



# Workday Leaders on Their Evolving Finance Function

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By Juliet Grabowski



## In a recent interview with BCG, Workday’s CFO Barbara Larson and CSO Pete Schlampp shared insights on navigating today’s tricky terrain.

Market volatility, changing customer behaviors, and digitization are exerting enormous pressure on businesses to evolve—and the financial function at many companies is at the tip of the spear. Business leaders increasingly look to their CFOs for insights that can drive operational change, guide **business strategy**, and create value.

In this context, many **finance leaders** are fundamentally rethinking how they operate. BCG has observed that the most successful of these leaders share some common traits: they amplify their focus on value generation, harness data in new ways, and reinvent the way they cultivate talent in their organizations.

One company that recently navigated this tricky terrain is Workday, a provider of financial and human capital management solutions. To learn more about the challenges that Workday faced—and to glean insights for others undertaking a similar transition—Juliet Grabowski, a managing director and partner at BCG and the company’s global coleader for the **finance function** topic, sat down with Workday’s CFO Barbara Larson and chief strategy officer Pete Schlampp.

**Let me start by asking about Workday’s own journey to modernize its finance function. Why did you decide to undertake your transformation?**

**Barbara Larson:** We actually don't use the word *transformation* very much; we think more in terms of continuous innovation. Increasingly, the business is looking to us for insights that can drive operational change and guide business strategy, and this innovation journey enables us to become a partner in value creation. At the same time, we're always looking for opportunities to reduce friction and automate as much of our processes as possible.

**That sounds like an exciting transition but not an easy one.**

**Barbara:** It's both of those things—exciting and challenging. I am definitely seeing the role of the CFO expanding post-pandemic into tactical areas such as **procurement** and **supply chain**, strategic areas, and investor relations. CFOs are getting more involved in enterprise-wide change and not just transforming finance. On top of that, there's been a push on ESG [environmental, sustainability and governance] issues and more thinking about all stakeholders as opposed to thinking only about shareholders.

**I agree. It's more important than ever to be a value-creation partner with the business, and all finance leaders I know are aspiring to that. How have you innovated to enhance your partnership with the business and add value?**

**Pete Schlampp:** One thing to keep in mind is that innovation increasingly depends on collaboration. Last fall, Workday held an event called "Conversations for a Changing World," where we brought together business leaders. One of the really interesting takeaways was that leaders are thinking much more broadly about the business and the ways that functions can overlap. CFOs are thinking about diversity. CIOs are thinking about how to create a better employee experience to keep talent. And CHROs [chief human resources officers] are talking about

personalization and the technology required. It highlights the need for C-suite leaders to work tightly together.

**Barbara:** I agree completely with Pete. Cross-functional collaboration among C-suite peers is critical. It's imperative that functions not just work together but also create a symbiotic relationship that can drive outcomes. For example, during the pandemic, we worked very closely with IT to create a dashboard to look at accounts receivable balances through an industry lens. It has given us more precision in assessing risk to accounts receivable and cash flow. We were then able to contact customers in the hardest-hit industries and discuss whether payment deferrals or other changes were needed.

**Interesting. How did you overcome challenges during your digital evolution?**

**Barbara:** Having access to critical data to make decisions was one of our biggest challenges, especially data that is outside the finance organization. We realized early on that it's crucial that finance own the financial data model: the data definitions; the calculations; the accounting rules, mappings, and calculations. Increasingly, we're seeing that finance is acting as the connection point between operational data and financial data.

To improve decision making, we created a single data engine that enables us to blend high volumes of data from multiple systems—including financial, worker, operational, and third-party data—and look at it in multiple dimensions. We helped our treasury team automate the weekly consolidation of various data sources, providing an accurate funding prediction of cash inflow and outflow needed to support our business activities.

**Pete:** To the extent possible, the data in those models needs to be real-time data so CFOs can be agile about making changes for their business. That's true across industries. In our work with Team Car Care, the largest franchisee of Jiffy Lubes, the company reinvented its planning process so its annual process, which formerly took four months, has become a monthly process that takes just a few days. Its new process connects data from managers on the ground to the monthly financial plans, enabling faster decision making.

But it's still really difficult to get real-time or even near-real-time data. Recently, Workday conducted a survey and found that only half of the CFOs who participated have confidence in the efficiency with which their organization moves among planning, execution, and analysis cycles. Nearly two-thirds said it takes weeks or more to get results at the end of a reporting period.

**Even with strong collaboration and access to the right data, implementing change across finance and the enterprise is typically a major challenge for finance leaders. How have you dealt with the challenges of change management?**

**Barbara:** You're right. It is tough. We had to reimagine everything using an agile approach that put the needs of internal and external customers first. At Workday, we use empathy and technology to address the challenges our teams face, and we try to eliminate friction by thinking about processes end-to-end, versus in silos.

Let me give you an example. We want to get to a zero-day close. To do that, we are reimaging many of the key processes that go into the close, including automation of foreign exchange hedging contracts, automation of the tax provisioning process, and automation of the stock-based compensation expense process. We use E\*Trade as our stock administration system. With Workday Prism Analytics and Workday

Accounting Center, we can automatically ingest information from E\*Trade to produce journal entries with rich dimensional information. What took us two-and-a-half days is now completed in a few hours.

### **What were some keys to your success?**

**Barbara:** Continuous innovation and continuous learning are essential to staying ahead of the competition in today's changing world. That means giving finance teams new experiences and learning opportunities, prioritizing digital literacy and skills, and ensuring that teams have the latest technologies.

**I'm glad you mentioned learning because talent development is a challenge that I see other finance leaders grappling with as well. How are you tackling that?**

**Barbara:** We need people who can ask questions, break down problems, and work across silos. Because we want to be known as a destination for world-class finance talent, we give our teams access to the most innovative technologies on the market.

We use gigs and rotations to groom top talent and expose them to different parts of the business. My own two-year gig running the financial applications product teams gave me the opportunity to immerse myself in finance technology innovations before taking on my previous role as senior vice president of accounting, tax, and treasury. We have gigs related to our strategic growth initiatives to sustain more than 20% subscription revenue growth on our path to \$10 billion in revenue. Our finance business partners assigned to these gigs are learning new cross-functional and influencing skills, and they are engaging with the senior executives in the organization.

**Pete:** This idea of skills development is so important. I participated virtually in the Davos [World Economic Forum](#), and there was a really

interesting session where they talked about how skills are transforming the workforce. They shared one stat that I thought was particularly remarkable: from 2016 to 2022, the skill set needed for an average job changed 25%. In other words, your job is changing even if you aren't changing jobs. That requires massive, continuous **upskilling and reskilling**.

**Fascinating. Before we wrap up, do you have any words of wisdom for finance leaders as they bring their finance teams into the future?**

*Pete:* I love the quote, “Culture eats strategy for breakfast.” That means that with even the best-laid strategy, you'd better have a culture that can help you execute. And today, one of the elements of culture that everybody has to focus on is having a transformational mindset. Part of the DNA of your team has to be a willingness to take on the next challenge, an understanding of how the world is changing, and a readiness to change yourself and your company.

**Thank you both for a fascinating conversation.**

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