

# Why CFOs are missing the opportunity to be a strategic asset

Matt Benaron, director and co-founder at VantagePoint Consulting, reveals how the finance function can navigate the transformation required to elevate its value within a business.

How have the expectations and demands placed on the office of finance evolved in recent years?

Regulatory and reporting demands have only increased over the last few years, but that is also met by this growing expectation across the organisation that finance needs to become more strategic, driven by the huge amount of data at their disposal. Most companies are thinking and talking about this, yet the majority of finance organisations lack the technology, systems and often mentality to do it in a meaningful way.

Finance professionals are so buried in manual reporting and processing that they can't take the holistic, forward-looking view needed to be a key driver of the business. Legacy technology and processes mean that they have to spend much of their days copying and pasting numbers into Excel from other Excel files, or correcting errors. They are smart, well-trained people who could be hugely valuable but because they are not set up in the right way they don't have that opportunity.

What impact has the Covid-19 pandemic had on the evolution of finance functions?

The pandemic has exacerbated everything by exposing the consequences of archaic finance processes and further highlighting the importance of technology that frees teams from manual tasks. If you're running a business on Excel spreadsheets and there is any big change, let alone a global pandemic that shuts most of the world down, your ability to be agile is close to zero. Most companies still communicate and shift data around the organisation by emailing Excel files back and forth.

Many may well have bought systems to get away from manual excel processes but because they aren't implemented as effectively as possible, typically because the training and enablement falls short, people go back to Excel to just get things done. The pandemic amplified the lack of insight and flexibility available to organisations that still behave in this way. Many tried to pivot their reporting every week and reforecast over time but it just became a labour-intensive admin exercise with inadequate accuracy.

## Why do so many tech-enabled transformation programmes end up failing?

Companies are often lured down one of two routes that unfortunately are destined to fail. On one side, you have technology vendors who push a very features-focused narrative and their motivation to sell software overshadows the more holistic understanding of long-term value that businesses need. Customers very quickly become confused and overwhelmed by all of the sales and marketing messages out there and make poorly informed decisions.

They get wrapped up in convoluted websites from vendors who don't want to guide them to what they should actually be looking for.

On the other side are large, expensive consultancies which sell a very heady consulting message. Due to their desire to maximise profit, there is a tendency for even smaller projects to swell and for businesses to arrive at an end state that's far removed for their original objectives.

At VantagePoint, we bridge the gap, working with finance functions in a simple, jargon-busting way to evolve them into a genuine centre-for-change.

## How do you evolve a finance function in a way that delivers long-term value to the wider business?

We make lean, value-adding, highly efficient and strategic finance organisations a reality through effective technology enablement, replacing the monthly churn of closing the books, producing reports and getting information to the board, with live, continuous flows. That requires a holistic approach.

When many organisations see a burning problem, they jump straight in to try to solve it: they can't report quickly enough, for example, so they quickly buy the nearest tool that claims to solve that immediate problem.

That approach typically neglects wider strategy and results in convoluted and ultimately flawed programmes of change. At some point in the journey it becomes a bigger problem than it was designed to fix. We're always holistically stepping back and saying, where are we today?

We look across culture, teams, processes, competencies and technology, constantly seeking to align finance with finance objectives, and ultimately the business objectives, to ensure the journey forward is actionable and clear. We make the gap between the start and end state very understandable, bringing everyone on the journey.

## Can you share a top tip for how organisations can navigate a successful change programme?

It's crucial that they define what they need, why they need it and what they are going to get out of it. One thing we do is conduct a survey at the start of the project and then have touch points over time to measure progress. Through that journey, we see people's perceptions of finance change, both inside and outside of the function, as we free up more of their time to focus on the value add by implementing solutions that enable them to more proactively drive the business, rather than reactively respond

to requests for information. We also change the mindset of the people in finance, who often aren't the greatest sales people. We train them to champion what they do within the business so they too can change perceptions across the organisation, and we measure that by engaging the operational leaders around the outside.

## What in your view is the future of the CFO role?

CFOs have to become a key source of insight to the business. The most successful CFOs are starting to behave more like CEOs and COOs – driving the business, not just looking backwards. Whatever chain of finance you're in, you should be thinking about how you're going to transition to that CFO into CEO role. If everyone thinks with that mentality, you naturally have a finance function that delivers a huge amount more value.

CFOs, and everyone in the finance organisation, also need to transition their focus to being more data and insight driven. Technologists are becoming ever more prevalent in finance teams and CFOs need to be ready for this fresh wave.

Whilst the role of the CFO has been transitioning for a while, to drive business value and be a true decision-enabler, CFOs need to climb the technology ladder faster than ever before, building mature data environments to enable their finance function to realise the now well-understood mantra of finance proactively driving business insight.

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