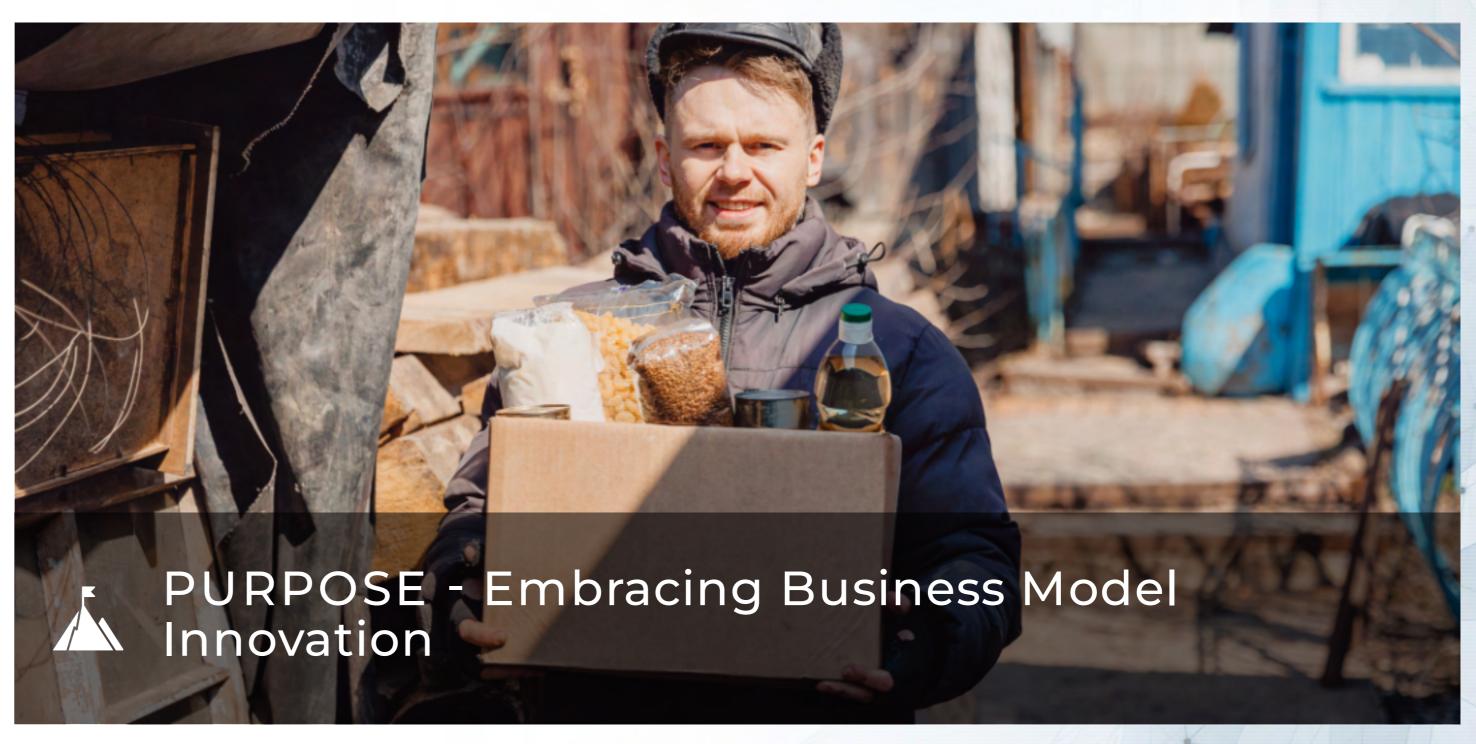
**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



Non profits inspire our world. As mission driven organizations, their purpose is internalized by their staff. Still, for every board meeting, a portion of the agenda can be summarized by the phrase: "No margin, no mission". Being a non-profit is only a tax and legal entity status, it isn't a business model.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

#### **GUIDING PRINCIPLES**

#### **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

A business model is a high-level plan for how a company intends to generate revenue and make a profit. It includes the core strategy of the business, its target customers, value proposition, revenue streams, cost structure, and key partners and resources required to deliver on the strategy.

On the other hand, an operating model defines how a company will execute its business model by specifying the processes, policies, procedures, and systems required to operate the business efficiently and effectively. It includes aspects such as organizational structure, roles and responsibilities, workflows, technology systems, performance metrics, and governance.

In summary, while the business model focuses on the overall strategy and revenue generation, the operating model deals with the day-to-day operations and processes required to execute that strategy.

## **Business Model Definition:**

A business model is a high-level plan for how a company intends to generate revenue and make a profit. It includes the core strategy of the business, its target customers, value proposition, revenue streams, cost structure, and key partners and resources required to deliver on the strategy.

## **Operating Model Definition:**

On the other hand, an operating model defines how a company will execute its business model by specifying the processes, policies, procedures, and systems required to operate the business efficiently and effectively. It includes aspects such as organizational structure, roles and responsibilities, workflows, technology systems, performance metrics, and governance.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

#### **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

### **Balanced Scorecard Definition:**

The balanced scorecard is a management tool that helps organizations align their strategies with their goals and objectives. It provides a framework for measuring and monitoring performance across four different perspectives: financial, customer, internal business processes, and learning and growth.

**Financial Perspective:** In the context of a financial transformation initiative, the financial perspective is a logical place to start. It focuses on financial performance and helps organizations assess the financial impact of their initiatives. The financial perspective of the balanced scorecard measures the financial results of the transformation initiative, including revenue growth, cost savings, profitability, return on investment, the value of risks that are able to be mitigated and cash flow. This perspective provides a way to track progress and determine whether the initiative is delivering the expected financial benefits and agility to the organization.

**Customer Perspective:** This perspective focuses on the needs and expectations of the customers. It helps organizations understand the customer experience and identify opportunities to improve customer satisfaction, retention, and loyalty.

What actions does the customer need to take in order for the organization to realize their financial goals? Typically customers need to purchase something. However, with non- profits, this particular aspect or perspective of the balance scorecard can be complicated since the buyers are not typically the payers.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

**5 PILLARS** 

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

For a financial transformation initiative, this perspective is important because it helps organizations ensure that their initiatives are aligned with customer needs and expectations.

**Internal Business Processes Perspective:** This perspective focuses on the processes and systems that are necessary to deliver products and services to customers. It helps organizations identify opportunities to improve efficiency, quality, and productivity. For a financial transformation initiative, this perspective is important because it helps organizations streamline their financial processes, reduce costs, assess and mitigate risk and improve financial performance.

Learning and Growth Perspective: This perspective focuses on the people and systems that are necessary to support the organization's goals and objectives. It helps organizations identify opportunities to improve employee skills and capabilities, and to invest in technology, partnerships, and infrastructure. For a financial transformation initiative, this perspective is important because it helps organizations ensure that they have the necessary resources and capabilities to implement the initiative successfully.

In our experience, the balanced scorecard is one of the most effective tools that a management team can use in order to gain alignment before investing in a financial transformation. It is also very powerful tool to communicate to a board. Many boards have strategic planning committees and are also involved in building the balanced scorecard given that it is an effective governance tool.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

#### **5 PILLARS**

**PURPOSE** 

#### **PEOPLE**

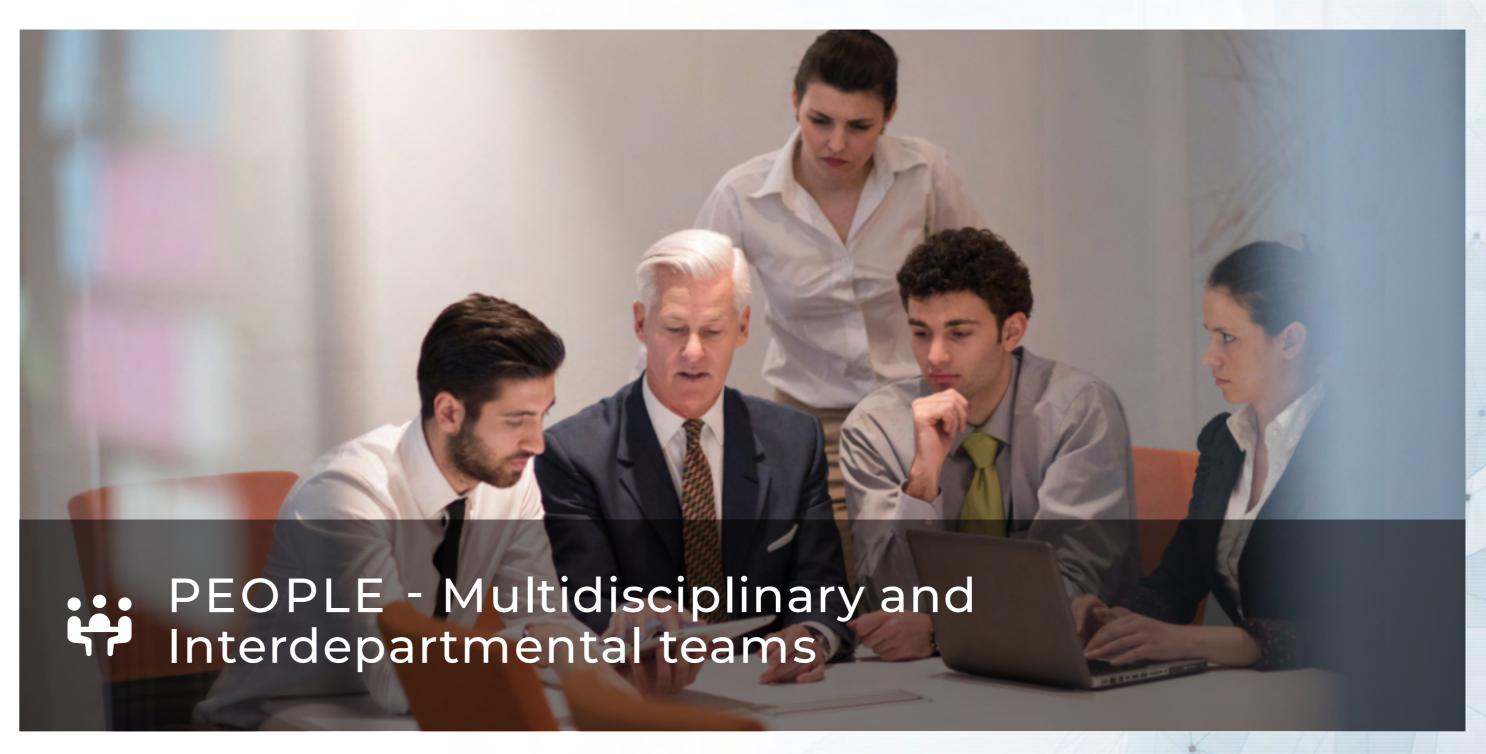
**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



Change is hard. It's multi-disciplinary. It's inter-departmental. And it's a team sport. Conducting a skills gap assessment and adopting the right mix of in-source, out-sourced and partners will be critical in the first stages of your initiative.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

#### **5 PILLARS**

**PURPOSE** 

#### **PEOPLE**

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

## Select the organizational design:



#### **DECENTRALIZED:**

Decisions made by mid and lower-level managers across their respective area with extensive delegation throughout.



#### **CENTRALIZED:**

Decisions made from the top.
Roles and capabilities are
centralized into a single area or
team.



#### **HONEYCOMB:**

Anyone in the organization can create content in accordance with SOPs.



#### **DANDELION:**

Hub & Spoke teams within companies act autonomously under a common brand.
Commonly used in Multi-Nationals with established digital hub & spoke teams and evolves into the Multiple H&S model (Dandelion).



#### COE:

Center of Expertise. Decisions made together. Centralizes specialized skills and functions under a cohesive strategy (vision & SMEs), while allowing execution to thrive in respective areas with flexibility.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

#### **5 PILLARS**

**PURPOSE** 

#### **PEOPLE**

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

#### **Governance & Controls:**

If your organization chooses a CoE design, here is what governance & controls might look like:

### **Executive Leadership**

Define and prioritize Key Business Objectives (KBOs)

## Steering Committee Responsibilities

- Develop a strategic roadmap with input from BUs
- Define KPIs and metrics across the business
- Review performance of BU programs and evaluate application to the rest of the business
- Drive architecture roadmap capabilities

## **CoE (Hub) Responsibilities**

Lead digital strategy development with BUs



- Evaluate and validate business unit projects
- Develop, publish and enforce best practices
- Provide support and subject matter expertise
- ·Train and enable BUs to execute

## **BU (Spoke) Responsibilities**

- Apply localized versions of digital strategy
- •Execute digital initiatives with support of COE
- Analyze and report findings back to the COE



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

#### **5 PILLARS**

**PURPOSE** 

#### PEOPLE

**PROCESS** 

**PLATFORMS** 

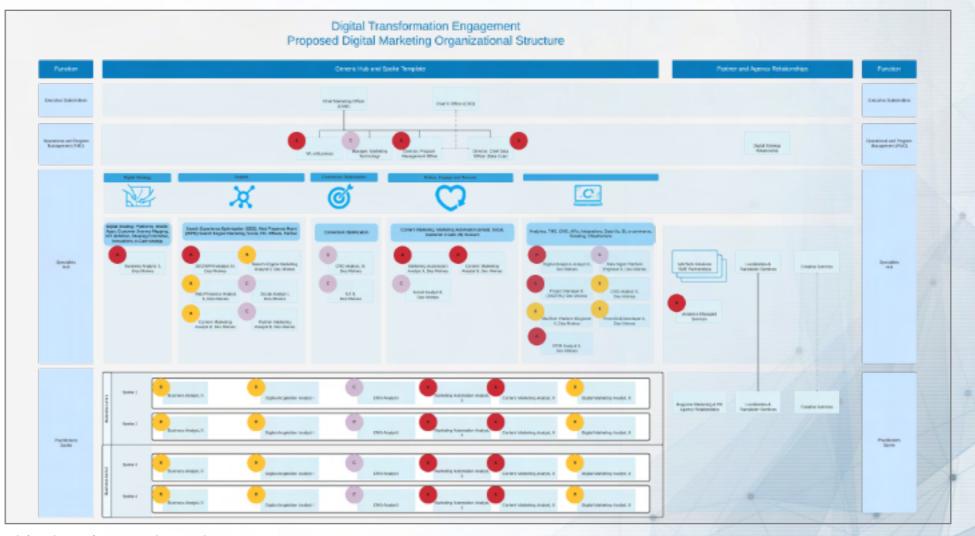
**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

### **Skills Gap Assessment:**

Consider conducting a skills inventory to help you understand what skills you need, when you will need them, and if you have the people in-house to staff the initiative. You may be able to accelerate the planning and execution by outsourcing key functions and roles while you stand up the competency within.



This chart is a work product

## 3-5 year people plan:

A 3-5 year plan presumes that you have an organizational construct that you will be leveraging, such as the hub & spoke model. See the above example of an organizational chart where each future role has been designated a hiring priority - A, B, or C. 'A' means hire now, 'B' means hire in the next 18 months, and 'C' means hire 3 years down the road. This chart is a work product that LCG built for a real client. Our team of experts can make suggestions around the functional areas and reporting hierarchy your organization will need to initiate and sustain financial transformation. Job categories & descriptions should fit your organizations digital future.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

**5 PILLARS** 

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



You cannot digitize what you have not documented. The promise of automation implies that there is a consensus view within the organization of what "good" looks like. Good processes, good numbers, and good results don't just happen, they are engineered and supported by technology. Hybrid organizations are process dependent, not person dependent.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

## **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

#### **PERSONAS:**

Why is it important to build digital customer journeys at the persona level? Because the product and service attributes of your offering will appeal differently to each persona. Don't make the mistake of using a one-size-fits-all approach to developing your digital experiences. As you collect more data with your customers, you will be better able to meet them where and when they want to be met. And you'll be able to engage them with personalized messaging that will help them do the job they want to do in the first place. You can learn more about building effective digital personas and download a digital persona template here.



Sophie is a devoted mother in her early forties who values her family over everything else. She grew up within a strong Christian based faith, and has strong conservative values oriented towards traditional family roles.

Sophie works in a unionized role as an administrator at the local high school and she's proud of the work her husband does as a tradesman. They rent a townhome, own a truck, and have a motorcycle. She has a teenage son and a daughter in her twenties who both still live at home. They own a laptop computer and Sophie usually gets her news from social media and subscribes to a magazine.

Being exposed to the outdoors through her father and brother, Sophie identifies with the 'shooting culture', Although she has close proximity to weapons and has fired handguns in her youth, she does not recall the make and model of the handgun and rifles her husband owns.

Recently, Sophie and her husband have observed that their teenage son may be depressed, and they think that he might be experimenting with drugs. While her husband shrugs off the episodes, Sophie thinks her son could hurt himself and constantly worries what might happen if he is determined to act out.

After her son's latest acting-out, she turns to social media for advice on how to get through to her troubled teenager

PERSONA NAME	Supermom Sophie				
SECTION 2	WHAT				
Goals	PRIMARY  To keep her children safe from the consequences of handguns  of handguns  SECONDARY  - To have a piece of mind knowing her children and even grandchildren are safe - For her partner to be in full support of her position on handguns and bring them closer together as a couple - To understand the make and model of the handgun so she can make the best selection of safety equipment at an affordable price				
Challenges	PRIMARY  Her spouse finding out and looking down on her for making a unnecessary purchase	SECONDARY  The discretion of the product being ordered and may not want child to know  Having trust in the product and its functionality  Educating her spouse on why a gun lock is bette  Explaining to friends and family why she purchal  Confrontation with her children and grandchilds  Child has demonstrated a self-destructive behav (promisculty, tattoo, drug use, suicide attempt, sidunkenness, absenteelsm from school, etc)  Selecting and purchasing the right type of hands  She may need help determining the make and in her home so she can make the correct purchase.	er than a handgun safe sed what she purchase en about the product ior or a moment of vul- elf-mutilation, cutting, gun safety equipment nodel of the handgun i	nerability overdose,	
What can we do?	EDUCATE  We provide education in determining what model handgun they have	ADVISE  We provide help in choosing the correct product for the specific handgun, Consulting with a sales person is something she values since she has the psychographic profile of a validator	SELL We provide safety equipment that protects lives	SHIP Discrete, Free Returns, fast shipping (in response to a concern from a trigger	
		Safe Cun Lock is a new type of gun lock that is importantly, it travels with your gun and relea			

sate Gun Lock is a new type of gun lock that is durable, secure and attractive. Most importantly, it travels with your gun and releases quickly if you need access to your gun in a hurry. Why be fearful about the consequences of misuse of your gun when Safe Gun Lock makes that fear go away?

- · Works from home
- Someone in the household belongs to a union
- \* Someone in household may be a tradesman or craftsman, police or military



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

**5 PILLARS** 

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

## **USE CASES:**

Experienced financial transformation leaders know that a process orientation to building out their ERP system can eliminate most of the pitfalls that await. The best way to do this is to think about the experience from the customers perspective, have empathy, use design thinking, and build out real use cases for the individual who will be working with the new processes day-in and day-out. It is important to begin with the end in mind and work backwards to determine how workflows and automation can support the desired use case.

We recommend employing the Gherkin method, which uses a "given, when, then" framework to describe requirements or acceptance criteria for a user story. Many organizations begin this endeavor by being function-centric (ex: "How can we set up accounts payable?"). Financial transformation isn't executed successfully by building a set of features, it's executed correctly by supporting users across the organization to do their job better, faster, and more accurately. Build your uses cases from a customer-centric, process-centric point of view.

Implementation Diany Use these fields when the User Risey is lettended to any using titles and names, rather are lister or tegories and conects or the intended business europeies of this user is	dement software. As a jour functional roles, (want to) o sary.	ena), I (want to), (so that)*. (s lead the dealed outcome	errorne). Whe are we building this furt &- of fish user story [so that]: describe the
			Those fields will show a re
So a Persona (I)			
West to ③			
in the Cl			
<b>Definition of Ready</b> Complete this section with the inputs required for this till doos recirration, process maps, and other backers that	iser Story to commence wo may present charming as har	rk. Consider sescurces, data, the team paint to engaging th	reining, eccessibility to systems, e user story.
does worrained, process maps, and other course scale			
ones morrae ers, presento e rapis, una cerar cascarris una			These fields will allow a so
Section of Bearly (I)			These fields will allow a so
			These fields will allow a vo
			These fields will allow a so
			These fields will allow a vo
Dadrition of Musein (II)			These fields will allow a vo
Dadrition of Musein (II)		THE STATE OF THE S	These fields will allow a vid
Dadrition of Musein (II)		, iwill	These fields wit allows a so
Dadrition of Musein (II)		J. W.W.	These fields will allow a vo
Dadrition of Musein (II)		NAM!	These fields wit allows a so



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

## **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

#### **PROCESS**

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



## **CUSTOMER JOURNEY MAPS:**

Involve creative thinkers, engineers and technical resources in the ideation stages of building customer journeys. In the beginning, they may trip each other up with comments about "you can't do that in the system," or "we don't have that data." As they learn to work together, the technical resources will help educate the creatives on how to best optimize the tools in the tech stack in ways they couldn't have foreseen individually. Expect a bumpy start, but an improved customer experience as the final outcome. The ideation stage of building the desired customer journey, with the Digital Persona in mind, is a fun and liberating process. It's usually led by a Design-Thinking Coach in a workshop. Bring the engineers along to build consensus and to provide ideas on how best to optimize the algorithms, capabilities, features and advanced analytics, such as Al and ML.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

**5 PILLARS** 

**PURPOSE** 

**PEOPLE** 

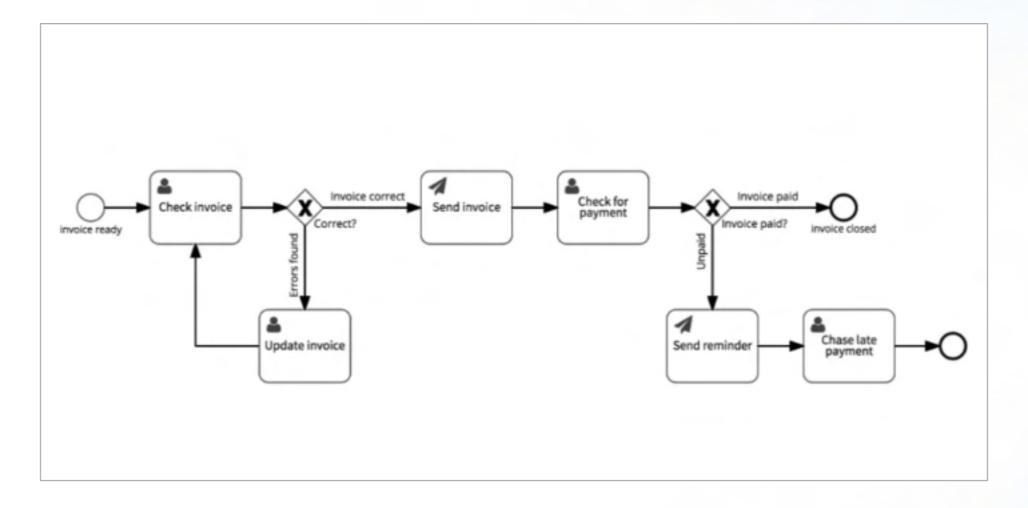
**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



## **BUSINESS PROCESS ENGINEERING:**

With the desired customer journeys defined, the front-of-the-curtain, customer-facing processes are ready to move into an operational and building stage. At Lima Consulting Group, we use the Signavio process modeler to build the process maps. It's amazing how many times we've go into an organization - even large enterprises - request business processes to accelerate our discovery process, and secure very little documentation. Oftentimes, what we do receive is a drawing or text document that is on a personal computer. When compared with other resources performing the exact same function, these can vary greatly from person to person.

Click here to learn more about documenting business processes using Signavio.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

## **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

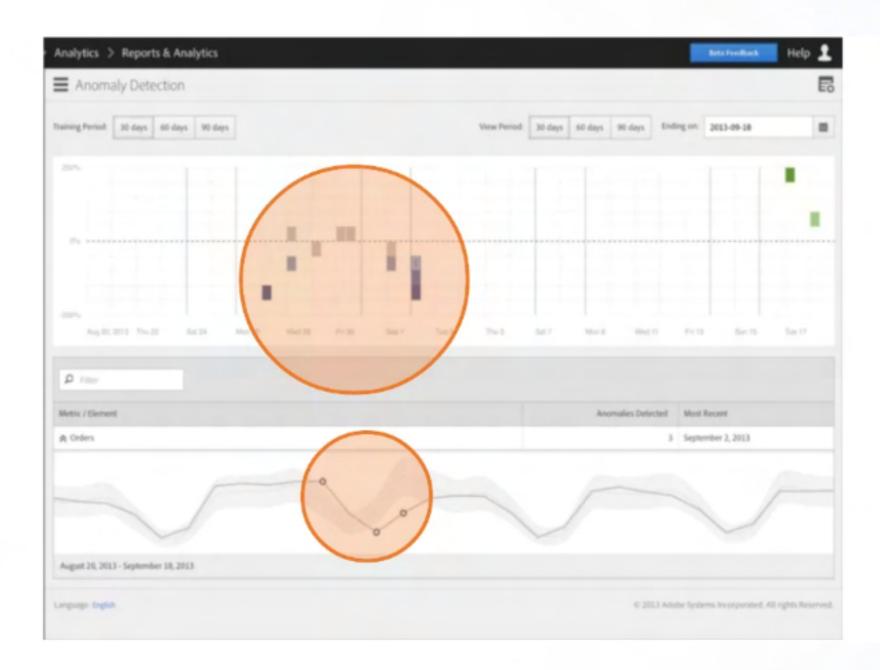
#### **PROCESS**

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



## **ALERTS AND THE BAND OF EXCELLENCE:**

The Alerts imply that the organization understands what KPI's are normal for a given timepart. Both automation and individuals who can initiate processes will be at the ready once alerted of an over or under performing trigger during their watch. The Band of Excellence is created by determining the upper and lower indexes for alerts by persona and desired business outcome. Reports and dashboards are not enough.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

## **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

#### **PROCESS**

**PLATFORMS** 

**PERFORMANCE** 

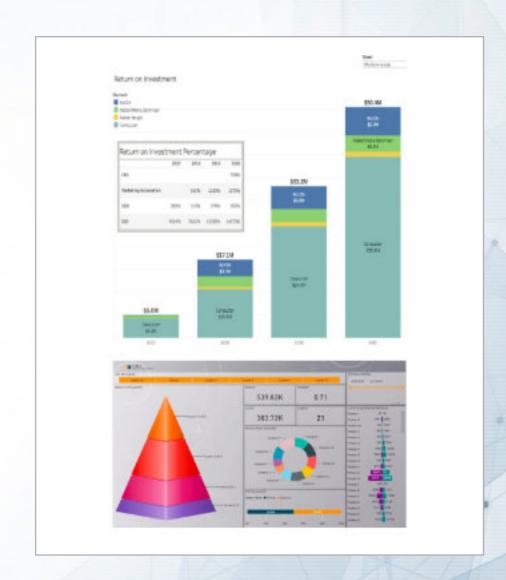
THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

#### **REPORTS AND DASHBOARDS:**

Reporting and dashboards are essential tools for businesses to measure their performance and progress towards achieving their financial goals. By aligning reporting and dashboards with key business outcomes, KPIs, and the balanced scorecard, organizations maintain alignment, accountability, transparency, and actionable insights throughout the hierarchy.

By measuring and reporting on the right KPIs and business outcomes, organizations can gain a clear understanding of how they are performing in critical areas. This clarity can help identify areas that require improvement, recognize strengths and weaknesses, and make informed decisions. When everyone has access to the same data and information, it becomes easier to hold teams, departments, and individuals accountable for their performance and decisions.





THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

## **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

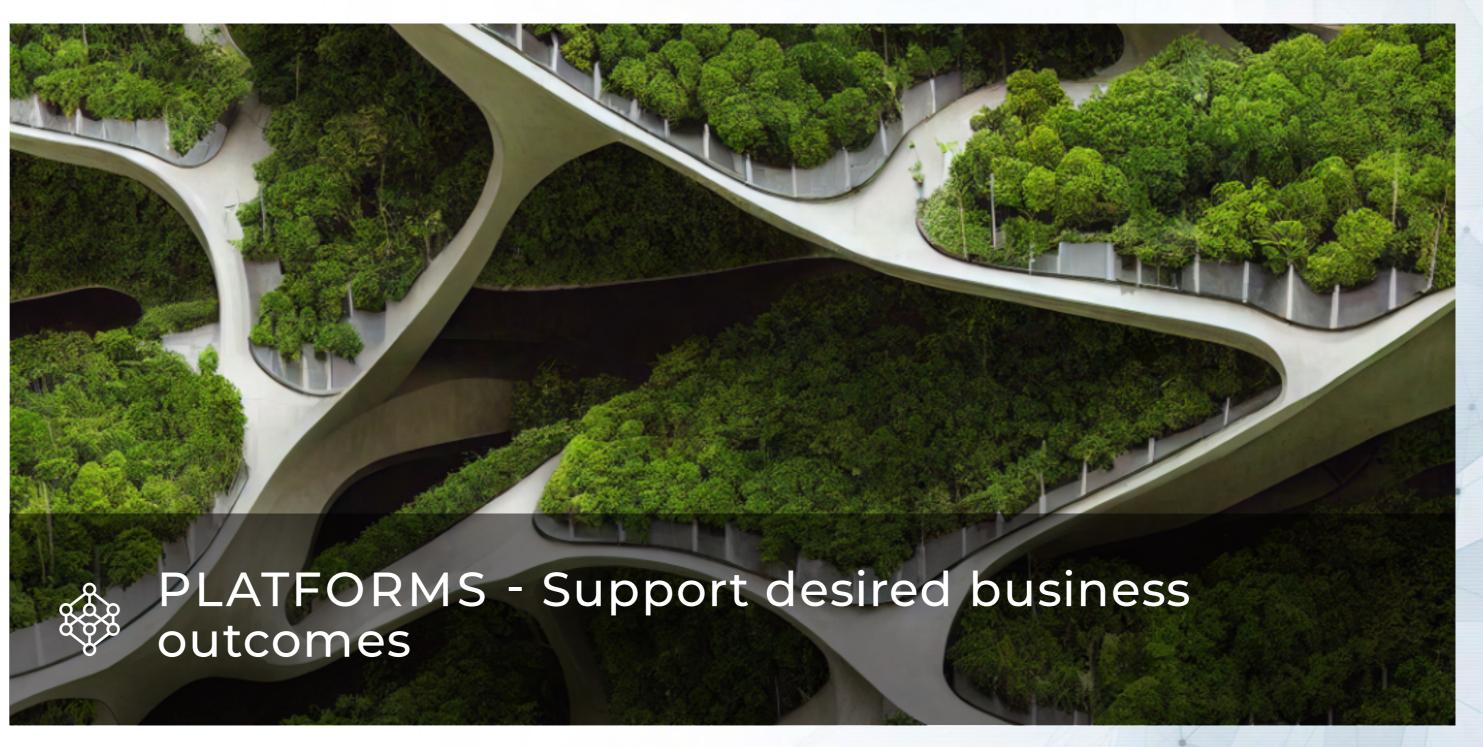
**PROCESS** 

## **PLATFORMS**

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



Technology should support the desired business outcomes. Discussions about selecting the right ERP solution should come after your Assessments on your People and your Inventory of your Processes. Only then are you in a position to set your Build to be on-time and on-budget.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

## **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

#### **PLATFORMS**

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

#### **TECH STACK:**

The set of digital tools used by an organization to transform its financial operations. The tech stack typically includes a combination of software for financial planning and analysis, accounting, reporting, and compliance.

# Examples of technologies commonly used in a financial transformation tech stack include:

- •Enterprise resource planning (ERP) software for managing financial data and transactions across different departments and functions.
- •Business intelligence (BI) and data analytics tools for gaining insights into financial performance and identifying trends and opportunities.
- •Robotic process automation (RPA) and artificial intelligence (AI) for automating repetitive financial processes, such as accounts payable and accounts receivable.
- ·Cloud-based accounting software for managing accounts, budgets, and financial reporting.
- •Regulatory compliance software for ensuring compliance with financial regulations and standards.

Overall, the tech stack in financial transformation plays a critical role in helping organizations to become more efficient, agile, and data-driven in their financial operations.





THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

**5 PILLARS** 

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

#### **ARCHITECTURE:**

Identify the desired architecture and understand the data you have available to you: where will the data move to and from? Map out the ways that data will be used and how it will be transported (which is different than where it is stored) in support of the desired customer journey. Identify the systems of record, the data of record, when data will be at rest, when it will be in motion, the intervals of motion, and any risks associated with the motions. Identify what iPaaS (Platform as a Service such as Mulesoft, Boomi, etc...) systems you may need, if there are any DMZs (demilitarized zones), how the data will flow within the organization, and if you can pass data externally to



2nd party data providers, partners, or agencies performing services on your behalf. Don't forget about single sign on (SSO) because some of these data flows rely on authenticating users who are external parties. You may need to provision active directory access or create new certificates and API tokens for 3rd parties, a process that might take a long time if your IT team has not done that before. Lastly, identify any need for legal resources to help with data sharing agreements and compliance with GDPR or similar local requirements.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

## **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

#### **PLATFORMS**

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET

#### **DATA GOVERNANCE:**

Data governance should be clearly defined and allow for input from anywhere within the organization. For example, a data-cleansing algorithm might be optimal for one business unit, but sub-optimal for another business unit. Who decides if the entire database will be subject to the new data cleansing model? In organizations where BUs compete, how should these decisions be made? Start with understanding what skills are going to be needed and build process maps for how decisions will be made before the initiatives begin. Who will arbitrate if there are conflicts? Will you defer to a 3rd party Trusted Advisor, a C-level executive, or a majority vote



among equals within the Data
Governance Steering Committee?
Build the Steering Committee
with a multi-disciplinary and
inter-departmental construct in
mind. While the initiatives might
originate and be funded by
whomever is out in front,

financial transformation is an enterprise initiative. The investment and data readiness decisions will affect those business units that start their journeys later on.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

#### **GUIDING PRINCIPLES**

## **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

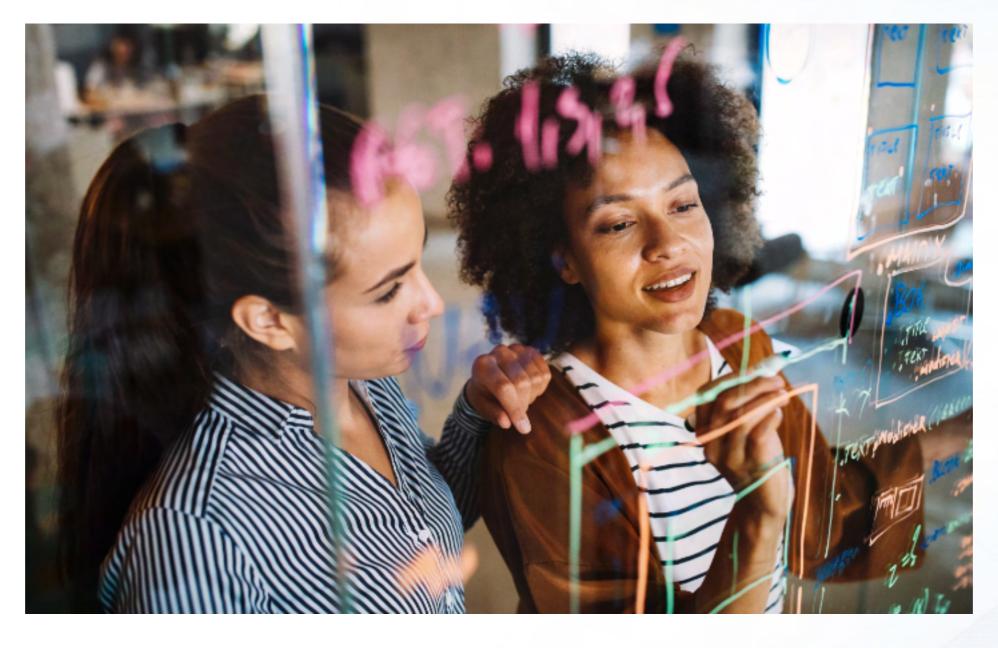
**PROCESS** 

## **PLATFORMS**

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



#### **DOCUMENTATION:**

While the Agile methodology does change the way organizations may document technical requirements, it does not alleviate the need to document. Typical technical documentation usually includes User Acceptance Testing (UAT), Systems Integration Testing (SIT), Customer Acceptance Testing (CAT), technology design, data flows, and data change management requirements.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

## **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

## **PERFORMANCE**

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



Align your key business objectives with a key performance indicators by using a balanced scorecard. Leverage best practices from design thinking to help elevate all your subject matter expert's communications in a multidisciplinary language. If you do, you'll also put your organization in a posture to begin applying agile methodologies so that you don't need to wait for a big bang and can start capturing value along the way.

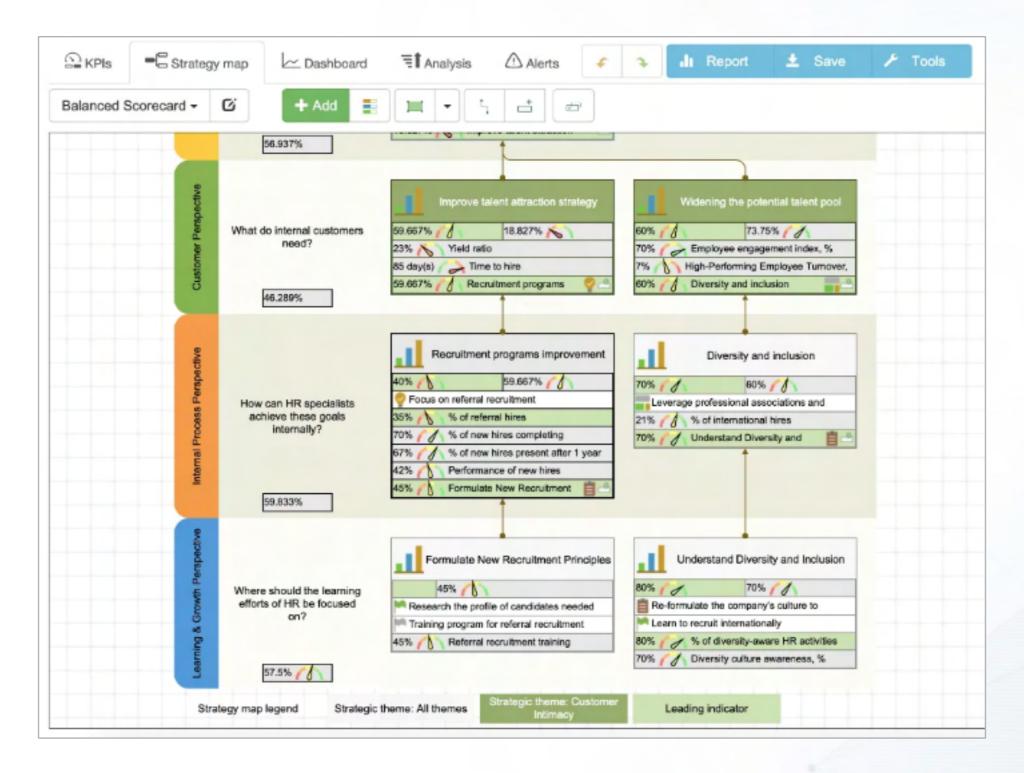


## INTRODUCTION THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL **GUIDING PRINCIPLES 5 PILLARS PURPOSE PEOPLE PROCESS PLATFORMS PERFORMANCE** THE LCG FINANCIAL TRANSFORMATION **METHODOLOGY**

THE FINANCIAL

CHEAT SHEET

TRANSFORMATION



## **Key Business Outcomes:**

Using the digital balanced scorecard, identify the operational objectives needed to support the desired business outcomes. Categorize all processes to those that drive value or drive cost. Value-driving processes generally relate to the cost of goods sold. They're typically part of the product or service delivery and are why the customer buys from you. They are competitive differentiators and support your Unique Value Proposition. These processes are the secret sauce and are usually highly guarded. They are the sustainable advantages that organizations invest in as a part of their differentiation in their GoToMarket (GTM) strategy.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

#### **GUIDING PRINCIPLES**

## **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

## PERFORMANCE

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



## **Key Performance Indicators:**

Once you've aligned the desired outcomes and Key Business
Objectives, you're ready to determine the performance metrics. A mistake executives often make is that they view the KPI as a single goal to be evaluated annually. We completely agree with this, but it is so much more than just that. It's important to time-part the goal and understand the critical moments through the day, week, month or relevant digital time period.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

#### **GUIDING PRINCIPLES**

## **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

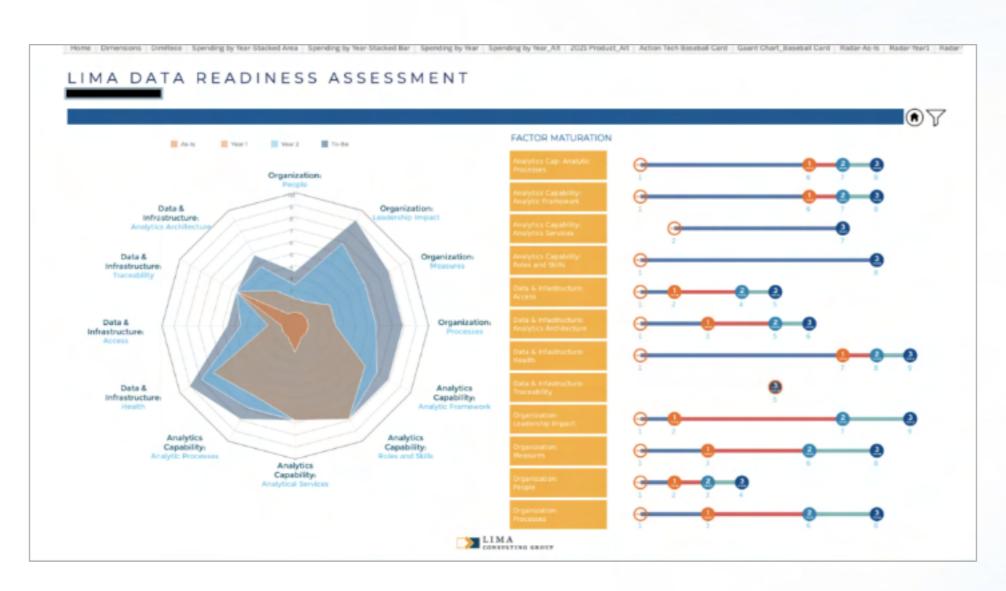
**PROCESS** 

**PLATFORMS** 

## **PERFORMANCE**

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



## **Data Readiness Assessment:**

An evaluation of an organization's ability to collect, manage, and use data effectively. It involves a comprehensive analysis of the data sources, systems, processes, and people within the organization to determine their readiness to leverage data for strategic decision-making and organizational operations.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

#### **GUIDING PRINCIPLES**

## **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

## **PERFORMANCE**

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



## **Return on Investment:**

ROI is typically calculated by comparing the costs of the financial transformation initiative, including the cost of implementing new systems and processes, to the financial benefits realized from the initiative.

These benefits may include cost savings, increased efficiency, improved accuracy, and increased revenue.

For example, a financial transformation initiative that reduces the time and effort required to complete financial reporting tasks may result in cost savings by reducing the need for manual labor or outsourcing. Similarly, an initiative that automates financial processes may improve efficiency, reduce errors, and improve accuracy, resulting in cost savings and increased revenue.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

#### **GUIDING PRINCIPLES**

## **5 PILLARS**

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

#### **PERFORMANCE**

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



## **Comprehensive Roadmap:**

Use a Financial Transformation methodology to (1) understand how your organization uses data and assess your data readiness, (2) assess your agility posture and clearly define how your organization will be agile to insights, innovations, technology enhancements and changing market dynamics and (3) sequence the order of what digital tools your organization will adopt. Here at Lima Consulting Group, we have developed a proprietary model for these three deliverables that we call the Financial Transformation Maturity Model.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET





THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



















## **DISCOVERY:**

This is the initial stage of a financial transformation, where the focus is on gaining an understanding of the organization's current state, its business processes, resources, capabilities, and constraints. It involves identifying the areas that need improvement and determining the goals that the organization wants to achieve.



## **VISION FORMULATION:**

Once the organization has a clear understanding of its current state, the next step is to formulate a vision for the future. This involves defining the desired future state, identifying the business objectives that will help achieve this state, and establishing the criteria for success. It is in this stage where LCG will help you assess various business models and conduct scenario planning and competitive intelligence.



## FUTURE STATE BUSINESS OBJECTIVES:

During this stage, the organization sets specific and measurable business objectives that it wants to achieve in the future. These objectives are typically aligned with the organization's mission and vision, and they should be achievable, realistic, and relevant.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL **TRANSFORMATION** METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



















## **GAP ANALYSIS:**

In this stage, the organization conducts a gap analysis to identify the gaps between its current state and its desired future state. This involves evaluating the organization's strengths and weaknesses, analyzing the external factors that affect the organization, and identifying the resources that are needed to achieve the desired state.



## **RECOMMENDATIONS AND RESOURCE PRIORITIZATION:**

Once the gaps have been identified, the organization needs to develop a plan to bridge these gaps. This involves making recommendations for improvement, prioritizing the resources that are needed, and developing an action plan for achieving the desired future state. Roadmaps for the People, the Process and the Platforms gain alignment through a cohesive set of milestones and planning documentation.



## **DECISIONS AND APPROVALS:**

During this stage, the organization makes decisions about which recommendations to implement and approves the necessary resources to make the recommended improvements.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET



















## **EXECUTION:**

The Execution stage involves implementing the recommendations and action plan developed in the previous stages. This involves assigning responsibilities, monitoring progress, and making adjustments as needed.



## **MEASURE AND OPTIMIZE:**

Finally, the organization needs to measure its progress towards achieving its objectives, and optimize its processes to ensure that it continues to make progress towards its desired future state. This stage involves monitoring performance, evaluating the effectiveness of the improvements made, and making adjustments as necessary.



THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION METHODOLOGY

THE FINANCIAL TRANSFORMATION CHEAT SHEET





THE LCG FINANCIAL TRANSFORMATION MATURITY MODEL

**GUIDING PRINCIPLES** 

5 PILLARS

**PURPOSE** 

**PEOPLE** 

**PROCESS** 

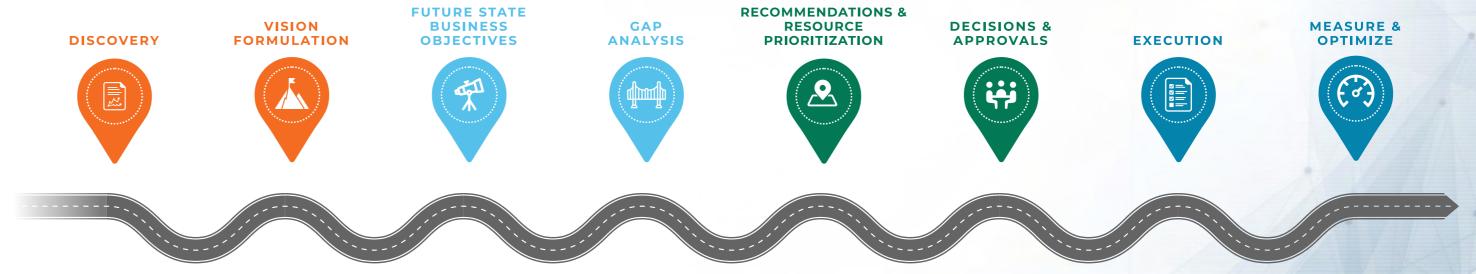
**PLATFORMS** 

**PERFORMANCE** 

THE LCG FINANCIAL TRANSFORMATION **METHODOLOGY** 

THE FINANCIAL **TRANSFORMATION CHEAT SHEET** 

## What Success looks like Across the entire Finance Transformation Journey



Think about financial transformation as if it were a profit center

Start with the customer understand their pains & needs and avoid referring to them as users

Lead with strategy assess the current business model and conduct scenario planning to assess future Indicators to the upside business models that align with your organizations purpose

Gain alignment using the balanced scorecard to make the business case

Go beyond cost savings metrics and align Key Business Objectives and Key Performance value of FX

Allocate budget based on value and not as a percentage of revenue

Consider various organizational designs that best align with your future business model

Leverage design thinking best practices prior to investing in ERP platforms and to determine the capabilities that will constitute your initial launch

Invest in process, people, managed services, and outside advisors at \$4 for every \$1 spent on technology

Invest in process engi**neering** and experts who understand your new ERP platform to build out your to-be process maps

Leverage third-party facilitators, trusted advisors, and workshops to acceler-

> Treat your data as if it were money. Centralize it and give it the investment it deserves as a core asset to your organization

ate key decisions

**Budget for trusted** advisors & SME's to support and enable your front-line staff until they are ready to

stand on their own

**Enable stakeholders** with role-based training, such as technical, business, and service focuses

Establish governance standards and a steering committee

Overcommunicate - stay in front of the rank and file and ensure that your initiative owns its own messaging

## About the author

In 2004, Paul Lima founded Lima Consulting Group, a multi-national consultancy with offices throughout the Americas. Paul's personal mission is to apply innovation to help organizations transform their digital futures. He is the author of the firm's flagship offering, the Digital Transformation Maturity Model used by Fortune 100 companies and mid-sized businesses alike in strategically applying digital innovations to deliver world-class, customer experiences.

Paul is a veteran of the US Army and served as one of the founding officers in the Nation's first Joint cyberwarfare unit headquartered in the Pentagon. He earned a Masters Degree in the Management of Technology awarded jointly by the University of Pennsylvania's School of Engineering (SEAS) and the Wharton School and holds a B.S. from the United States Military Academy.

Paul is a trusted advisor to the visionaries and change agents of today charged with creating the digital experiences of tomorrow.



sales@limaconsulting.com 40 Lloyd Avenue Suite 108B Malvern, PA 19355

866 500 LIMA LIMACONSULTING .COM

