



# Celebrating the Union of Finance & HR

Highlights from an Oracle event debating the value of structured Finance and HR collaboration

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## Executive Summary

Senior UK Finance and HR professionals came together to debate why now, more than ever, Finance and HR need to collaborate across all aspects of corporate processes, reporting, systems, and strategy. ‘The Union of Finance and HR’ interactive event in London was organised by Oracle and celebrated how this unified relationship gives organisations the visibility to make faster, more informed decisions, adapt quickly to market opportunities, and grow.

The theme was a mock ‘union’ between Finance and HR. Speeches praised the couple’s future partnership and prosperity. Special guests of the relationship were seated at a top table. TV broadcaster and real-life vicar Reverend Richard Coles presided over the union. And it all took place on Valentine’s Day.

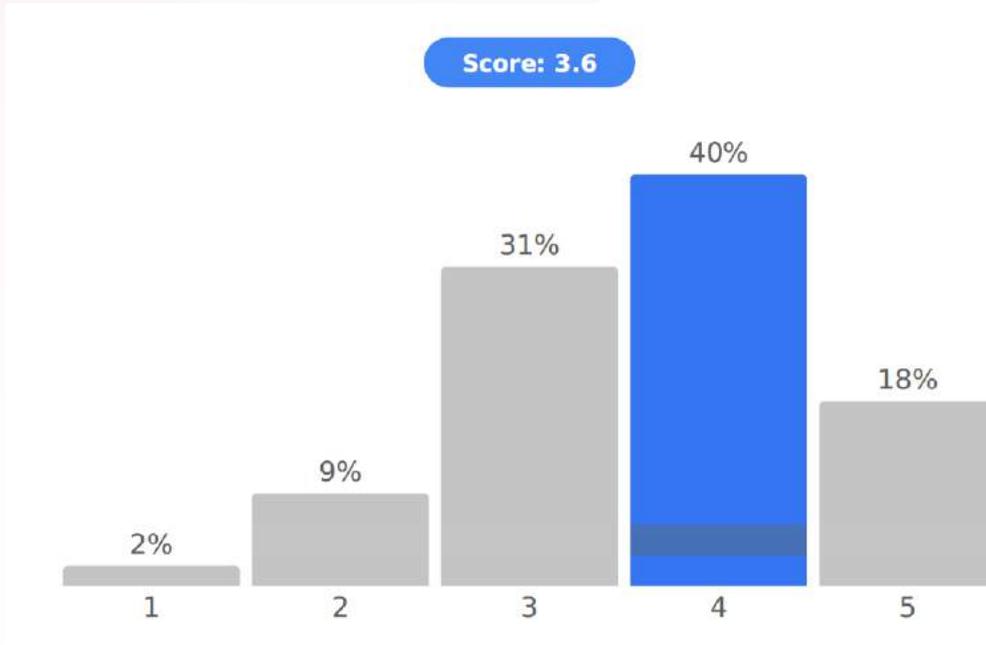
The Finance angle was represented by Peter Simons, Head of the Future of Finance Research at CIMA, the world’s largest professional body of management accountants. The HR message was presented by Andrea Eccles, Chief Executive of the City HR Association, a professional association for HR practitioners. And an alternative angle from business academia was developed by André Spicer, Professor of Organisational Behaviour at the Cass Business School.

The debate revealed how CFOs are being asked to take a more active role in defining business strategies, which requires a firm understanding of the company’s talent and resourcing needs. In turn, HR leaders need a clear view of each team’s budgets and strategic priorities if they are to recruit and retain the right people. And both lines of business need the ability to shift gears quickly to keep pace with digital disruption, new business models, and emerging technologies like robotics, artificial intelligence (AI), and machine learning.

The key take-away? A strong union between the Finance HR departments is key to business success. It brings together the two most important components of any organisation – financial information and people – and facilitates faster, more informed decision-making, the ability to adapt more quickly to changing market conditions and new growth opportunities, and ultimately grow revenues.

## HIGHLIGHTS FROM THE UNION OF FINANCE AND HR EVENT

The 'Union of Finance and HR' event opened with the audience invited to score on a scale of one to five how close their working relationship is with the Finance or HR function. The average score was 3.6 (see Figure 1).



**Figure 1:**

How close is your working relationship with Finance/HR function?

The audience was also asked to describe the relationship with their counterpart in Finance/HR in one word. Words ranged from 'collaborative' and 'good', to 'distant' and 'complicated' (see Figure 2).



**Figure 2:**

In one word, how would you describe your relationship with your counterpart in Finance / HR?

They were then asked to share one *positive* word to describe their counterpart in Finance or HR. Words ranged from 'knowledgeable' and 'engaging', to 'supportive' and 'fun' (see Figure 3).



**Figure 3:**

Share one positive word to describe your counterpart in Finance / HR

They were then asked to share one *negative* word to describe their counterpart in Finance or HR. Words ranged from 'inconsistent' and 'blinkered', to 'passive' and 'inflexible' (see Figure 4).



**Figure 4:**

Share one negative word to describe your counterpart in Finance / HR

What does this thumbnail analysis tell us? Finance and HR see clear value in a more collaborative relationship. Indeed, the gap between Finance and HR maybe isn't as wide as many commentators may believe, and both functions have a largely positive, mutual respect for one-another.

## VIEW FROM THE FINANCE & HR FRONTLINE

The Finance and HR audience were also asked two final questions: What is your greatest achievement in the last 18 months? And what are your biggest short-term and long-term challenges? These are some of the anonymous vox-pop responses from delegates:

### What is your greatest achievement in the last 18 months?

- “Finance and HR now speak a common language. We understand what business partnering means and we’re embedding it into the organisation.”
- “Having deployed a new, unified Finance and HR system, employee satisfaction is going through the roof. We now have reliable measures and can measure actions we couldn’t see before.”
- “Our M&A activity is successful. HR and Finance are standardising processes so we push acquisitions through much more quickly.”
- “Finance and HR used to be siloed. Now, through collaboration, we’re acting more quickly on evidence-based decisions.”
- “We deployed a unified Finance and HR system extremely quickly. Now all the data is in one place.”
- “Finance and HR are sharing a common language – the same terminology, the same messages, the same strategy.”

### What are your greatest short-term and long-term challenges?

- “We need HR tools that are built for all users – ones that are as intuitive to use as a favourite website.”
- “Career planning and succession.”
- “Reduce cost, increase agility, and push innovation through more quickly.”
- “We need to develop skills in-house. Right now, we’re buying them in owing to headcount constraints – and that’s expensive.”
- “HR is perceived as the poor relation to Finance. Finance receives all the investment.”
- “Effectiveness of communication.”
- “Live finance data isn’t readily available. It’s all created manually.”
- “HR needs to become a partner to our Finance organisation and be more proactive. Right now, it’s too reactive and looking back too much.”
- “In the face of globalisation, do we adopt a distributed or centralised Finance and HR model?”

## FINANCE AND HR COLLABORATION BRINGS FORTUNE

Finance was the first to argue the case for collaboration. Peter Simons is Head of the Future of Finance Research at CIMA, the world's largest professional body of management accountants. He commented, "Organisations are increasingly congregating around similar operational processes, and in the future intangible factors – especially people – will separate success from failure," he explained. "The challenge is to bring Finance and HR closer together. While there is a huge amount of mutual respect between both parties, it sometimes feels that one is from Mars, the other from Venus."

Peter also acknowledged that Finance has long been the dominant partner in the relationship – but that is changing. "Together both disciplines can be a powerful force. Look in any corporate financial report, for example, and what strikes you is the focus on diversity reporting, the gender pay gap, emoluments, and other people data. Those measures are all driven by data shared between Finance and HR."

He added, "Finance has a crucial advantage over HR. A manager can say, 'I don't do numbers'. However, they can't say, 'I don't do people'. As finance professionals always do numbers – they have the upper hand in the relationship. Despite that however, they would do an even more effective job if they were more tightly aligned with HR."

In this digital age, one thing is apparent: both Finance and HR are creating vast amounts of data – and that shouldn't go to waste. Peter explained, "What gets measured gets managed. Every organisation is creating vast volumes of Finance, HR, and other data from their systems and processes. By capturing, analysing – and most importantly sharing – that data, they can drive real and lasting competitive advantage."

## BOARD DECISIONS ENHANCED BY RELEVANT PEOPLE ANALYTICS

This theme was echoed by Andrea Eccles, Chief Executive of City HR Association, a professional association for HR practitioners. "People metrics have a powerful impact on the balance sheet, profit and loss account, and corporate governance," she said. "Boards and ExCos increasingly rely on HR for data to support business decision making." She also set out 10 key areas in which HR can either influence or provide people analytics to support corporate governance, see Figure 5.<sup>1</sup> In terms of the annual report, data such as board emoluments or narratives such as diversity and inclusion targets are a key feature of UK - and wider - company reporting, whilst people related costs form a substantial part of the budget.



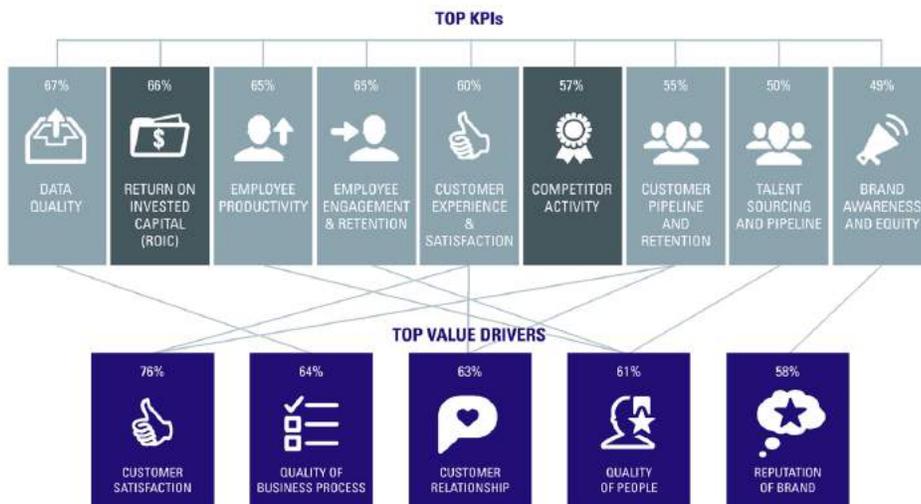
**Figure 5:**  
Governance: 10 areas for HR influence

Source: City HR Association 'Measuring Up: Advanced People Analytics for City Employers' (June 2017) derived from (i) Financial Reporting Council 'Developments in Corporate Governance and Stewardship 2016' (Jan 2017) and (ii) CIPD 'A duty to care? Evidence of the importance of organisational culture to effective governance and leadership' (2016)

Some HR analytics are also of interest externally and can influence investment decisions. These include insights on a firm’s diversity strategy, health and safety record, workforce relations and the quality of leadership to name a few.”<sup>2</sup>

Furthermore, City HR has calculated that people analytics directly impact five of the 16 factors set out by the Financial Reporting Council in their Guidance to Board Effectiveness and indirectly impact a further six.<sup>3</sup> However, she highlighted a key caveat. “People are the greatest asset to an organisation – but they also represent the greatest cost. Finance needs timely, accurate HR data to address key accounting disciplines. Without that data they risk making the wrong or at the very least ill-informed decisions. For example, they may not have the right resourcing costs in the budget or information to make the correct bonus accruals.”

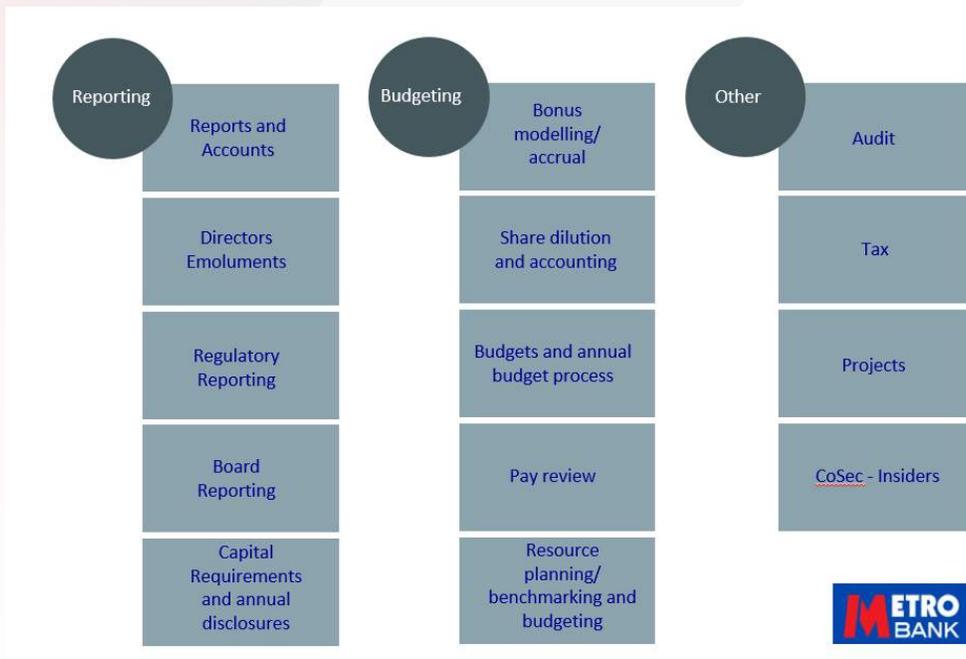
By contrast, people metrics can also enhance organisational performance. Citing joint research by Oracle and the Chartered Global Management Accountants (CGMA), Andrea revealed that five of the nine key performance indicators (KPIs) that drive business performance are HR-related. These include employee productivity, employee engagement, talent sourcing and pipeline, the customer experience, and brand equity (see Figure 6).



**Figure 6:**  
People metrics to enhance organisational performance

Source: CGMA and Oracle Research “The Digital Finance Imperative: Measure and Manage What Matters Next” (2015) as published in City HR’s “Measuring Up: Advanced People Analytics for City Employers”

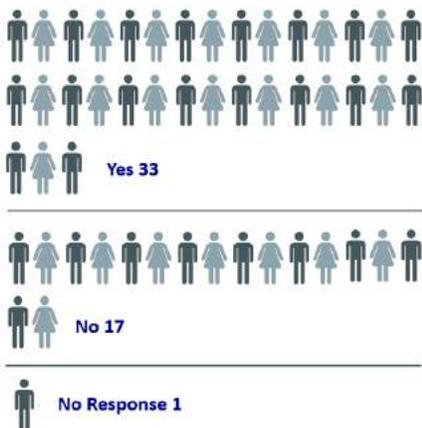
Andrea validated this with a case study from the financial services front-line. “Metro Bank’s HR professionals are working with their Finance counterparts every day across a wide range of reporting, budgeting, and other fiscal processes. They also have a similar relationship with Risk and Compliance to optimise board decision-making,” she said (see Figure 7).



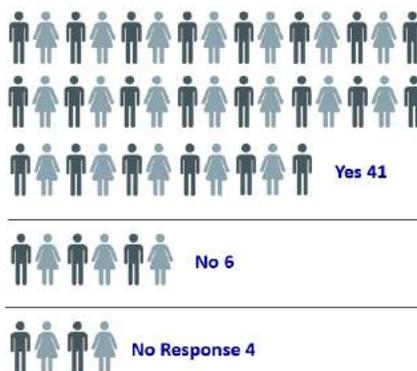
**Figure 7:**  
Metro Bank case study – working with Finance

Andrea then presented results from City HR’s 2016 Benchmarking Survey, relating to the growing recognition of the HR function. This showed that out of the 51 participating organisations, 65% now have HR leaders on their board or executive committee. Ten years ago, that figure was only 37%. Some 80% of organisations within the survey also now believe the HR function is gaining greater internal prominence (see Figure 8).

**Is HR on the Board or Exec Committee?**



**Do you feel that the HR function is gaining greater internal prominence?**



**Figure 8:**  
Is HR gaining greater performance?

Source: City HR Benchmarking Survey December 2016 (51 Participants)

The collaboration of Finance and HR is a powerful alliance in creating and sharing relevant data for analytical, reporting and decision-making purposes. However, both sides recognise the significant role

played by technology in the capture, management and presentation of data as well as the opportunities offered by technological advancement relating to digitisation and globalisation. Andrea concluded, “The future of work is high on the agenda of most organisations and Finance, HR, and IT will need to work together to effect considerable change in the way that business is optimised and delivered and the way in which the workforce is supported.”

## BREAKING DOWN BARRIERS: SHARE THE LOVE

André Spicer, Professor of Organisational Behaviour at the Cass Business School, took an altogether different angle on unified Finance and HR collaboration. He firstly acknowledged that silos still exist between both sides, but it remains imperative to remove them.

He cited the example of Sony to make this point. In the 1970s, the Japanese company created the hugely popular Walkman music player. But then the rot began: as Sony expanded, a silo mentality set in. Each separate department became increasingly determined to protect its own success, as a mini-fiefdom, reluctant to share its ideas. By the 1990s, it was clear that the successor to the Walkman would be a mobile digital music device. Sony seemed brilliantly placed to develop this since it had a music division and consumer electronics department. However, the different departments would not collaborate. In fact, they competed against each other – opening the door for the Apple iPod.

“There are typically three types of silos in organisations,” said André. “The first is the ‘humanised organisation’, where people are connected only through mundane items – such as the office coffee machine. The second is social networks like LinkedIn – electronic social connectivity, but individuals remain in their operating silos. The third is ‘cognitive silos’ – the way individuals see the world. For example, HR professionals may perceive Finance professionals simply in terms of executing the P&L. Finance people by contrast may see their HR counterparts as thinking just in terms of recruitment and the employee lifecycle.”



How can organisations overcome these silos – especially in Finance and HR? “Organisations need to take an active role in collaboration, for example by circulating new Finance recruits into HR and vice versa, or by forming cross-disciplinary teams to reduce the barriers to working together,” according to André.

Drawing on the union and partnership theme, André went on to present a series of behavioural factors that make a successful marriage – and how these can be translated into business. For example, partners (in marriage and business) need to learn to fight well. “Discord happens in every relationship,

but when it does, take the steps to de-escalate it quickly,” said André. “Successful relationships also follow a 5:1 mantra – five successful interactions for one negative one. In business, focus on those positive interactions and become a support for other functions. Those with the highest expectations of marriage will fare the worse. Recognise that the relationship with Finance or HR won’t be perfect – lower our expectations of what is achievable.”

The message they also took with them? Every business is intimately connected today. And no two back office functions are as connected as Finance and HR. With work from both sides, it can become the ultimate strategic partnership.

## FINANCE AND HR IN THE CLOUD

Although it wasn’t debated directly during ‘The Union of Finance and HR’ event, there was an implicit assumption that many organisations are moving to cloud Finance and HR systems—with their continuous updates and innovations, mobile accessibility from anywhere, and shareable dashboards and reports—to drive improved Finance and HR collaboration.

That unified Finance and HR cloud provides ongoing access to the latest technology innovations—whether those are adaptive intelligence, machine learning, blockchain, or another technology that’s only starting to emerge. Staying current is also critical in attracting and keeping the best talent—especially among Millennials, who have grown up with the latest technology at their fingertips.

HR are often a company’s greatest expense, which means that Finance takes a keen interest in issues like payroll and compensation. Conversely, HR wants to know what type of salary and benefits it can offer to new hires, and enact programmes that will help them keep existing talent from fleeing to competitors.

All of this knowledge requires data analysis. A unified Finance and HR cloud provides insight into workforce costs that can be sliced and diced down to the individual level. And the information is displayed in dashboards that Finance and HR leaders can immediately access; there is no need for exporting, gathering, and reconciling data from two disparate systems.

Finance and HR leaders can get better insight right away. They can spend more of their time developing and planning strategies to get the right people—not only for today, but to meet future business needs.





## REFERENCES AND RECOMMENDED READING

<sup>1</sup> City HR and Oracle Publication “Measuring Up: Advanced People Analytics for City Employers (2017) via [www.cityhr.co.uk](http://www.cityhr.co.uk)

<sup>2</sup> CIPD “The Intangible Workforce: Do investors see the potential of people data? (2017) via [www.cipd.co.uk](http://www.cipd.co.uk)

<sup>3</sup> Financial Reporting Council’s “Guidance on Board Effectiveness” 2011 as developed in a table within the City HR and Oracle Publication “Measuring Up: Advanced People Analytics for City Employers” pages 34 to 35 (2017)

<sup>4</sup> CGMA and Oracle “The Digital Finance Imperative: Measure and Manage What Matters Next” (2015)

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