Financial Services
Functional Commitments
and
Strategic Challenges
Observations

- **Duplication causes high cost** – finance functionality resides in many units and locations.

- **Small portfolios limit the talent pool** – small portfolios will only attract the less-skilled professional, an expanded portfolio will allow for greater opportunities for learning and professional growth.

- **Off-line, ad hoc finance reports leads to confusion** – often resulting in misinformation causing consternation and re-work, need to standardize reports and analyses.

- **Accountabilities are fuzzy** – HU vs. HUH vs. Schools and Colleges vs. Cabinet-Level Functions vs. Enterprise functions – need to clarify.

- **Transparency is spotty** – causing regular surprises, making forecasting and accountability more difficult than necessary.

- **Cash management is disjointed** - Howard is one entity and needs to manage cash from a consolidated perspective.

- **Capital management can be better controlled** – needs focus and control given the aggressive investment program.
Service Level Commitments

- **Always** do the right thing – ethically, morally and legally
- Provide **timely, accurate** and **relevant** information to the organization and external constituents.
- Engage in **continuous process improvement** – eliminate waste in process and product
- **Anticipate** needs – a culture of surprise avoidance
- Strive for **Excellence** – expect to be part of a Best-in-Class Finance Function
- **Deliver** on our promises
- **Communicate** with customers and constituents
- Execute flawlessly on fundamentals – create and protect **functional credibility**
  - perfect the recurring processes and functional requirements - internal controls and asset stewardship, monthly close/quarterly close, account reconciliations, planning, budgeting & forecasting, cash management
- Maintain an obvious **sense of urgency**
- Think and act as an **enterprise function**
- **Be involved** operationally and strategically
- **Protect** the assets and financial reputation of Howard
- Implement and monitor **sound accounting and financial controls**

Committed to Best-in-Class Service and Expertise
Functional Challenges

Strategic Mission

- Enable effective, timely decision-making in support of Howard’s strategic and operational objectives
  - Partner with divisions and support functions
  - Provide information, analysis, insight and guidance
  - Recommend optimal financial asset/transactional structures

- Consistently ensure effective financial stewardship
  - Protect assets and maintain effective control structure
  - Produce accurate and complete public disclosures
  - Comply with laws and regulations

- Continually optimize the cost of financial services
  - Streamline, automate and improve processes
  - Balance effective service with appropriate cost

Strategic Challenges

- Howard’s creditability is tarnished from the legacy of late reporting and poor accounting controls.

- Howard’s business model is at risk due to lack of control around purchasing and obligation accountability.

- Howard’s leadership is starving for more sophisticated financial support and analysis – in Schools, Colleges, hospital and administration.

- Howard’s support cost structure is high compared to even average benchmarks – move deliberately to a proven efficiency model.

- Howard’s external commitments are stringent and must be met without exception.

The Finance Team is Ready for the Challenge
The Goal

Current State

- Manual transactions processed throughout accounting and finance organization.
- Too much time correcting the mistakes of the decentralized finance personnel.
- Suboptimal systems, too much paper, too many hand-offs.
- Diffuse accountability and lack of ownership due to decentralization.
- Lack of transparency and suspect data.
- Most staff working on fiduciary support – very limited strategic support.

Future State

- Automate ALL PROCESSES AND TRANSACTIONS.
- Daily cash close; monthly accrual close; reporting within days not months; full financials quarterly.
- Optimize utility of PeopleSoft and determine an appropriate reporting overlay.
- Centralized ownership, customer orientation and accountability for results (MUST meet all deadlines).
- Total transparency to data and analysis pushed out to users on a timely basis.
- Move to a strategic focus – two-third focused on fiduciary and one-third focused on strategic support.

Major Transformation – Need Organizational Commitment