

Steps to Build a Strategic Finance Function

01 Assess your level of data analytics maturity.

There are [four stages of analytics maturity](#). Are you stuck at diagnostics or looking forward?

- Descriptive** - Your team mines and groups data points to articulate the state of your business or a certain aspect of it.
- Diagnostic** - Your team scrutinizes data patterns and cross-checks data streams to understand why a particular outcome occurred.
- Predictive** - You use tools that combine historical data with trends to predict likely outcomes, possibly using [AI and machine learning to forecast](#) with large data sets.
- Prescriptive** - You use AI and machine learning to weigh all scenarios and provide data-driven recommendations around what to do next.

02 Make data fluency and analysis a core competency.

To effectively amass, process, share and analyze data for strategic finance transformation, everyone needs to be on the same playing field, working with the same tools and the same set of data. For that, you need to:

- Build an architecture that standardizes and integrates data into a single source of truth.
- Augment your team with skills in data science and FP&A skills and software.
- Reinvent the CFO role as a cross-functional partner, working with IT and leadership to usher insights around the organization.

03 Map your processes to identify inefficiencies, omissions and inaccuracies.

“The biggest data issue finance teams face is a lack of granular, accurate data when they need it to make a decision,” says Chase D., Paro FP&A expert. “Most of the time, it’s because there are no standard operating procedures for the people responsible for data input.”

- Identify time-consuming activities and their points of friction, thinking about how automation or AI can help.
- See where data is often unreliable or incomplete.
- Find out what prevents people from getting clean data into those fields and tables in a timely manner.
- Identify your data owners, end-users and stakeholders and establish SOPs around their roles and data decision making.

04 Help non-finance teams use and understand the data.

Keep an open channel of communication between operations and finance, so that teams can understand the financial impacts of their work.

- Align on shared, measurable KPIs and assist in developing targeted KPI dashboards.
- Share forecasts, cost and cash flow reports to managers.
- Establish regular cross-functional meetings and project teams to share data.
- Provide resources for operational teams to develop their financial literacy.

