

Skills development and performance management are the new imperatives for Group Finance, says a new study

- **BPM International compared the consolidation, reporting and planning functions at the headquarters of over 130 large European corporations**
- **Huge gap between best and worst performers' processes, systems, staffing and timetables**
- **Seven keys to a successful Group Reporting function emerge from the study**

London, April 3, 2007. Paragon Consulting Group, a founding member of the European consulting network BPM International, today released a comparative study into the processes, systems and organisation of the Group Finance function of over 130 large European multinational corporations. The study provides a clear picture of the Group Finance function's state and identifies current best practices at the Corporate Headquarters.

Key findings include that 80% of the participants in the study are re-focusing on performance management as a key priority after several years of devoting energy to the compliance and regulatory issues such as IFRS and Sarbanes-Oxley. The study reveals also a significant gap between the performance of the Group Finance functions in the study. For example the fastest companies close and audit their accounts in less than 33 days, the slowest take more than 80 days. The fastest have 3 month annual budget cycles, the slowest take over 9 months. The most efficient companies manage with 10 or less staff to run processes and systems, the least efficient need over 40 staff. 81% of the study participants consider finance skills development as the key to improvement.

Best practices emerging from the study can be summarised as the “seven keys to successful group reporting”:

1. Coach train and motivate finance staff.
2. Manage

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reporting cycles closely. 3. Standardise and simplify data and processes. 4. Exploit technology to promote efficiency. 5. Manage change proactively. 6. Get inter-company processing off the critical path. 7. Improve predictive capability.

Paul Blackburn, Senior Vice President for Financial Control and Corporate Controller in GlaxoSmithKline's UK Headquarters, one of the participants in the study, commented, "the study re-emphasized for us how the introduction of IFRS has put much greater pressure on our finance staff world wide, not just in terms of volume of disclosure but in terms of interpretation and judgment. For example, understanding how to properly identify, account for and fairly value embedded derivatives is a new challenge for many of our staff. So, we have put great emphasis on e-learning programmes in the finance function over the last 18 months, which has enabled us to develop skills in this complex area as well as other important areas under IFRS such as revenue recognition, deferred tax accounting, lease accounting, provisions and so on. Our e-learning program for finance has proven to be very successful and has helped us further improve the quality and timeliness of reported information."

David Jones, Director at Paragon Consulting Group and Chairman of BPM International commented, "The emergence of the priority topics of skills development and performance management within the group finance function is refreshing after several years of focus on compliance and regulation. The best Group Finance functions have implemented reporting processes that are highly efficient and automated which allows them the head room to focus on performance management, predictive analysis and skills development. There is much value to be gained and costs to be saved from others adopting these best practices".

About Paragon Consulting Group

Paragon is a leading provider of full life cycle services for Business Performance Management (BPM). Paragon's services range from defining a Performance Management Roadmap through to project management, implementation and application management services. The depth and focus of Paragon's BPM application skills are unparalleled and are supplemented with finance, information technology, business and process skills. <http://www.paragonbpm.com/>

About BPM International

BPM International is Europe's only integrated Business Performance Management (BPM) consulting network. BPM is an umbrella term that describes all of the processes, methodologies, metrics and systems needed to measure and manage an organizations performance. The BPM

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International members are five leading BPM consultancies with operations in seven European countries and over 1,400 consultants, working with many diverse companies across multiple industries including some of Europe's largest multinational corporations. The members of BPM International are: Paragon Consulting Group (UK), Centre Consulting (Netherlands), ifb group (Germany, Switzerland, Austria, China, Luxemburg, USA), ValorGest (Portugal) and Infineo (France). www.bpm-international.com

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