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WEBINAR SUMMARY

The CFO Agenda: Transforming the Finance Function

Featuring Tabitha DeFrancisco and Bob Woods

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The CFO Agenda: Transforming the Finance Function

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Overview

Chief financial officers have insight into every business unit. Given their visibility into opportunities that can be unlocked by information-led transformations, it is no surprise that CFOs are assuming new strategic roles. They are tasked with guiding the growth of companies, building digital organizations, and transforming the finance function. To succeed, CFOs must first identify their objectives and then decide whether they will lead with people, process, or performance. As new finance roles emerge, chief financial officers must re-evaluate how they upskill existing talent and recruit new employees. Winning finance teams embody competencies related to technology, business acumen, data, strategy, and more.

Context

Bob Woods and Tabitha DeFrancisco discussed a seven-point Modern Finance agenda that supports successful digital transformations, as well as the competencies needed for new finance roles.

Key Takeaways

Before embarking on a transformation journey, CFOs must understand their organizations' scope.

Finance organizations are typically structured around three dimensions:

1. **Strategic.** Strategic finance evaluates company performance and supports future growth of the company, stock price, and other external measures.

2. **External.** External finance activities support the investor community and regulatory environments.
3. **Functional.** These groups focus on the organization’s core functional activities.

Each dimension has a unique set of customers. CFOs must understand the different customer groups and how each defines success.

Most companies begin transformations at the functional level, but many try to achieve objectives and outcomes associated with the strategic or external levels. This generates misalignment.

PwC advises CFOs to start the transformation process by evaluating their organizations’ scope, identifying objectives they want to achieve, and clarifying the constituents they want to serve.



FIGURE 1: OFFICE OF THE CFO – SCOPE OF RESPONSIBILITIES

Finance is affected by multiple trends, all of which are accelerated by technology.

Many CFOs focus heavily on the radical automation trend. However, they must also understand the tradeoffs between that and other trends, including demographic, geopolitical, and generational trends. It is important for CFOs to consider all trends affecting finance as they choose the digital agenda they want to pursue.

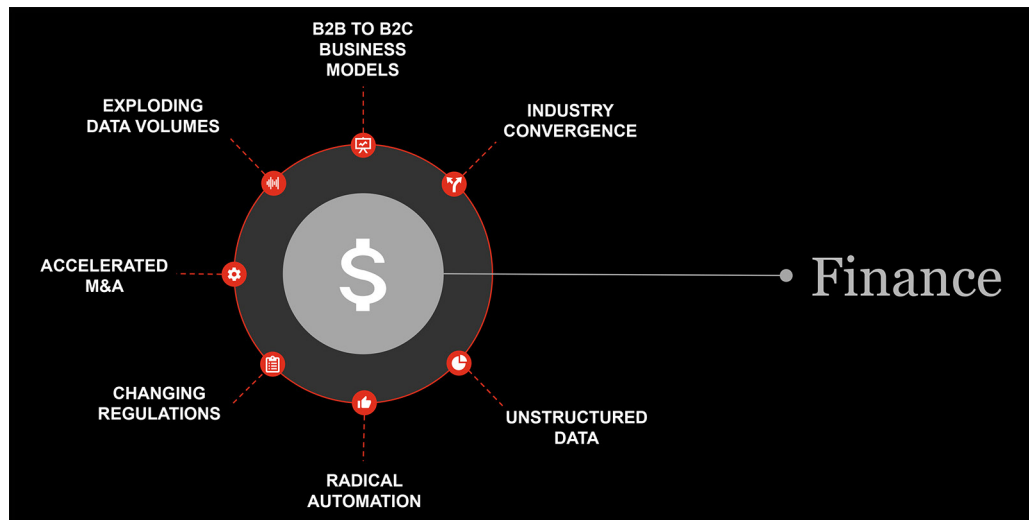


FIGURE 2: TRENDS AFFECTING FINANCE

CFOs must articulate the finance function’s digital aspirations.

These typically fall into one of the following categories:

- **Efficiency seekers.** These organizations strive to do business smarter and faster. Many CFOs and finance teams focus here because it is the most tactical, outcome oriented, and controllable.
- **Modernizers.** These organizations create new capabilities to modernize the business. Many finance teams seek technological solutions to survive disruption. They also consider the skills employees need to scale with new business needs.
- **Re-definers.** These organizations change and redefine the business at the core. They are focused on staying ahead of the market. For example, a brick-and-mortar organization may need to transition its operating model to support online customer experiences.
- **Industry explorers.** These organizations break new ground in new markets and industries. Many companies in this category operate in the technology sector. However, non-tech firms are also trying to disrupt by changing the market paradigm.

PwC has found that most CFOs are striving to be Modernizers.

“C-suite executives are asking, ‘What is the defining characteristic of the business and how do we stay ahead of that?’ The CFO is usually an advisor in this conversation. It’s important to have data about profit margins, declining sales, at-risk geographies, and more.”

—Bob Woods

Successful digital transformations are enabled by a finance agenda that addresses the workforce, workplace, technology, and data.

A seven-point Modern Finance agenda is the key to successful digital transformations. These seven activities relate to leading with people, process, and performance.



FIGURE 3: MODERN FINANCE AGENDA

Observations on how and where CFOs can begin include:

- **Finance organizations typically start by selecting one key lever.** This decision is based on the organization's culture, values, and objectives.
- **Organizations that lead with performance unlock insight from their data.** Solutions like Tableau, Qlik, and Power BI support fast access to data. Instead of generating massive management reports, these digital tools enable finance professionals to quickly digest data.
- **Organizations that lead with process embrace automation.** Many finance teams are automating basic and repetitive tasks.
- **People are often neglected during digital transformations.** The most effective transformation journeys bring the workforce along. Opportunities exist to upskill the workforce using digital tools. CFOs must consider how digitally savvy the workforce is and how much change the finance function can handle. The entire workforce must adopt new ways of thinking.
- **To support the Modern Finance agenda, finance organizations must embody six organizational competencies.** These are: data trust provider, regulatory architect, performance monitor, predictive risk monitor, innovation center, and automation leader.

- Each Modern Finance agenda point has a maturity progression. Each trend builds on the previous to guide the transformation (see Figure 4).

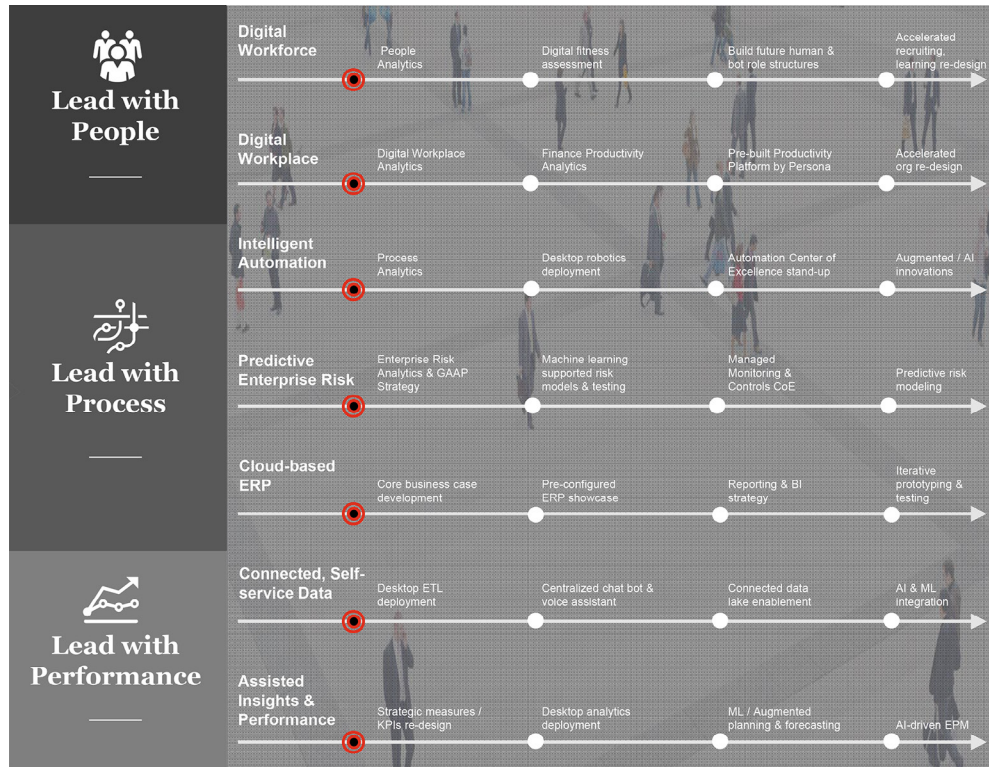


FIGURE 4: MODERN FINANCE AGENDA – MATURITY PROGRESSION

Digital technologies are redefining existing finance roles, as well as creating new roles.

Digital technologies are changing the skills and capabilities of finance organizations. Functional silos are breaking down. New roles such as Analytics and Value Managers, Business Growth Partners, Digital Accountants, Global Process Owners, Compliance and Risk Managers, Data Scientists, Digital Engineers, and Transformation Leads work across functions, connecting dots throughout the enterprise.

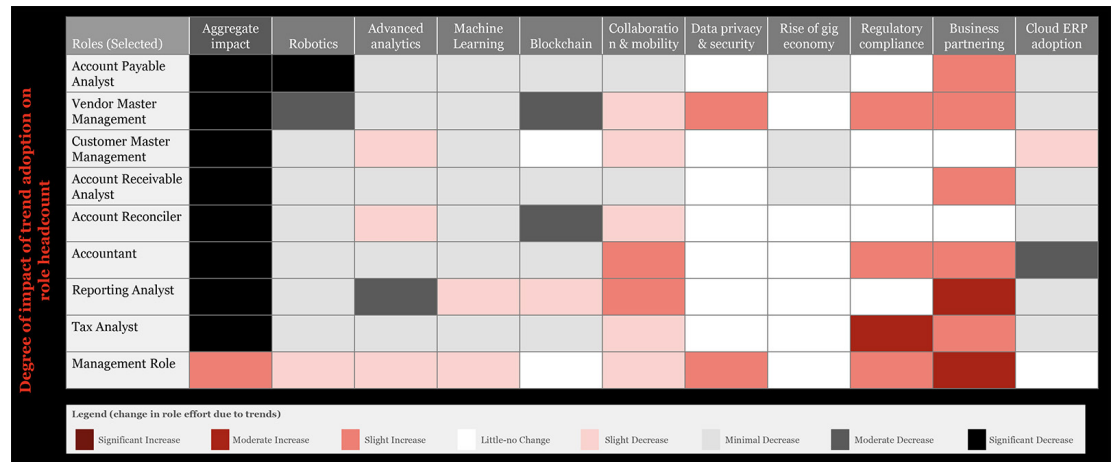


FIGURE 5: THE IMPACT OF TECHNOLOGIES & TRENDS ON SELECTED FINANCE ROLES

New finance roles have distinct competency attributes that create unique opportunities for growth.

As finance teams hire new talent or upskill existing employees, they must evaluate individuals in five competency areas:

1. **The Technogeek.** People with this competency are technologists, integrators of tech processes, architects, and technology incubators. These individuals often play with technology on the weekend and request learning funds to train themselves in new areas. They understand how to solve business problems using technology.
2. **The Problem Solver.** People with this competency have business and commercial acumen. They are collaborators and structured thinkers. These individuals identify business problems to be solved. They consider how technology solutions will impact the employee experience and end-to-end data orchestration.
3. **The Treasure Hunter.** People with this competency are data miners, value/insight creators, integrators who identify data value, and algorithm writers. Many finance organizations struggle to find individuals with this competency. Often the work of Treasure Hunters must be balanced by the Controller. For example, algorithms may lack adequate traceability, which generates compliance concerns.
4. **The Dreamer.** People with this competency are creative visualizers, innovators, artistic explorers, experimenters, and boundary pushers. In existing finance organizations, these individuals are usually in transformation roles. Looking ahead, every finance professional will be expected to move the strategic agenda forward.
5. **The Controller.** People with this competency are detail-oriented financial advisors, scorekeepers, and value preservers. The Controller competency is different from the traditional Controller role. Despite widespread concern, automation won't eliminate the need for the Controller competency. Controllers answer key questions including: Where is the data? What is the organization doing with it? How does the organization ensure the data is accurate and complete? How can constituents get access to the right data?

“Looking ahead, people will connect the dots across functions. Everyone in finance, for example, needs a base-level digital IQ, while the IT function needs a solid foundation of business knowledge.”

—Tabitha DeFrancisco

CASE STUDY: A CORPORATE CONTROLLER ENABLED BY A MODERN FINANCE WORKPLACE

Jane is a corporate controller who manages a large team of accountants across different processes and geographies. She depends on real-time collaboration, especially during month- and quarter-end close. The Modern Finance workplace supports Jane in three key ways:

- **Collaborative, real-time compilation of data.** This includes reconciliations, accruals, deferrals, and balance sheet schedules to expedite month-end and quarter-end close tasks via in-schedule data connections and collaboration.
- **Conversational, trigger-based tracking.** This enables Jane to stay on top of all activities going on during month-end and quarter-end closes. Tracking ensures global team alignment and monitoring on both desktop and mobile user interfaces.
- **Quick use intelligent bots and data connectors.** These automate workflows to quickly move tasks along from completion to review. Information is served up in standard performance management visualizations.



Tabitha DeFrancisco is a Director in PwC’s Consumer Markets Management Consulting practice specialized in optimizing finance and accounting operational performance and Digital Transformation. Tabitha drives sustainable transformation through process redesign, cross-functional collaboration, and strategic use of automation. Tabitha has extensive experience in finance and accounting integration, transaction processing optimization and automation, management reporting automation, and close improvement and has served clients across industry lines.



Bob Woods is a partner with PwC’s Technology, Media, and Telecommunications (TMT) practice and advises clients on Digital Transformation and its impact to their business and finance operations. His specializations include managing finance process and system change due to digitization of client’s software to services; addressing the impact of regulatory, statutory, and financial reporting requirements, including Revenue Recognition; redesigning cost, allocation, and related reporting processes for data centers and network operations; and evolving corporate performance management align to economics of SaaS, IaaS, and other digital business models.

He is a key contributor to CFO-focused thought leadership in the area of Cloud/SaaS-related accounting, operational, and financial management. He is an author and contributor to Cloud-related publications including *On the Horizon: Insights into the Cloud for Finance and Accounting Professionals*, and *Leading from the Front: Re-designing Finance for the Digital Age*.



Angelia Herrin is the editor for special projects and research at *Harvard Business Review*. Her journalism experience spans 25 years, primarily with Knight-Ridder newspapers and *USA TODAY*, where she was the Washington editor. She won the Knight Fellowship in Professional Journalism at Stanford University in 1990. She has taught journalism at the University of Maryland and Harvard University. Prior to coming to HBR, Angelia was the vice president for content at womenConnect.com, a website focused on women business owners and executives.

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The CFO Agenda—Transforming the Finance Function

The role of the modern Chief Financial Officer has evolved to a highly strategic position with responsibility for digital transformation of finance organizations and the respective businesses they support. In order to transform organizations, we agree it is imperative for CFOs to begin transformation initiatives above the functional level, instead identifying company-wide objectives and how these goals ultimately impact stakeholders including employees and suppliers.

Regardless of digital aspiration type—efficiency seekers, modernizers, re-definers, and industry explorers—the right technology provides the opportunity to achieve these goals without requiring heavy lifting in training across an organization with aspirations for modest adoption. With most CFOs striving to be modernizers, the objective is not only to disrupt, but to “survive disruption,” that is, not be disrupted. Remaining content with the status quo is not an option.

To manage these changes, whether leading with people, process, or performance, CFOs must leverage technology to gain a complete, real-time picture of spend across their organizations. The technology selected to collect and analyze this data should not put a greater tax on your human resources. It must be comprehensive and open—covering procurement, sourcing, invoicing, expenses, supplier management, and payments, and connect seamlessly to third-party applications and service providers—in order to make informed, and in many cases automated, decisions about how to better manage spend.

Business Spend Management (BSM), a unified set of business processes and supporting technologies that encompass these core transactions for spending money, offers this continuous, real-time visibility of spend data. It also, with equal importance, provides organization-wide control of spend, mitigating risk and enabling finance organizations to deliver value well beyond savings.

One of the greatest benefits of BSM technology—beyond visibility and control of spend—is the Community Intelligence (CI) that it delivers, uncovering insights at scale across billions, if not trillions, of dollars of spend transactions taking place through one centralized cloud platform. This offers solutions such as benchmarking insights and risk mitigation products which can help organizations monitor every supplier to identify risk proactively and avoid business disruptions.

With nearly one trillion dollars of spend managed through the Coupa BSM Platform across customers around the world including Airbus, P&G, MGM Resorts International, Caterpillar, Sanofi, Salesforce, and Unilever, Coupa is uniquely positioned to uncover trends in spend and offer prescriptive, tailored recommendations. Coupa has been repeatedly recognized by independent analysts for its completeness of vision to help businesses increase operational efficiency and the ability to execute this vision.

Using Coupa-driven benchmarks, peer insights, and aggregated Community Intelligence (CI), it's easier than ever to transform your finance organization.

