

“Two in a box” approach achieves radical Future Finance vision at the BBC

Overview

■ Business challenge

To maximise the amount of licence fee funding spent on creative programme making, the BBC wanted to improve the value for money delivered by its back office functions. In the Finance function this meant a radical transformation to business processes and systems to improve efficiency and increase the benefit delivered to the business.

■ Solution

The BBC and IBM worked in partnership to redesign the Finance function. A new specialist Finance Centre in Cardiff supports small, newly created finance teams embedded in the business. Simpler, more robust business processes and enabling technologies are already contributing to efficiency, agility and business decision-making.

■ Key benefits

- Annual cost savings of over 50%
- Reduction in cost of Finance from 2% of licence fee revenue to less than 1%
- Finance function more agile and responsive
- Standardised business processes reduce business risk.



Owned and funded by the British people, the British Broadcasting Corporation (BBC) prides itself on its creative programme making and independence from political and commercial interests. With this independence, however, comes a reliance on licence fee revenue, the level of which is set and tightly controlled by the government.

Facing funding pressure from the opportunities and challenges presented by new and emerging digital technologies, the BBC developed ‘Creative Future’, a strategic blueprint that sets out to deliver greater value to audiences over the next few years. A major push to allocate as much money as possible to programme making, means back office processes have to be provided as efficiently and cost-effectively as possible.

Going for bold

Benchmarking studies carried out by the BBC’s Finance function identified that world-class companies spend around one per cent of their revenue on finance whereas, within the BBC, it was costing two per cent. Prompted by this finding, the Finance function set itself a tough target to reduce its cost by half.

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– Audrey Alexander, Programme Executive for Future Finance at the BBC

Achieving business value through transformation

Business benefits

- Annual cost savings of over 50%
- Reduction in cost of Finance from 2% of licence fee revenue to less than 1%
- Finance function more agile and responsive
- The Finance Centre will add more value to the business as it matures and grows
- Finance teams will become valuable business advisors to their divisions
- Easily accessible and reliable finance information improves business decision-making
- Standardised business processes reduce business risk.

Soon after starting to examine ways of cutting costs, Finance decided to be really bold and totally transform itself so that it could deliver not only cost savings to the business but also maximum value. Historically at the BBC, Finance had dealt with lots of low-level issues such as the purchasing of items needed by production teams. It wanted to move up the value chain by providing support and professional advice to improve business decision-making.

Although the BBC had already centralised and outsourced many services such as managing accounts payable/receivable and general ledger routines, the Finance organisation that remained was diffuse. Each of the 17 BBC divisions had its own Finance Director, Financial Controller and Finance team and they all operated in different ways. While this model is strong in terms of building a relationship with the business, it does not provide good pan-organisation information and makes it difficult for the Finance function to respond quickly to changing environments. The challenge was to keep the benefits of a diffuse model while agilely providing reliable information and analysis in a business driven by rapid technology change.

The BBC looked to IBM for help and support in meeting this challenge through a solution that became known as Future Finance. Audrey Alexander, Programme Executive for Future Finance at the BBC says: “I knew we were looking at centralisation, there was no debate about that, but IBM knew the best approach to this sort of transformation and helped us manage the risks.”

Setting change in motion

Future Finance was based on four main initiatives: the creation of a new specialist Finance Centre in Cardiff; embedding small business partnering finance teams in each division of the BBC; the introduction of simpler business processes and enabling technologies and the re-letting of the outsourced services.

The Finance Centre concentrates on delivering consistent and reliable financial information that can be used throughout the BBC. This has removed many of the day-to-day financial tasks from the divisions, enabling the embedded finance teams to spend more time on higher value tasks.

The step change in behaviour required of the finance teams in the divisions was a major focus of the Future Finance programme. People were expected to shift from a support role to a more proactive advisory role. The BBC and IBM worked together to carefully define this new role and ran a series of workshops and meetings with the finance teams to make sure they understood their new role and could iron out any issues and concerns.

Standardised, simpler and more robust business processes are supporting self-service procedures for many finance functions, such as project cost planning and monitoring, purchasing, and reporting. The enabling technology that underpins these changes was built with a robust controls framework to improve process compliance throughout the BBC.

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Benefit of an attention-grabbing target

As a result of Future Finance, new jobs were created in Cardiff, finance jobs within the divisions disappeared, the people remaining in the embedded finance teams had to adopt a new role and self service processes were introduced. Most people at the BBC were affected and the changes happened within a twelve-month timeframe. In a federal environment like the BBC where there is a great deal of autonomy within each division this was never going to be an easy time, especially as every other division was also trying to meet its own savings targets. “The fact that we had the most ambitious savings targets actually worked in our favour,” explains Alexander. “The vision we developed for Future Finance was radical, so it grabbed people’s attention. They could see that our aims left little room for debate and gave us quite a lot of leeway to deliver.”

A well-blended team

Right from the start, Alexander was keen that the BBC and IBM should form a cohesive project team. Very often a BBC and an IBM person worked together in the same role (known as “two in a box”), an approach that worked very well. “The thing I valued most about working with IBM was their responsiveness and their ability to work hand in glove with us. They were very open to being part of the Future Finance team, part of the management structure and part of the delivery structure,” confirms Alexander.

IBM contributed facilitation skills, project management skills plus organisation, process and system design skills while people from the BBC provided expertise in content and rigour, helping decide if a particular solution would work in practice. “IBM’s contribution was invaluable,” says Alexander. “They pointed out that we should start by simplifying our key accounting policies, for example, as these would drive simpler processes. Our lack of experience would have seen us in the middle of process design before we realised we needed new policies in place first.”

Impressive savings and much more

The BBC is still a few months away from finalising its absolute annual savings, but is on target to achieving a figure of over 50%, reducing the cost of Finance to below 1% of BBC revenues. These savings have come through the transformation work done in partnership with IBM and the re-tendering of the already existing Finance outsourcing contract.

The benefits go far beyond cash savings, however. Financial systems are far more agile and responsive, a fact that was proved when the BBC recently made a major change to its divisional structure. It was easy for Finance to support this reorganisation, as tasks like setting up new costs centres are now much simpler. Before the transformation, the Finance function would have been a bottleneck in any reorganisation.

Key components

Software

- SAP

Services

- IBM Global Business Services
 - Financial management
 - Change management

Transformation at a glance

To contribute to the BBC's drive to maximise the amount of licence fee funding spent on creative programme making, the Finance function radically transformed its business processes and systems to improve efficiency and increase benefit delivered to the business. Working in partnership with IBM, the Finance function was redesigned around a specialist Finance Centre in Cardiff and small, newly created finance teams embedded in the business. Simpler, more robust business processes and enabling technologies are already contributing to efficiency, agility and business decision-making. The cost of Finance to the BBC has reduced from 2% of licence fee revenue to less than 1% and both the Finance Centre and the finance teams will add greater value to the business as they mature and grow.

Putting system and data controls in place and introducing a standard control framework across the BBC has reduced the organisation's exposure to risk. Processes are now centrally controlled to improve compliance and visibility.

Perhaps one of the most important benefits is the creation of two valuable business assets, the embedded finance teams and the Finance Centre in Cardiff. People at the BBC are just beginning to see the potential of the rapid availability of reliable, consistent financial information backed up by specialised advice. They will be able to capitalise on this into the future.

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