

CFOs, Turn Technology Into Your Secret Weapon:

How CFOs can harness insight-focused technology to make Finance a strategic powerhouse

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Summary: CFOs are the most strategic when they can quickly access actionable insights, but these are held back by manual processes and technical debt. We propose a nimble, finance-driven approach to leverage data for insights and help Finance be a strategic partner as an alternative to traditional, high-investment IT initiatives

CFOs should drive strategy, but they need quick insights to do so

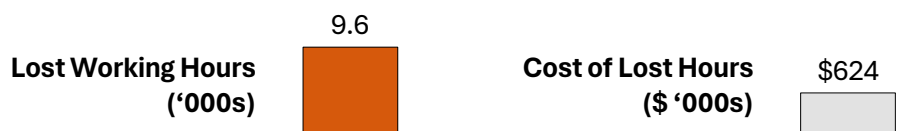
In this uncertain economic environment, CFOs need to play an active role in driving business strategy, as they are close to financial data and can be objective about performance. **CFOs are truly effective when they lead a finance organization that is not just focused on reporting but also an active contributor to business strategy.** However, many finance functions find themselves spending much of their time generating and validating numbers. Ultimately, CFOs who use iterative, insights-focused technology to address two primary challenges, **manual processes and data gaps**, can produce fast insights and make Finance a business partner to drive strategy.

Insight generation is slowed due to manual processes & data gaps


In corporations across the globe, finance organizations face a deluge of manual processes every day. In a survey of 663 decision-makers in cash-flow management, Corcentric found that almost half (49%) of companies have not automated their financial processes¹. For these corporations, manual processes include collecting data from variable sources and performing repeated adjustments, **hindering finance's ability to focus on deriving actionable insights.**

This has large financial and efficiency implications. According to Enable, a company with a 100-person finance team typically loses an astounding 9,600 working hours per year or \$624,000 in business costs to manual accounting tasks².

Figure 1: Productivity & revenue losses due to manual tasks, yearly (100-person finance team)



Source: Enable (2023)², Casaleggio Associati³



Gaps in data infrastructure drive these manual financial processes. Data is often scattered in disparate systems or manual files. Additionally, there are often issues with data quality and integrity, including critical data existing outside a company’s current data infrastructure.

As corporations attempt to address data challenges, technical debt builds

In response to these burdens, many corporations invest in large-scale IT transformation efforts. However, these massive initiatives often take years to deliver results, leaving finance teams in need of near-term solutions. Alternatively, we have seen some finance organizations create standalone tools that they manage in silos, neglecting integration with the broader IT portfolio. This results in solutions that are not aligned to enterprise IT architecture and standards; hence, they **create technical debt that poses risk and is not sustainable in the long run.**

***Takeaway:** A new approach to financial data modeling is needed to get to actionable insights quickly. Traditional approaches emphasize data precision over insights, leading to manual processes and technical debt – which hamper quick insight generation.*

Use an iterative approach to automate finance in months

Our approach embraces a **nimble, iterative path towards automating Finance and getting to insights quickly.** Instead of aiming for 100% precision in data, we recognize that data that is timely – even if it’s only 80-90% accurate – is more powerful than waiting for the 100%. Enabling finance to lead the effort in close collaboration with IT provides an iterative approach to deliver an automation solution quickly while not incurring technical debt.

Over the past decade, we have experimented with various agile methods to tackle finance automation. Through client engagements, we have identified the following approach, which embarks on short sprints along an iterative journey to produce **an automated solution in a matter of months.** By leveraging existing data infrastructure and prioritizing flexibility, the solution is adaptable to changes in the underlying infrastructure.

- 1 Start with creating a “SWAT” team:** Start by assembling a SWAT team led by the organization’s finance experts, accounting professionals, and IT specialists. At this point, consider bringing strategic consultants into the fold to support the SWAT team and guide the process - SSG has partnered with several global organizations to help guide this process effectively.
- 2 Then, align on “metrics that matter”:** The initial focus of this endeavor should be to engage with business stakeholders and align on a small, targeted set of “metrics that matter”, as well as a standardized definition for those metrics. Finance should take the lead to establish a company-wide view of key metrics that are predictive of performance and value creation.

- 3 Next, create a simplified automation solution:** The SWAT team should then focus on automating manual steps to generate standardized views of metrics and design business rules to address gaps. This approach should emphasize simplicity and flexibility, aiming for an 80-90% accurate view of data and leveraging tools that finance teams are familiar with to enable easy adoption. The IT stakeholders in SWAT team can ensure that the simplified solution adheres to enterprise IT standards and is flexible enough to adapt to changes in IT/ Data infrastructure.
- 4 Finally, invest in organization-wide rollout, with adequate training for stakeholders:** Tools are only as effective as their accompanying training. Use a “tell”, “show”, “do” approach in an organization-wide roadshow to introduce your new solution and give all relevant stakeholders first-hand experience working with it.

Ultimately, the objective is to develop a **comprehensive “strategic management insights” solution** that automates performance management reporting and becomes a seamless part of the IT portfolio managed by enterprise IT. The iterative nature of our solution ensures flexibility from inception to integration with broader IT developments.

An agile, iterative approach reveals multiple benefits

We believe that this iterative approach complements large-scale multi-year transformation efforts due to the following benefits:

- **Focusing on *insights*, not data:** This method prioritizes business insight and “value add” to drive performance at the forefront, rather than focusing on data minutiae
- **Delivering fast impact:** The sprint-based, iterative approach enables quick wins, delivering immediate relief to finance organizations
- **Ensuring all functions’ needs are met:** The joint leadership of finance, accounting, and IT experts ensures a holistic solution that benefits stakeholders across the organization
- **Remaining flexible to changes:** The solution remains adaptable throughout the iterative process, seamlessly integrating with ongoing backend and infrastructure IT developments
- **Guaranteeing long-term sustainability:** By aligning with enterprise IT architecture, our approach ensures long-term sustainability & support

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Using an iterative approach and focusing on key metrics, we were able to **automate business performance management in ~3 months**. This enabled Finance to drive near-term impact and advance its role as a strategic business partner.

-CFO, Fortune 50 Medical Devices Supplier & Distributor

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Conclusion: *In the ever-evolving landscape of finance, the need for **immediate automation solutions** is paramount. Our iterative approach, led by a diverse team of experts across the organization, offers a swift and impactful solution. By focusing on small sprints and collaboration, finance can unlock its true potential as a strategic business partner.*

Sources

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