

CFO CONSORTIUM EXCHANGE

Eleven chief financial officers (CFOs) and senior finance executives from a cross-industry community of major companies met by phone to share leading practices and discuss topics of mutual interest based on an agenda created through advance interviews. The discussion centered on tools and technology used to support growth.

QUOTES OF THE DAY

“The first step in a single-system dream is to have singular processes.”

“The challenge[s are] time, investment, energy... if you have capital dollars, do they go into the... back-office experience?”

“It’s not about having the best tech; it’s about having the best blend of tech and touch for that process.”

“We outsource all our back office... which has helped with standardization. It’s less important if everything is going in the same way.”

“Bringing the technology tools all in-house allows us to have the data flow back and forth seamlessly, and it turned out to be a very good, scalable tool for us.”

Key Takeaways

TOOLS AND TECHNOLOGY

Technology can be a key component to support organizational transformation.

One participant shared that there had been a large amount of data but a lack of clear metrics or standard definitions, such as customers or profitability. The organization established a business intelligence team and a data warehouse with a single source of data, moved spreadsheet reporting and tracking of financials to an integrated enterprise management system, and implemented back- and front-end data warehouse tools. Now the entire organization is on a scalable platform, with everyone referencing the same data in real time with a common business language. They have progressed to installing additional modules such as strategic planning, and implementing a capital tracking tool.

It took one participant almost eighteen months to implement their move to a cloud-based financial system. However, the transformation has greatly facilitated rollout and consolidation. The organization is budgeting and forecasting on a global basis, with consolidated financial information available to corporate within two days after close.

One size does not fit all.

Each organization is different, and it is important to find what best fits its needs and maturity (even as a first phase). One participant pushed for a single system, only to reconsider due to the potential lack of flexibility. Another CFO found the system landscape to be fragmented and costly, and was unable to find a single system that could handle the complexity of the business. They determined it was more beneficial to implement a single process for the company, supported by tools specific to functions.

Spreadsheets are still a major tool—for now.

The participants varied greatly in the systems used but agreed that spreadsheets are still the primary tool for long-range forecasting and modeling. Predictive analytics are sought, but participants have not yet found a way to implement them. Instead, models for market demand or commodity impact are performed in a spreadsheet and then plugged into a system forecast.

DATA AND PROCESSES

Start with good data.

Systems and tools can greatly increase efficiency and serve as a critical component to financial management, but they are only as good as the data fed into them. For one CFO, the greatest challenge has been cleaning up data. As is often the case with companies that have grown through acquisitions, data is spread across disparate systems, causing master data management to be more difficult than anticipated. Progress is slowly being made, and consolidating into shared services has helped to ease the burden.

Other CFOs had similar experiences and found that creating a clean, stable data warehouse paved the path to enable more powerful tools to provide dynamic reporting with better metrics and key performance indicators. The “single source of truth” also allowed for wins across the business, with business intelligence (BI) implemented across functions from tracking run rates and utilization in manufacturing facilities to monitoring competitive data.

Put the data to work with good processes.

A prevalent theme was standardizing processes—a necessary but difficult step to improve systems and analytics and ultimately support the organization. One organization found that implementing Lean methodology inherently standardized processes. Another CFO related their experience of moving transactional accounting and reporting into a financial shared services center, which increased efficiency and productivity by consolidating decision-making into one stream. Other participants echoed this sentiment with similar shared services or centers of excellence.

When asked about feeding data to artificial intelligence tools, multiple CFOs stated that they had not yet taken this approach. One CFO reflected that initial data and processes should be in place before tasks could be built out and handed to a machine.

SYSTEM OWNERSHIP AND DESIGN

There must be a human balance with technology—from how much to who it is with.

Participants varied greatly on identifying who should be responsible for designing and owning financial systems and processes. One organization divided responsibilities, with financial-related design handled by shared services, while the business unit handled data strategy. Another had a financial processes owner responsible for designing financial reporting processes and other accounting-oriented processes. One participant had hired a chief data officer to oversee the commercial data and is at the early stages of working through the BI tools in strategy.

Common among responses, however, was that employees within accounting and finance are experts who work closely with the information technology team for enterprise-related financial planning and with the business-unit CFOs to drive most tools and processes.

One CFO shared that their organization recently began emphasizing the intersection of humanity and technology and that aligning both components is crucial to a competitive advantage. Participants agreed that a balance of human touch and technology will lead to success. The question will be what this looks like in practice.

HOST

Elliot Fuhr

Managing Director,
Corporate Finance CFO Solutions | BRG

FACILITATOR

Alice Buckley

Profitable Ideas Exchange

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