



# The 2020 CFO Benchmark Report:

Capabilities, Challenges & Solutions





# The Evolving CFO: Priorities and Obstacles

The future has never been brighter for the Finance department, and the CFO role in particular. The Finance department is poised to take on a more advisory role, using data-driven insight to help the entire organization focus on the future.

The potential is there. But are CFOs prepared to meet that potential? What challenges are holding up progress, and how are Finance teams addressing these obstacles?

To answer these questions, Prophix joined forces with the CFO Leadership Council for a first-of-its-

kind survey. We asked 300 Finance professionals about their current capabilities, their priorities, and where they see the biggest opportunities for change.

Use these benchmarks, along with the expert advice you'll find throughout the report, to equip your team for what comes next.

*Alok Ajmera*

Alok Ajmera

*President & Chief Operating Officer, Prophix*



## **Section 1**

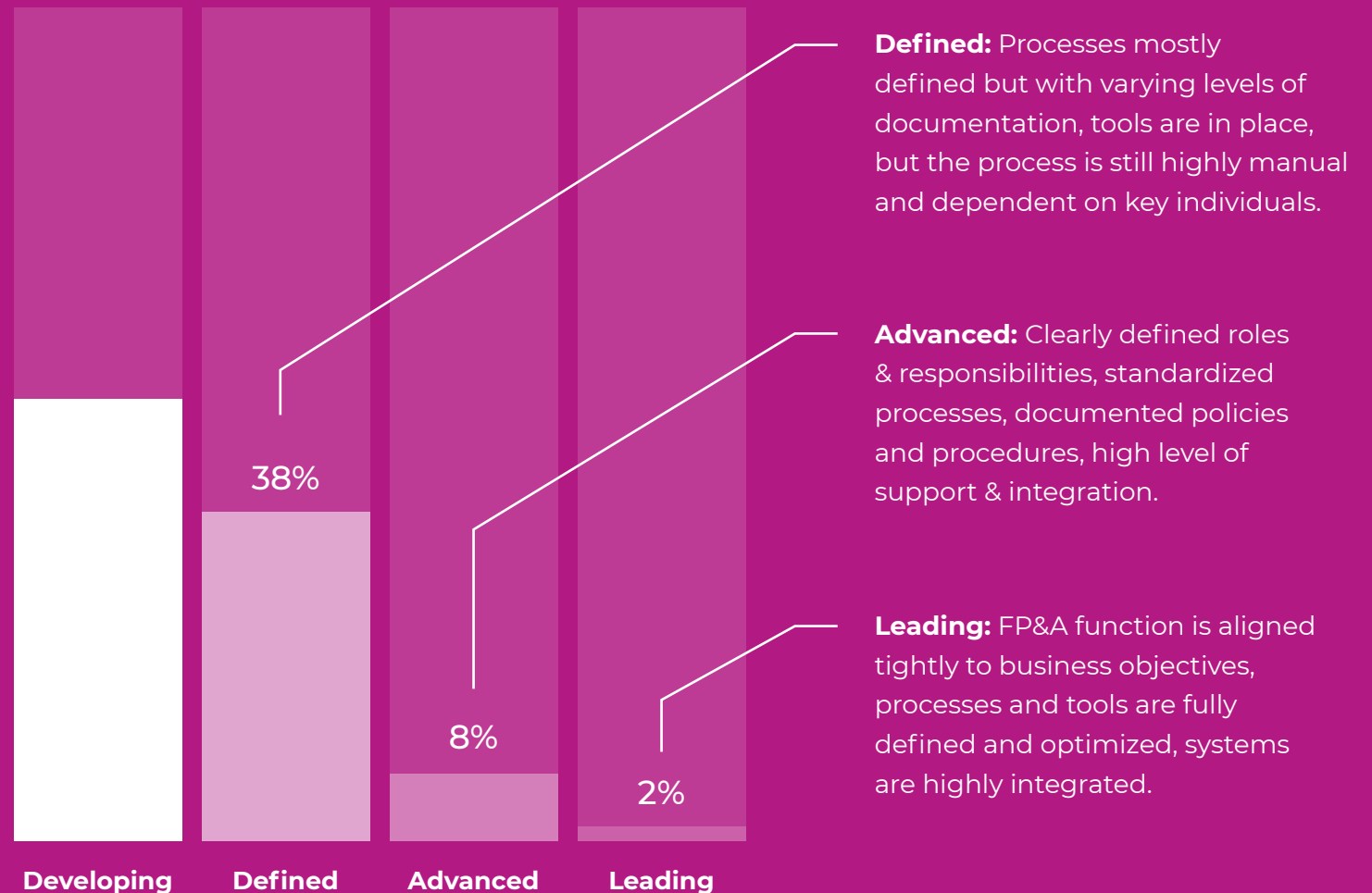
# Current Level of Analytics Maturity

# FP&A Maturity is in the Early Stages for Most

52%

**Developing:** Dependent on key individuals, highly manual, poorly-defined processes, mostly spreadsheet-based.

**FP&A is a major area of opportunity for the Finance department.** Until recently, it was a highly manual process, involving data collection from multiple unintegrated systems. But leading Finance teams are modernizing, creating new standards for efficiency and automation, and shifting the focus from simply reporting, to actively supporting business objectives.



## Opportunities for FP&A Maturity: The \$100,000 Question

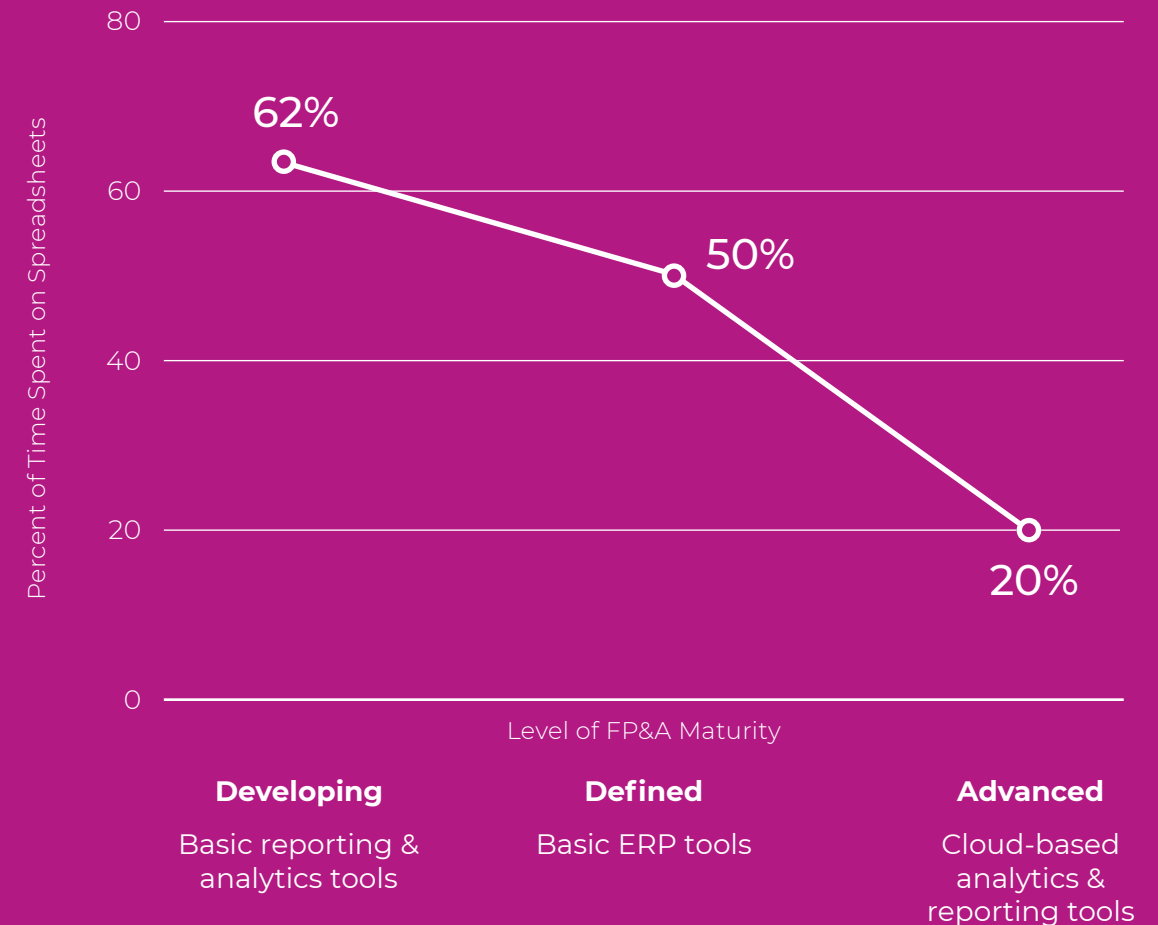
A lack of FP&A maturity translates directly to more time spent on low-value, manual tasks. Nearly a quarter of respondents spend 50% or more of their time on spreadsheets; another fifth said spreadsheets consume 20-49% of their time. At the same time, over half chose spreadsheets as the #1 area where their time was not spent effectively.

How do we break free from the tyranny of spreadsheets? We found a direct correlation between FP&A maturity and reduced time spent filling in rows and columns. Those who have more sophisticated analytics tools and processes spent under 20% of their time on spreadsheets.

**“Elite CFOs with the right solutions can increase their productivity by more than 30%. That is like receiving \$100,000 in free strategic consulting every year!”**

**Jack McCullough**  
*President, CFO Leadership Council*

## Time Spent on Spreadsheets Decreases with FP&A Maturity







**Jack McCullough**

*President, CFO Leadership Council*



## What should be a CFO's end goal for FP&A maturity?

CFOs and their teams are well-positioned to make FP&A a strategic asset, not a cost center. Historically, FP&A worked much like accounting did – it analyzed transactions after they happened, then used this info to predict the future. Even today, far too many Finance teams are using spreadsheets to make critical business decisions.

With the sheer volume of data available to CFOs, coupled with new data analytics tools, FP&A is now a strategic asset that can be used across the entire enterprise, not just within Finance. Sales, marketing, operations and other groups within a company are using FP&A as a catalyst for change. In short, FP&A done thoughtfully can give organizations a long-term competitive advantage.

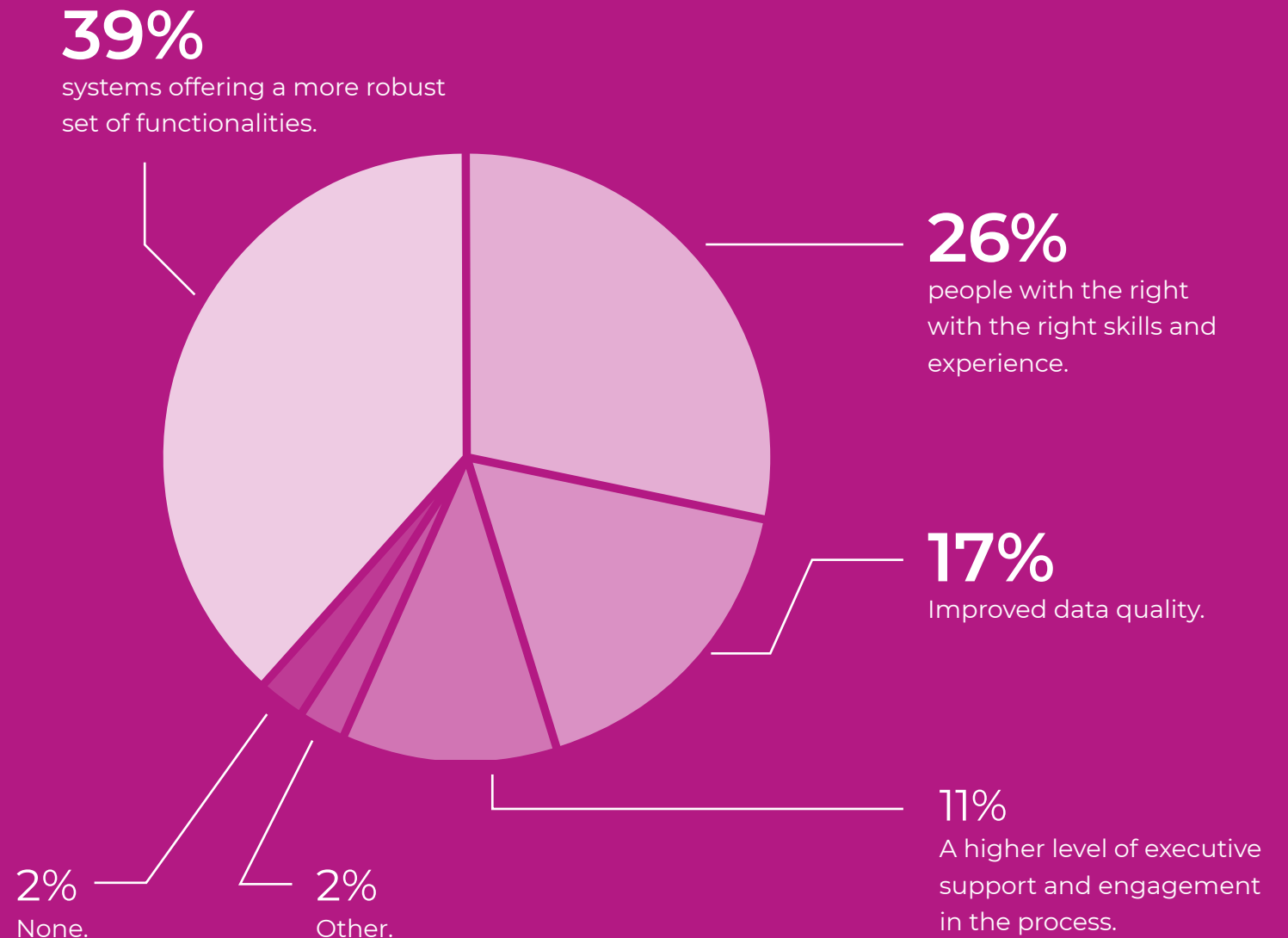


## Priorities for FP&A Maturity

Finance leaders report that technology is a key priority for improving their FP&A maturity. But technology isn't the entire solution: Skill sets and experience are a major priority, as is access to higher-quality data.

Essentially, Finance leaders are looking to adopt more robust software, train or hire the skills to use it most effectively, and ultimately improve their data quality. These priorities taken together provide the beginnings of a roadmap to greater FP&A maturity.

## Technology & Human Resources Lead FP&A Priorities





# If you could advise CFOs to pick one thing to improve their FP&A process, what would it be?

In my direct observation of many companies, one common problem exists...we're often asking the wrong questions. Taking time to slow down, spending time thinking about what questions should be asked, and checking in with diverse opinions are crucial. Only then can we begin to analyze how our organization exists relative to the questions being asked.



**David Chase**

*CEO, Managing Partner, Advanced CFO*

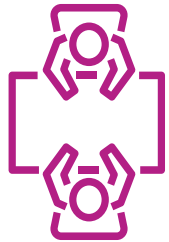




## Roadblocks to FP&A Maturity

### What's stopping CFOs from acting on their priorities?

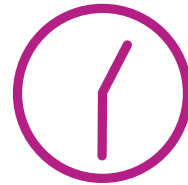
Our responses varied, but generally fit into three major categories:



19.3%

#### Human Resources

Many respondents lacked the resources to hire people with the right skills or train within their department.



14.3%

#### Time

Respondents felt they were too busy with existing responsibilities to pursue their priorities.



13.9%

#### Financial Resources

For many respondents, investment in new tools and capabilities was beyond their budget.

All of these roadblocks can be addressed through automation, optimization and increasing efficiency. Tools that increase efficiency, freeing up time and human resources, can realize positive ROI that covers the financial investment.

## **Section 2**

# Roadmap to the Future of Finance

Finance departments already have the capability to take on a more advisory role in the organization. As we've seen, most of the challenges are related to capacity. The next evolution of the Finance department is about having enough time, sufficient resources, and the right tools in place for data-driven decision making.

Our research shows that corporate culture is shifting in favor of forward-looking Finance departments. Most organizations stand ready to invest in enhanced modeling and reporting capabilities, and Finance should be ready to accept the responsibility of using these tools.

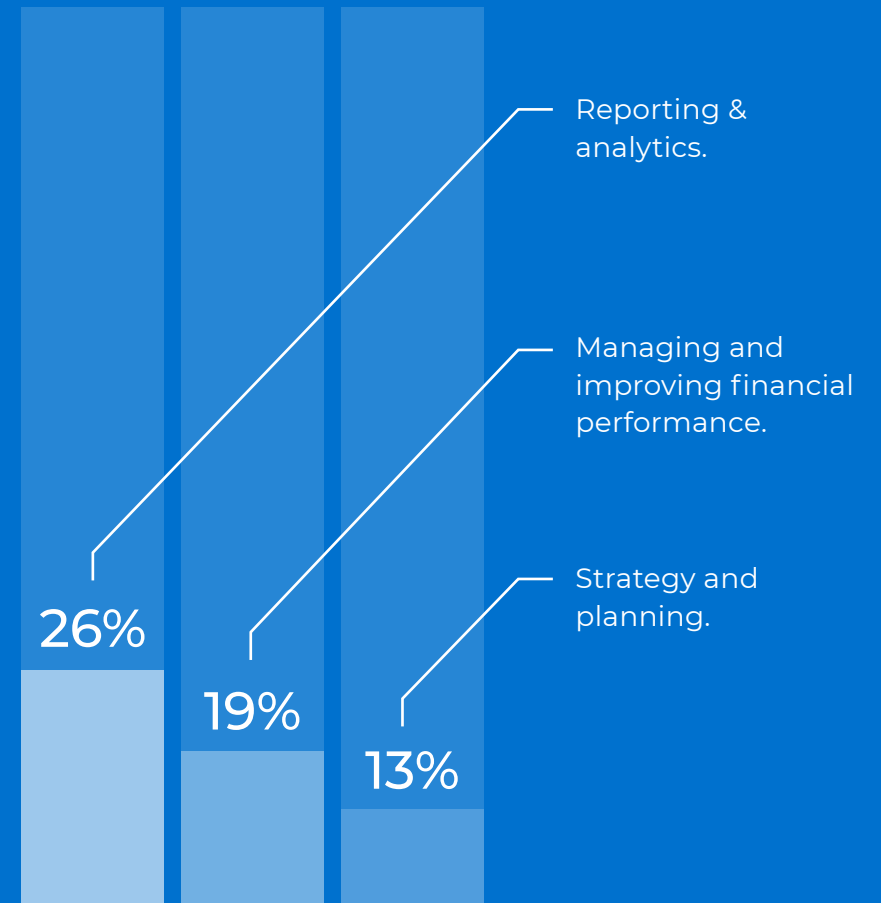
## Finance Departments Already Contribute to Corporate Strategy & Growth

How can you tell that the Finance department is ready for an expanded role? Our respondents reported that they're already contributing to strategy and growth in their organizations, in at least some capacity.

Twenty-six percent said they were improving their reporting and analytics, sharing more results with the rest of the business. Nineteen percent said their department was taking on more responsibilities in managing and improving financial performance, while 13% said they were already impacting business strategy and planning.

## In What Specific Ways Is the Finance Function Contributing to Your Company's Strategy & Growth?

**These numbers are promising, but they're only the beginning.** With the right strategic investments in tools and talent, the Finance function can truly take an equal seat at the table to drive strategy and growth.





# How can the Office of Finance best support the business in a more strategic role?

Currently, we chop up the financial chain into silos. Businesses need to align the Office of Finance to the overall business goals.

Otherwise, we cannot take the next step to make all the independent links into a full chain, and move on to the next level of efficiency and competitiveness.



**Magnus Lind**

*CEO, Skanör Group. Author of 'FINANCE UNLEASHED'*



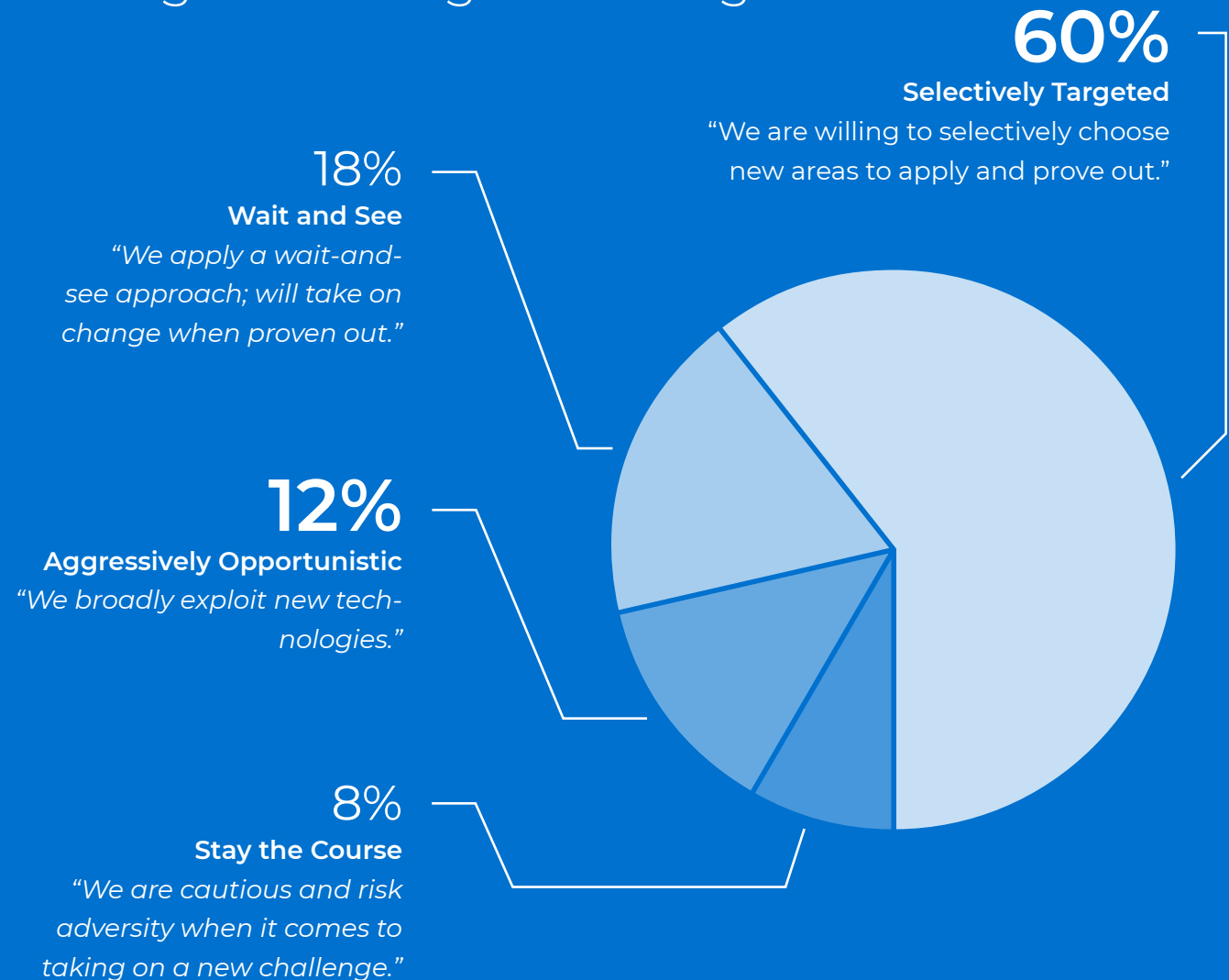


## Corporations are Ready to Invest in New Technology

Over 60% of respondents said their organization was willing to selectively choose new areas to apply technology and run pilot programs, while an additional 12% were aggressively seeking new technologies to try.

Overall, that means nearly three fourths of organizations are ripe for a pilot program of technology that will empower and enable the Finance function.

## How Open Is Your Company to Undertaking Technological Change?





**Jerry Freedman**

*Principal, Freedom Business Management*



# How can CFOs make a solid case to their executive team to invest in technology for the Finance department?

CFOs need to be able to convey to executive management the NEED for investing in technology and sophisticated FP&A in the finance and accounting departments. The need must be justified and backed up by quantitative analyses of the impact on potential investments. The quantitative aspects must jive with the qualitative aspects—aka the story, to ensure executive buy in. This is akin to a company making investments in all facets of the company where efficiencies, costs savings, and the impact to a company's top and bottom line must be outlined in a quantitative and qualitative analysis and proposal.

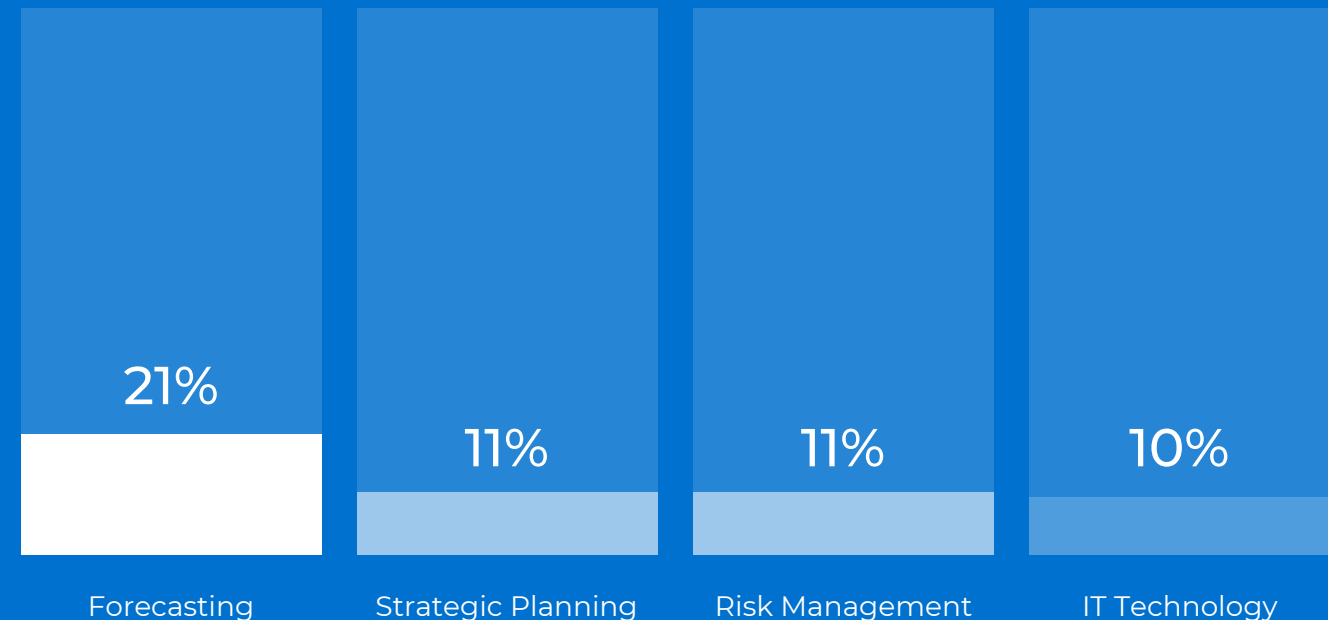


## The Top Finance Process Challenges Technology Can Help Solve

We've seen that most organizations are open to investing in promising technology. For the Finance department, tech investment can help solve many of our respondents' top challenges.

We asked, "Which standard financial processes present the greatest challenge, the ones that keep you up at night?" The top four responses are all challenges that today's technology can mitigate.

## Which Standard Financial Processes Present the Greatest Challenge?



These challenges are all related to developing a more forward-looking, data-driven department of Finance. And they are all addressable with technology already available in the marketplace.



**David Huber**

*Vice President, Marsh & McLennan Companies*



## How is the Finance department in your organization leveraging technology to achieve your priorities?

The way that businesses operate has evolved over the years and technology has played an important role in how the Finance department operates. To give an example, one of the historical issues facing companies with overseas subsidiaries is the speed and accuracy of receiving accounting information. Historically, subsidiaries would send accounting data reports to the head office for their consolidation. This process was time-consuming.

When I was faced with this issue, I chose to place the accounting software on the cloud. This tremendously increased the speed in which information could be exchanged. I saw many advantages to this: Instead of chasing problems much later, reports could be viewed in real time and issues identified and corrected. What's more, we could produce timely management reports to track project progress, empowering us to make better business decisions. It also reduced the

time required for financial reporting, which instilled confidence with our investors. I would recommend cloud technology for any public company with overseas subsidiaries that requires timely financial information to run their business.





## AI and Machine Learning: Solving Finance's Top Challenges

According to our respondents, software with AI and machine learning capabilities can directly address some of their biggest challenges.

**The majority said they expect AI to provide:**

- Real-time insights
- More accurate data
- Improved forecasting
- Better predictions

These outcomes map directly to the top CFO challenges from the previous section: forecasting, strategic planning, and risk management.



# How would you address concerns among Finance professionals that automation will cost jobs?

The key is to approach this from a growth mindset and a positive future view. There is no question that automation is moving like a Pac-Man, gobbling up tasks at the low end of accounting and finance jobs.

McKinsey has even projected significant automation of lower-level job tasks. Yet there is an even greater forecast for even more higher-level jobs in the future. As author Daniel Susskind says, “it is redeployment rather than unemployment.”

I think this is a chance to augment our intelligence in Finance and accounting and move up the value chain to much higher value activities like predictive analytics, business model transformation and partnering across the organization.



**Tom Hood**

*President & CEO, Maryland Association of CPAs & The Business Learning Institute*



# Realizing the Finance Function's Full Potential

Throughout the survey process, we were **impressed with Finance leaders' capability, spirit and resilience. Nearly a third of respondents said they were currently exploring what new technology can do for Finance, and the top 8% said they couldn't wait to implement. Most impressively, only 8% said they were okay with the status quo.**

Finance leaders are ready to tackle new technology to optimize the work that they do now, and to take on new roles in the

organization. And companies are prepared to invest in technology that they feel will impact the bottom line.

It's time for Finance leaders, then, to make the business case for modernizing the Finance department. We challenge every Finance professional to step up to the challenge, embrace the expanding role of Finance, and become true drivers of change in their organizations.



**Enhance Your FP&A Process for  
Speed & Efficiency:**

**WATCH THE DEMO**



# Methodology:

- **391** respondents.
- **209** CFO, **24** VP of Finance, **9** Director of Finance, **24** Controller, **125** preferred not to say.
- **77%** have 3+ years of experience in their role, **32%** over 10 years.
- Company sizes range from less than **\$10 million** to over **\$1 billion**.
- **Industries include:**

Automotive

Chemicals

Consumer products

Energy

Financial services

Health care

Industrial products

Life sciences

Media

Real estate

Retail

Technology

Travel & Hospitality