How To Create An Agile Finance Function



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The definition of agile is the ability to move quickly and easily. To create an agile finance function, first organizations must be alert to new technology and flexible enough to embrace that technology, while being committed to moving away from rigid methodologies and manual operations that have been used in the past.

We've all heard the "but we've always done it this way" refrain that every business partner has heard at least once.

But if businesses were held to that standard of accounting operation, we would still be writing journal entries in a big, bulky ledger book and tallying up ledger totals using an adding machine.

To manage the finance function you have to embrace change.

What Is Agile Finance?

Agile finance is the future of finance. Not one particular thing, it’s a series of functions and strategies designed to boost the efficiency and effectiveness of an organization.

Agile finance is not tied to a particular type of organization; small, midsize, and enterprise-level organizations can all benefit from introducing agile finance in their business.

Agile finance has its roots in the software industry, and was used by developers that were looking for a more cohesive way to develop and introduce new software applications.

The original agile manifesto, as it relates to software, emphasized rapid decision-making, collaboration, and the importance of customer satisfaction.

With the success of Agile in the software industry, finance leaders, business teams and analysts began to look at the possibility of adapting Agile principles for use in the finance industry.

Using the Scrum framework that is more easily adaptable for businesses, finance organizations can to take a longer look at this finance function that is flexible, scalable, profitable, and efficient.

The agile approach for businesses focuses on digital transformation and business agility. Collaboration is also important, with teams working together to produce the best product.

Finally, another valuable part of agile is reflection and review, with all stakeholders responsible for finding ways to become more effective while still maintaining proper risk management processes.

What Are Some of the Common Principles

of Agile Finance?

According to the Agile Alliance, there are twelve principles of agile that were used primarily with software development, with five closely related to finance. These principles include:

1. ## Satisfaction Is the Highest Priority

   Whether you're selling products or services, part of agile finance is always making your customer your number one priority. But aiming for satisfaction isn't only for customers. This principle should be extended to all team members, from the part-time clerk to the CFO.

2. ## Finance and Non-finance Teams Must Work Together Regularly

   Operating in a silo may be comfortable, but lack of communication is one of the biggest problems facing companies large and small. The good thing is that it's an easily solvable problem.

   While non-finance departments may desire a feeling of autonomy, the reality is that every department in your company is tied back to finance. The sooner communication improves with finance and accounting, the better.

3. ## Agile Processes Are a Requirement for Continued Sustainable Development

   Whether you choose to implement agile finance in your business, or continue to operate as usual, agile finance will continue to be introduced at businesses worldwide.

   If you wish to remain competitive, making the move to agile finance will soon become a necessity, whether you're prepared or not.

4. ## The Focus Should Be on Simplicity

   When deciding what applications to use in your business, look for the

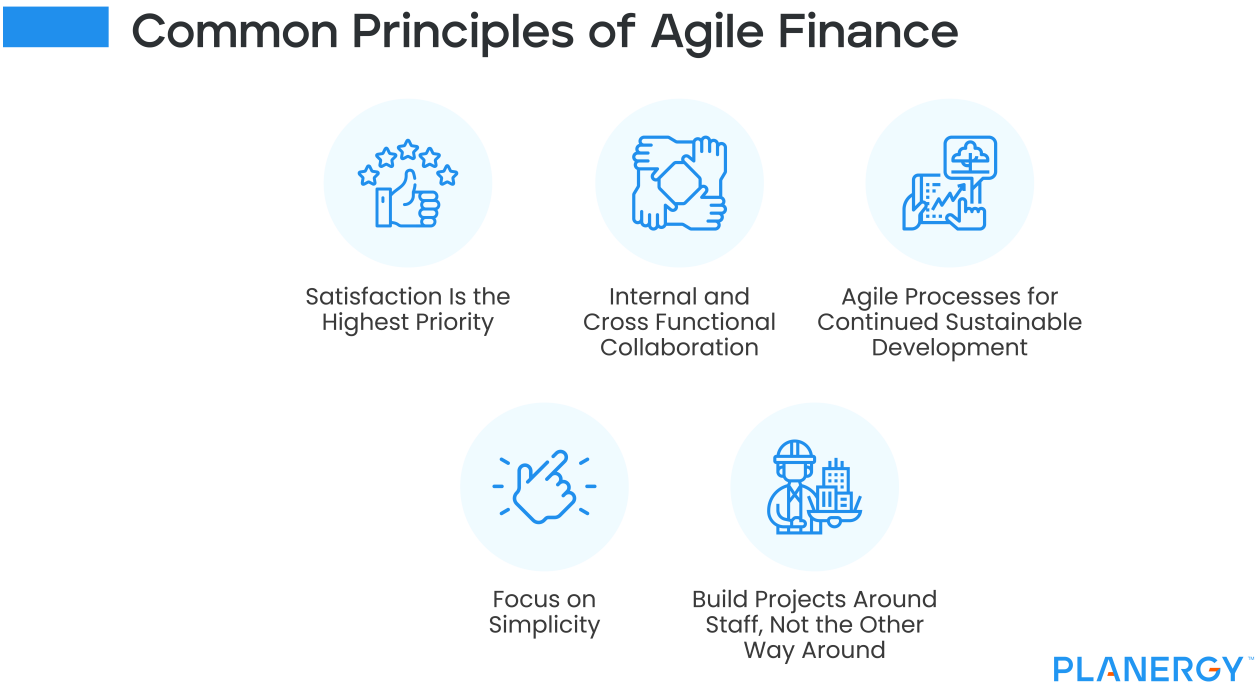
ones that are easy to implement and require little down time for training.

Technology like software should make your life easier, not more difficult, so it's important to look beyond the applications that may complicate your life and implement one that suits your business at a price that works with your budget.

5. **Build Projects Around Staff, Not the Other Way Around**

Once upon a time, business owners looked for the appropriate staff before offering new opportunities. With this new operating model, the focus shifts to creating projects that seamlessly meld with your current staff.

Take advantage of the employee assets you currently have and create a project, product, or offering that is built around them. They will shine, and so will your business.



What Are the Characteristics of an Agile

Finance Function?

An agile finance function involves a series of characteristics that work together and build off of each other. These characteristics include:

- **Scalability**

  Agile finance requires that all technologies should be scalable and able to be widely applied across multiple departments, employees, and teams.

- **Strategic Thinking**

  Agile finance helps develop and inform business strategies and innovation that will better identify value and thwart competition by introducing new products and services.

- **Transparency**

  Transparency is key. Agile finance allows multiple shareholders to have access to relevant data immediately, leading to greater insight and better, more informed decisions.

- **End-user Analysis**

  To use agile finance properly, end-users of the applications must be involved in the regular analysis of current systems and how they can be better used.

- **Adaptability**

  From performance management to project management, agile finance requires a paradigm shift. End-users and decision-makers must be aware of this culture shift and plan for it accordingly.

- **Empowerment**

  There’s no doubt that agile finance strengthens and empowers multiple teams working together to deliver better results.



What Are the Benefits of an Agile Finance Function?

There are numerous benefits associated with an agile finance function, beginning with an increase in revenue and market shares.

Other benefits include the ability to offer your customers a quicker turnaround time on orders, which often leads to a more sustainable relationship.

There are internal benefits as well, with an agile finance function offering transparency and ian increase in employee engagement.

> *For agile finance implementation to be successful, the whole business must embrace the Agile development model, which emphasizes the importance of true collaboration, while pinpointing the risks of continued work in individual silos.*

How Do Finance and Accounting Teams

Benefit From Agile Approaches to Delivery?

In a traditional finance setting, teams were mainly focused on accounting, reporting, and control activities. Introducing agile finance shifts the focus to analytics and strategic decision-making.

Part of making this shift successfully is to move away from time-consuming manual tasks and a siloed work environment, to one that offers better communication and collaboration within the business as well as greater inclusion of employees and teams.

Using an agile approach in business also leads to increased flexibility and resilience; quickly adopting new ideas and strategies by emphasizing a collaborative, customer-focused approach.

And because an agile finance function places more importance on individuals and less on set processes, staff and executives alike are more open to making changes along the way.

How To Aim for and Achieve an Agile Finance Transformation

If you're ready to begin the transformation to an agile finance function, start with these next steps.

- ## Involve Your Employees in the Process

  Before making the move to an agile finance function, be sure both you and your employees understand the reason for changing your operating model. Involving your staff from the start can help empower employees and create valuable partnerships, allowing everyone to reach their goals.

- ## Make the Move to an ERP System

  If your primary software is on the cloud, but the rest of your applications are not, the only way to achieve an agile finance function is to move

towards an integrated or enterprise resource planning (ERP) application.

Continuing to use various ad-hoc applications with your current software application will leave you behind the curve and limit your sustainability.

Eliminate Manual Tasks

Invest in new technology such as artificial intelligence or robotic process automation, which can help automate everything in the finance function from the accounts payable process to streamlining repetitive tasks such as bank reconciliation and employee expense management and reporting.

Take Advantage of Data Analytics

Traditional finance places the emphasis on historical data. Using agile finance, you'll be able to access analytics in real-time, allowing you to make strategic decisions rapidly, including whether to cut spending in a department, introduce a new product, or eliminate a current product.

Real-time reporting and analytics also offer better forecasting, allowing you to proactively make changes mid-stream, rather than waiting until the middle of the next month to see how the business is performing.

Collaboration is Key

Like the human body, a business may be a variety of functioning parts, but it works best when all of those parts are in sync. Agile finance places a great deal of emphasis on collaboration with good reason.

If you're working in a silo, you're making decisions in a silo. While some of those decisions may be good, more of them will likely end up costing money, either in a failed product line, dissatisfied employees, or inaccurate reporting that often leads to bad decision-making.

Obtain a Broader Skill Set

Making the switch to an agile finance function will require finance and accounting professionals to obtain a broader, more technology-oriented skill set which should include the use of digital technology.

New users will also need to become more familiar with artificial intelligence and robotic process automation (RPA), since both are already widely used in financial planning and other financial services industries.



Remember, you don’t have to implement all agile finance tools at once. One of the best approaches is to determine where you need the most help and start there.

For example, if your accounts payable approach has been historically haphazard, implementing a procure-to-pay platform such as PLANERGY can help your business streamline the entire P2P process, from automating and simplifying approvals to eliminating manual data entry.

While you work towards moving the rest of your finance and accounting teams forward with continuous improvement and the goal of a more modern finance department.

How Do Finance and Accounting Teams Collaborate With Agile Teams?

For agile finance implementation to be successful, the whole business must embrace the Agile development model, which emphasizes the importance of true

collaboration, while pinpointing the risks of continued work in individual silos.

For this new model to work, businesses must stop looking at accounting and finance as purely transactional departments and start taking advantage of the fact that they have highly skilled finance professionals available to help them make better business decisions while managing risk.

For example, ABC Athletics designs and manufactures athletic apparel. One day the CEO gets an idea for a new golf shirt to add to ABC's menu of products.

He can choose to work directly with his design team to fashion the product and introduce it at a later date, or he can work with finance executives to review metrics such as the initial design expense and if the potential profit is worth the cost.

Having all shareholders in on this decision from the start means less risk and potentially, more reward.

Agile Finance Is the Future

To keep pace with changing technology and the competition, it may be time to start implementing these new agile initiatives into your management accounting processes.

Better collaboration between finance and other teams means a more cohesive, new business model.

Developed in I.T., Agile is a natural fit to incorporate into your business.

What's your goal today?

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