



cutting through complexity

# Being the best: Inside the *intelligent* finance function

Talent management – Playing for  
keeps

KPMG INTERNATIONAL



## 4. Talent management — Playing for keeps

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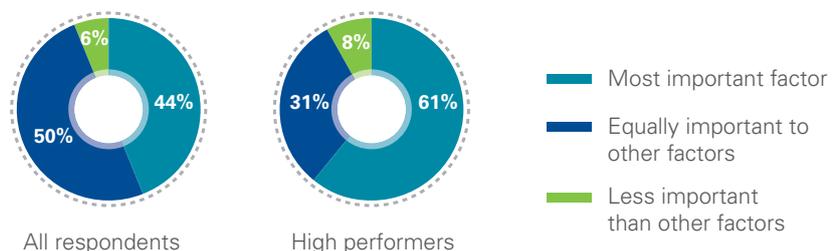
In the past decade, finance employees of global companies have undergone successive waves of technological, regulatory, business process and structural change. Now, the finance teams of leading organizations are working to strengthen their role as business partners who support decision-making and contribute value while fulfilling their traditional and still vital role in financial control. With increasing internal and external demands, more diverse skill requirements and more complex organizational structures, finance executives are finding that recruiting, managing and retaining talent is one of their most important objectives — and one of the most difficult to achieve.

In this environment, senior finance executives need to take ownership of the talent agenda. They need to consider the implications of business changes on their staff and ensure that qualified resources are in place to meet current and future business needs. They must respect the divergent needs of their employees, for example, as transaction-oriented service providers or strategic business partners. Above all, they need to create an organization-wide HR strategy that attracts appropriately skilled finance employees and supports their aspirations at all levels throughout their careers.

### Finance talent management — top factor for success

In KPMG’s 2013 survey of senior finance executives, 44 percent of all respondents and 61 percent of the high performers (those with revenue and EBITDA growth of more than 10 percent over the past three years) feel that talent management is the most important factor for the success of their organization’s finance function. More importantly, only 6 percent believe other factors are more important.

### How important is talent management to improving your finance function in the next two years, compared to other factors?



Source: KPMG International CFO survey 2013

So it is no surprise that improving talent management is high on the finance agenda. In fact, 43 percent of all respondents and 53 percent of the high performers say talent management is their top priority for investment in the next two years.

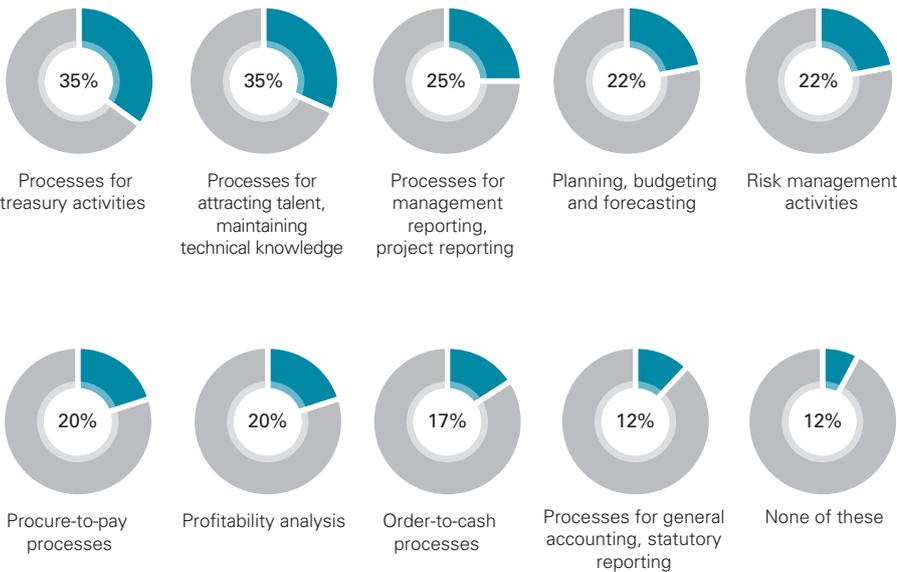
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**Which finance function process, if any, is the most difficult to improve?**

**All respondents**



**High performers**



Source: KPMG International CFO survey 2013





“ Given the high costs of recruiting and training new staff and the potential for diminishing quality, motivating and retaining people is critical. ”

## Dynamic and diverse environments

As a solution to new priorities and competing demands, most finance functions have taken steps to adapt their operational models and segregate their activities into different financial control and business partnering units. In most organizations, finance activities are now spread among separate functions and locations: corporate reporting, finance centers of excellence, shared service centers and/or outsourcing delivery centers, and retained local finance functions with country-specific skills.

As the numbers of shared service center employees have swelled, the capacity of finance managers may be over-stretched. And as retained finance functions have gotten smaller, work allocations may have changed and employees may feel overburdened, under-recognized or unclear of their roles or their future. Unique talent management issues may arise depending on location and roles, as resource needs, skills requirements and labor market forces combine to create highly diverse environments.

## Retention — challenges at all levels

In these complex environments, finance executives are challenged to attract and manage employees with diverse skill sets for each finance division. Retention has emerged as perhaps the most critical talent management area for finance teams, whether to reduce turnover among lower-skilled employees in shared service centers or to ensure management and leadership development among higher-skilled employees in retained finance functions and centers of excellence.

For example, work in many finance shared service and third-party outsourcing centers is still heavily weighted toward low-value, high-volume transaction processing. As a result, employee turnover is high — currently about 30–40 percent in India, for example — and competition for properly skilled staff in most emerging markets is intense. Given the high costs of recruiting and training new staff and the potential for diminishing quality, motivating and retaining people is critical. This involves defining attractive career growth paths including management opportunities, and offering cross-training and posting options between functions, sites and geographies (also within finance shared service centers).

People in the corporate or retained finance operation may also face motivational problems, but for different reasons. Most finance functions have undergone huge transformations in the past decade. People in retained finance functions have endured years of cost cutting and structural changes. They have seen many of their colleagues' roles shifted into shared service centers. This ongoing disruption can make them anxious and uncertain about their future with the company.

Whether or not retention rates in corporate and retained service functions are higher, keeping these employees is even more critical, especially for high-performers. The specialized skills required in areas like budgeting, forecasting and reporting are scarce, and demand is rising for new skills in areas like financial risk management, data analytics and EPM. In parallel, demands for technical and control skills are rising in step with the increasing complexity of accounting and tax regulations. Retaining and training finance professionals to become the next generation of finance leaders is key to the organization's future success.

Finally, with most employees clustered at the high and low ends of the skill spectrum, finance organizations struggle with a dearth of skills and positions in the middle range (i.e. positions requiring five to 10 years' experience). The lower demand for these skills can create gaps in the organization and limit mobility opportunities for employees seeking to advance their careers within the company.

### “Tune in to Talent” – KPMG’s strategic talent management framework

KPMG’s “Tune in to Talent” framework is a step-by-step process for building a customized talent strategy that is right for your organization. The framework emphasizes building a talent strategy that aligns your finance workforce to the needs of the business.

As your company’s business plan and its talent strategy are inextricably linked, the first step in developing your talent strategy is to determine the capabilities your organization needs to win now and in the future. In practice, this means both traditional workforce planning — looking at future finance function needs from your company’s point of view — and organic talent planning — looking at what your finance function has to offer through the eyes of the current and next-generation workforce.

The next steps involve the three traditional talent management activities:

- **acquire and place** — Creating innovative recruitment and onboarding programs and reviewing alternative approaches to sourcing
- **develop and connect** — Offering tools, training and programs to help people manage and progress in their careers
- **engage and retain** — Developing an optimal combination of performance, reward and communication, and an overall compelling employee value proposition.

#### ACQUIRE AND PLACE



- Marketing
- Hiring
- Onboarding
- Mobility
- Flexible workforce
- Sourcing
- Internal resourcing

#### DEVELOP AND CONNECT



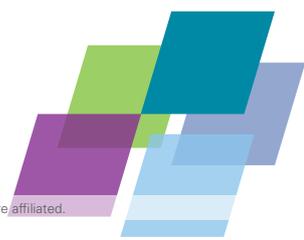
- Technical/professional training
- Business and leadership development
- Learning and development function optimization
- Academies
- Competency/capability frameworks
- Career paths
- Succession planning
- High potential programs
- 70/20/10
- Diversity and inclusion
- Social media

#### ENGAGE AND RETAIN



- Performance management
- 360° feedback
- Reward strategy
- Leadership communication
- Employee value proposition
- Retention strategy
- Exit and alumni

Source: KPMG International





“ To keep up motivation and guard against stagnation, finance executives should recognize that the function itself needs to grow and improve, by taking on additional services and by elevating the value of its current services. ”

## A global approach

To enable an effective talent management strategy, CFOs need to take a global view of their finance talent. The employees in various finance functions should be treated as one diverse pool of talent. Roles, responsibilities and career paths should be clear for all finance people at all levels. Further, the company's approach to career paths should be broadened to create prospects for mobility across finance teams and to encourage linkage and knowledge transfer between embedded and offshore teams.

## Investing in your finance function's brand

A further step is to invest in building your brand and emphasizing the value proposition of working with the finance function within the company, both to attract new recruits and retain them in today's highly competitive job markets. CFOs need to articulate the benefits of working for the finance function within the company and what sets their finance function apart as an employer of choice. This means developing and communicating:

- a consistent recruitment policy and plan for the finance function globally
- a finance function performance and development strategy that aims to achieve leading-class operational structure, technology and processes
- reward and incentive programs that motivate the right behavior and celebrate accomplishments
- training programs that address skills development and promote knowledge transfer at all layers of the organization
- targeted interventions (such as coaching programs and buddy systems) for specific employees or employee groups to equip them with new skills in anticipation of emerging needs and improve their ability to add value
- a proactive, transparent approach to succession planning.

For example, organizations should strive to position work in the finance function as a 'plus' on employees' résumés, regardless of their level and whether they work in shared services, corporate finance or a local retained organization. In developing countries like the Philippines, jobs in shared service centers are prized as they are well paid, high in status and secure. In fact, it is not uncommon for highly trained professionals (such as graduates in business and accountancy graduates, and even doctors) to spend a period of time working in a shared service environment. Companies should aim to differentiate themselves in order to build their brands in these competitive labor markets so they can attract and retain the best talent.

Wherever your finance employees are located now or in the future, researching the labor market is a must. Investigate your competitor's hiring, compensation and retention practices, and use this information to differentiate your brand's value proposition before you start hiring.

Finally, to keep up motivation and guard against stagnation, finance executives should recognize that the function itself needs to grow and improve, by taking on additional services and by elevating the value of its current services. This requires constant monitoring and adjusting your talent strategy to anticipate future needs and identify opportunities for employees to up their games and contribute more value, as they pursue their career aspirations with your company.

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