

# A paradigm shift of the financial organization during a business transformation

Almost every company with a long history goes through a transformation these days. To remain effective, the financial organization of that company will have to adjust its paradigm and consequently its way of working too. The role and purpose of the finance department remains unchanged, but the path to get there does not.





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**Leen Geirnaerdts,**  
Chief Financial Officer at bpost



You could describe bpost as “deep roots, strong wings”. One of those roots is its strong balance sheet position. Typical about a business transformation is the fact that more investments are required. A company with a lot of cash then becomes a company that has to make a well-considered choice where it uses its capital. This requires a completely different finance tool kit.

Capital allocation is much more than a technical exercise based on the financial plans related to the business transformation. The choice of the assumptions that are made in this exercise with regard to financial discipline (healthy balance sheet), management of the portfolio of businesses and compensation for all stakeholders, after all, determines the strength and speed

of implementation, as well as the company’s equity story.

The transformation also requires a different investment governance. Business cases should not only be assessed on profitability within a single business unit, but also from the standpoint of the portfolio of the entire group. Replacement investments in the traditional business must now be weighed against investments in the new business: predictable vs. less predictable cash flow, short vs. longer depreciations... So, investment management gets an even more important role in safely guiding the organization through its transformation.

Where cash management required attention, cash forecasting will gain in importance. With healthy financial ratios as a

starting point and an investment plan for the business transformation, correct timing is important. The treasury department should therefore further refine its toolkit and be more closely involved in business decisions to ascertain whether investments should be made via make or buy, given the impact on the timing of the cash out.

“Do not create the illusion that the pace of business transformation is predictable, when it is not so ...”, are the wise words of a London banker. Not exactly a motivator for all business controllers who are involved in the budgeting process. Budgeting for the unknown is a difficult task. In any case, waterfall budgeting is not suitable for this new reality. And a detailed and long budget process gives a false sense of certainty.

“Zero-based thinking” and calling the status quo into question are in any case a good basic philosophies to apply throughout this exercise. Its conclusions can then be included in the budget, without making the budget process too long and theoretical.

bpost strives for a clear and transparent communication to its shareholders. Opinions among analysts and investors are however divided as to what that exactly means: granularity versus qualitative guidance. For an organization in a business transformation, where a number of things are more difficult to predict, you should not create that illusion. In a transformation, it testifies to the organization’s sense of reality to be transparent and clear about what you do know, but also to be transparent and clear about what you do not know.

In the end, it’s the people who make the difference. It is the bpost finance team that embraces the new paradigm and uses a new toolkit. Because they believe in the deep roots of which they are a part and because they want to spread their wings!

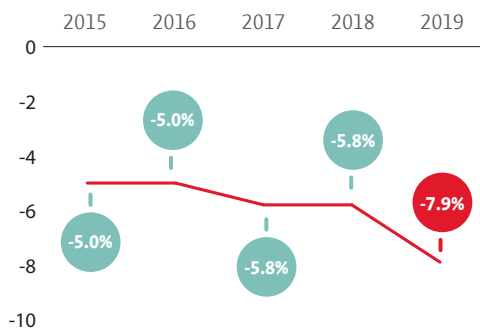
**Leen Geirnaerdts,**  
CFO of bpost since May 2019

Studied Applied Economic Sciences at the University of Antwerp

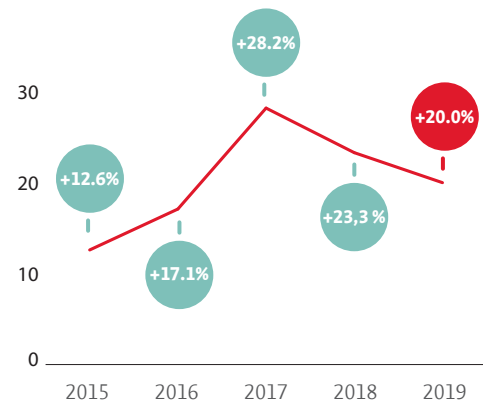
# 2019 Key figures



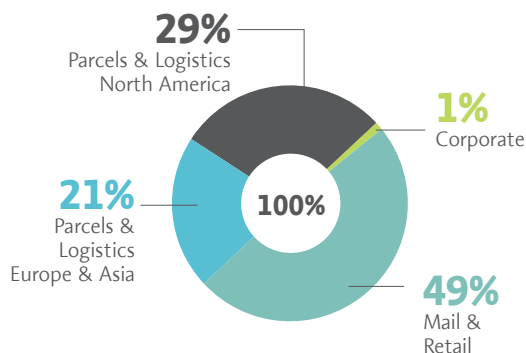
## Domestic mail volume evolution



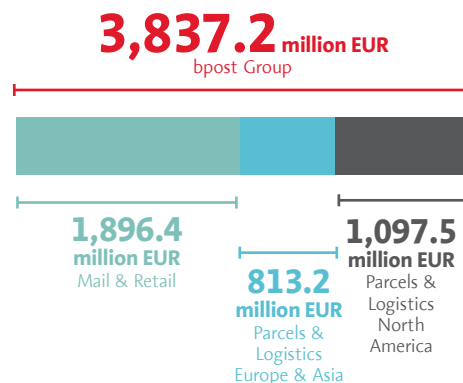
## Domestic parcel volume evolution



## External operating income per Business Unit

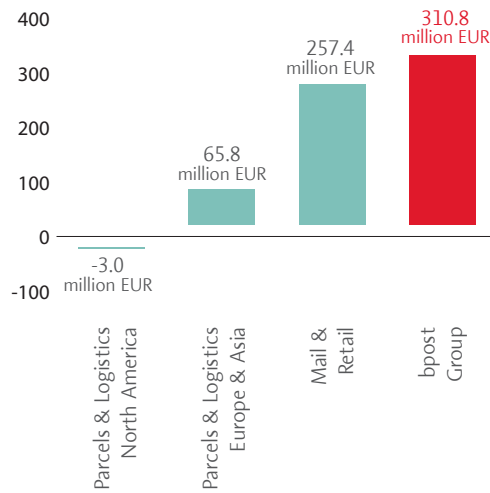


## Adjusted external operating income 2019

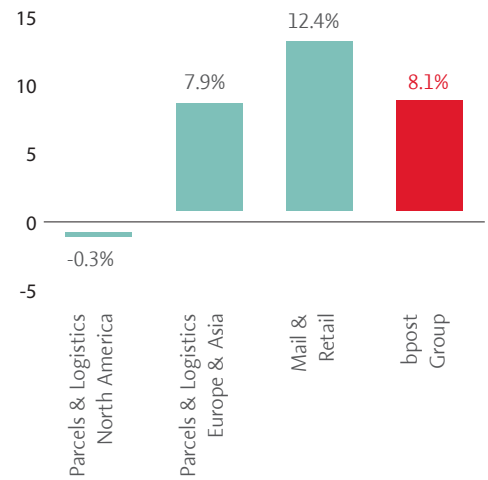




## Adjusted EBIT 2019



## Adjusted EBIT margin 2019



## Share price evolution 2019

