



# Transforming your finance function in an incremental manner

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# With you today



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# Imagine...

Having the optimal cost structure while minimizing risk

Focusing on strategies and forward-thinking

Being able to continuously flex your workforce model

Enjoying a better return on your technology investments

Benefits....

Reduction in manual processes and reconciliations

Improvement in productivity

Reduction in budgeting and forecasting cost

Reduction in accounting costs

Reduction in reporting costs

Improvement in constituent/agency satisfaction

Reduction in regulatory compliance costs

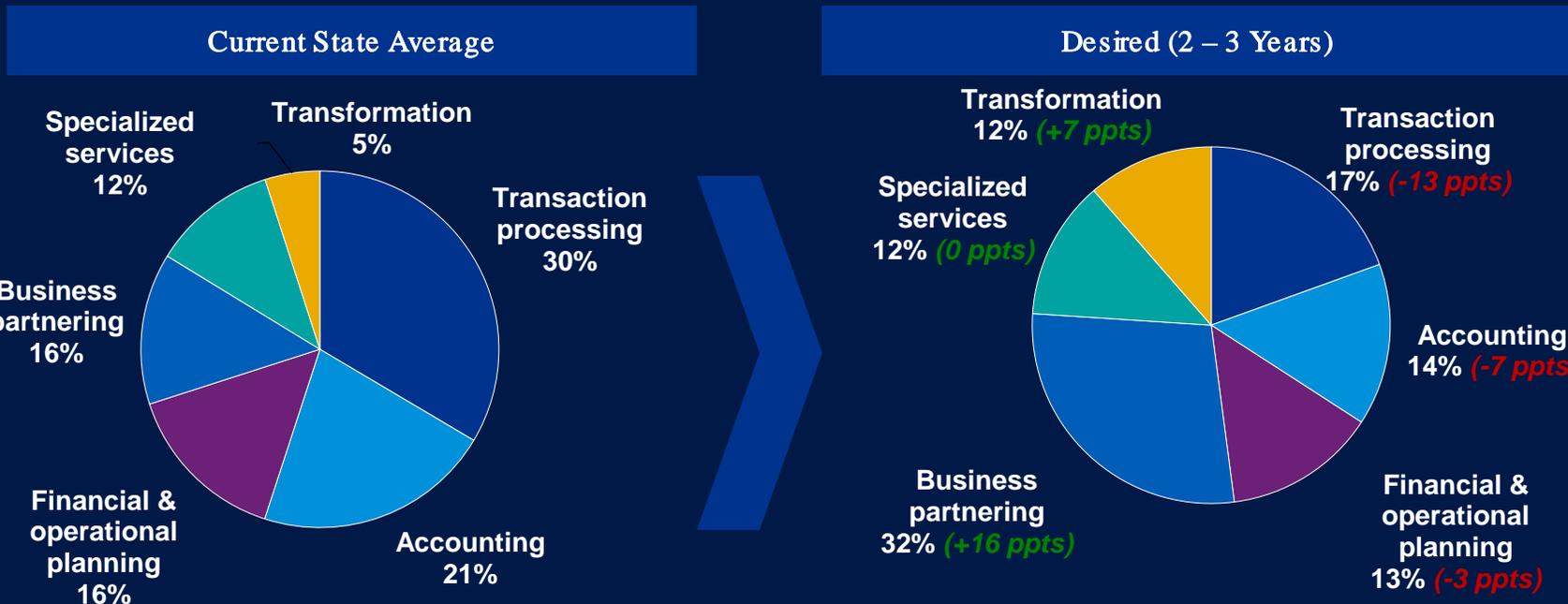
**You can get there without taking it all on at once!**



# Overall distribution of work

KPMG CFO Survey Insights

Organizations are aiming to reduce focus on transactional work and redeploy resources to value-add activities such as transformation and business partnering.



## Top Performer Insights

- Strong **data governance**
- **Self service** capabilities
- **High degree of automation** across transactional processing and accounting (>50%)
- **Agile teams** focused on Transformation and Digital Enablement
- **Centralized** service delivery model

Organizations are prioritizing digital initiatives over the next 2-3 years to further generate capacity and increase focus on business partnering and transformation



# Finance as we know it will be radically different in the future

## Finance will...

- Utilize cloud based systems with no customizations
- Require more analysts and fewer clerks
- Own more structured data, allowing for better analysis and decision making
- Focus more on the external customer and less on internal needs
- Own and support the systems and require less IT support
- Develop capabilities for real or near term decision making
- Identify risks earlier using data





# Modern workforce

There's a war for talent, and finance needs to actively manage its talent strategies to effectively deliver evolving requirements



## Evolving requirements

### New needs and ways of working

- Customer and employee expectations
- Changing workforce demographics
- Regulatory and social demands
- Extreme automation, platform stickiness
- Data, analytics and workforce Insights
- Speed, decision cycles and agility



## Modern workforce

### Modern skills and competencies

- Cloud enterprise architecture
- Robotics, Automation and AI
- Data Science, engineering and modelling
- Strategic, innovative and visionary thinking
- Critical problem solving
- Impactful storytelling
- Change management
- Empathy and collaboration



## Reimagine talent management

### Redefined talent management strategies

- **Redeploy:** enable new ways of working by realigning workforce and business strategies
- **Rent:** identify roles that enable short-term and long-term goals
- **Reskill:** upskill the workforce through learning and development investments and targeted workforce shaping
- **Reimagine:** innovate and invest for the future through tailored employee value propositions and employee experiences

# Finance must redefine talent management strategies

To remain competitive in the war for talent, organizations need to actively manage their talent strategies to effectively deliver evolving requirements.

## Approach



**Redeploy:** Enable new ways of working by realigning workforce and business strategies



**Rent:** Identify roles that enable short-term and long-term goals



**Reskill:** Upskill the workforce through L&D investments and targeted workforce shaping



**Reimagine:** Invest for the future through employee value propositions and experiences



## Benefits

- Redefined **Finance roles and core competencies**
- **Alignment of workforce strategy** with market dynamics and customer demands
- Development of a **flexible workforce** into the organizational structure
- Ability to build a **multi-faceted** workplace ecosystem across virtual and on-site teams
- **Alignment** of finance processing and business partnership
- Stronger **adoption** of enabling technologies
- Strategic **sourcing** of talent and skills

# How to get started?

- Perform rapid assessment of current operating model
  - Review processes that are highly manual and labor intensive
  - Focus on standardizing processes
  - Key stakeholder interviews
  - Look at documenting knowledge of key employees
- Establish or refresh vision for finance and accounting - be bold, but realistic
  - Have a sense of where you want to get...knowing change may be slow but incremental
- Prioritize areas of focus and define value proposition
  - Many mini-projects can focus on people and process with little to no technology change
- Define the strategic roadmap and an executable plan



# INCREMENTAL TRANSFORMATION IN THE COMPTROLLER FUNCTION

William McNamara, Comptroller  
Commonwealth of Massachusetts

NASC Conference March 2022



OFFICE OF THE COMPTROLLER  
COMMONWEALTH OF MASSACHUSETTS



# Examples of the incremental approach

| <b>Kaizen</b><br><i>The Toyota Way</i>   | <b>Logical Incrementalism</b><br><i>Prof. James Brian Quinn</i>   | <b>Six Sigma</b><br><i>Bill Smith, Motorola</i>  |
|--|---|--|
| <ul style="list-style-type: none"> <li>• Culture of seeking continuous small improvements</li> <li>• Disruptive action if needed: shut down the assembly line</li> </ul> | <ul style="list-style-type: none"> <li>• Managers consciously and proactively move forward incrementally</li> <li>• Focus on information quality, processes, dependencies</li> <li>• Deep personal commitment by managers to lead on change and guide people</li> </ul> | <ul style="list-style-type: none"> <li>• 99.99966% defect-free goal, achieved incrementally</li> <li>• Quantifiable financial returns</li> <li>• Management commitment and support</li> <li>• Commitment to making decisions on the basis of verifiable data and statistics</li> </ul> |

# Rapid transformation versus incremental improvement

## ★ Rapid transformation: bigger wins - but infrequent opportunities

- Implementation of new technologies: key opportunity for transformation
- Disruptive events: COVID-19 → remote work, e-signature, virtual meetings
- Organizational inflection points (bankruptcy, relocation): rare in government
- Usually achieved in a “top down but with employee participation” program

## ★ Incremental improvements: smaller wins – but available daily

- Routine processes, forms, emails: from simple tweaks to overhauls
- Usually achieved through “employee up” engagement

# Challenges to incremental improvement culture in the Comptroller function

- ★ **Traditionally a task-focused rather than process-focused culture**
- ★ **Annual financial cycles can make change more difficult**
  - “Cookbooks” developed over many years to achieve key tasks
  - **Busy seasons dominate the calendar for key functions**
    - Fiscal Year Open/Close
    - Annual Reporting Season
    - Calendar Year-end for Payroll
- ★ **Emphasis on financial controls may be seen as incompatible to efficiency goals**

# Advantages of incremental improvement in the government environment

- ★ **Employee engagement and receptivity to an incremental, self-directed, bottom-up change model**
- ★ **Leverages the long-tenure, deep-knowledge employee that is characteristic of state government (versus private sector)**
- ★ **De-links improvement from major IT investments, which may be rare in the state environment**
- ★ **Employees comfortable with incremental improvement now, may be more ready to engage on transformative projects later**

# Please feel free to get in touch!



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