

# Rebalancing the business

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How the modern CFO can galvanise the business against disruption and reach new levels of resilience, efficiency, performance and purpose.



**As a Finance leader who has spent the past 20 years helping advance the mindset, skills, technology and practices of the Finance function, I want to talk to you about the influence that CFOs hold today – and more importantly what they can potentially achieve as a result.**

Just as digital transformation has switched in recent weeks from a buzzword to real-world business strategy, the CFO role has accelerated further to becoming a driving force of data-driven business strategy and capability, while also ensuring day-to-day business continues as normal.

Equally, the 'modern CFO' has a lot more to balance than ever before, in ensuring their organisation can continue operating in the face of change, disruption and market uncertainty – whatever the cause may be. The four key areas of this balancing act are: business resilience, efficiency, performance and purpose. The following document outlines my thoughts on how I see this playing out, and the questions I believe Finance leaders should be looking to answer - from CFOs setting the strategic direction of the organisation, to their FDs ensuring that the key processes that support this direction are in place, on-track, compliant and delivering to requirements - should be looking to answer.

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# The modern CFO as the guardian of business, operational and future resilience

Business resilience is always going to be a prime focus of the CFO. Managing cash flow is immediate and urgent, especially in times of change. But this is about business continuity, across your operations, supply chains and the wider market: and this means planning for both the short and long term together, rather than as distinct and separate entities.

## The real-world ingredients of business resilience

In January this year, [McKinsey](#) sought to define the true meaning of a resilient company. When it analysed 1,100 publicly traded organisations, it discovered only 10% were “materially better” than the crowd during the last economic downturn. There were three aspects this top 10% had in common, that ensured their resilience in challenging times:

- Striking a good balance between historical (GAAP) analysis and likely future disruption – that the CFO could use to guide the wider business
- Embedding financial experts throughout the organisation, to unlock previously siloed data used by different functional leaders and share different values and perspectives business-wide
- Unlocking full business potential sometimes hidden within areas of the balance sheet

## Deeper and wider data-driven business visibility

It's fair to say that clear, actionable visibility goes hand-in-hand with better business resilience. If we dig a little deeper into McKinsey's three-point definition of a resilient company, it's not just about keeping the actual lights on but shining a metaphorical light across the whole business that can empower a proactive Finance function.

- Ensure access to business-wide, real-time data to provide the most relevant insight, risk analysis, predictive forecasting and modelling
- Balance data and human insight across the business by investing in flexible cloud-based systems that can reinforce a 'resilience culture' – for example, to understand and drive market diversification to protect business value in changing markets
- Increase cross-divisional capabilities, shared services and working to help identify quick wins that also reinforce longer-term plans and goals
- Support the business through scenario planning that proactively monitors changes across supply chains – because, if a 'just-in-time supply chain' fails, your business is challenged

## Questions the modern, resilience-reinforcing CFO should be looking to answer:

- What can you do to ensure that the business (and Finance function) have the capabilities they need, and are ready and able to deliver effectively in times of strain?
- Where might your business processes and practices need to evolve to improve rapid response and operational cohesion during fast-moving events?
- What can you do to help empower the workforce to move forward, stay focused, and be motivated to deliver during times of change?

# The modern CFO as a driver of efficiency – and business perfection?

In times of strain, it's more important than ever for the CFO to be proactive in providing strategies that will increase efficiency across business operations. Increasingly, the FD will also be playing a vital role in supporting the implementation of these strategies throughout the back-office – directly supporting the CFOs strategies at a business-process level, monitoring cash flow, ensuring internal auditing. This includes balancing new external impacts while increasing quality and effectiveness.

## For efficiency, read speed

According to [Gartner](#), Finance is the third-slowest operating corporate function, only faster than IT and legal. Though this study is now a few years old the impacts of this can still be seen, this sluggishness is putting the vast majority of CFOs under pressure to speed up their finance processes as well as the wider business, especially in times of change and upheaval (Gartner mentions that 81% of companies have experienced a major reorganisation in the past 12 months). Key areas that Gartner flags involve:

- Getting faster where it matters most – in service delivery and operational efficiency
- Redesigning the Finance structure and roles with the right delivery models
- Take on new threats and opportunities as a holistic business with a cohesive shared-services strategy



## Structural flexibility and automation

Modern CFOs can make key insight-driven decisions to tackle efficiency challenges at pace, with more joined-up data and intelligence that can help drive value across the entire enterprise. This is one area where major gains can be made. But establishing a more collaborative, data-driven business culture involves several steps.

- Supporting different business functions by ensuring they have the structural flexibility to operate on their own terms but powered by a single, consistent view of performance taken from a central repository of data
- Working with the CHRO and HR function to establish how the business culture can be shifted and adapted
- Driving automation to reduce time frames, errors, and ensure focus of costs where it needs to go
- Streamlining financial operations through ensuring everyone who needs it has the access and ability to adapt financial functionalities, handing control and ease-of-use to those outside of finance – giving them 'self-serve' capabilities

## Questions the modern, efficiency-enhancing CFO should be looking to answer:

- How should you ensure the right structures are in place to support efficient delivery both in the short term to meet immediate needs, but also the long term to make sure it is still relevant in future?
- What partnerships across the C-suite should you focus on to increase overall efficiency and process enhancement?
- How can you support the workforce to improve business efficiency both in times of change and immediately afterwards?



# The modern CFO as a business performance driver

While maximising business efficiency is no doubt vital, it's also really important for Finance to operate at the heart of performance management in times of change. It's also important to maximise strategic focus on business performance as a key driver of true business growth and development.

## The “spectrum of readiness” to perform better

When it comes to boosting performance, [Accenture](#) suggested that Finance functions take a wide variety of different approaches, depending on their readiness to transform the business. Where do you sit?

- Still struggling to extract the best performance out of existing capabilities
- Taking advantage of certain digital technologies to enhance operating models and achieve greater efficiencies
- Integrating with other business functions, ranging from the supply chain through to HR, to establish ‘performance partnerships’ that provide much wider transactional visibility, empowered by globally scalable shared services

## Performance management with data analytics

Clarity of short- and longer-term business performance together is more important than ever, in these uncertain times. As [Gartner's](#) release earlier this year highlighted – and it is still relevant even if circumstances have shifted even further into uncertainty since its release – there will be an increased focus on data and analytics capabilities to support and advance decision-making and action-taking.

- With relevant data insight, the modern CFO can provide all business functions with a clearer understanding of the here and now, then combining this with the data insight gathered by other functions such as sales and marketing, can provide a clearer picture on how best to keep the business performing effectively
- The right level of data analytics helps the modern CFO to model and plan ahead, with more accurate insight into business-wide performance and operational agility

### The delicate balance between performance and efficiency

By looking for ways in which to increase efficiency it becomes even more important to be aware of performance – these need to be balanced very carefully. Even as the CFO looks to the future – making processes more streamlined, faster and simpler – it is imperative that performance is a regular checking point.

- With a platform that provides greater interconnectivity across the business, greater visibility between different business functions it allows the CFO to keep track of both efficiency and performance
- Increased data visibility allows the CFO to quickly and easily see any performance impacts and therefore make value-based decisions to act accordingly

### Questions the modern, high-performing CFO should be looking to answer:

- What's the best approach for working with the business leadership to create effective performance partnerships?
- How can you and the FD work with different functions and heads of department to create a high performing and efficient business?
- How will you drive business processes to enhance overall business performance and connect functions to deliver improved results?
- How can you work with the CHRO to engage the workforce effectively to drive performance?

# The modern CFO as guarantor of business purpose and intent

Really, this is about extending the CFO focus beyond matters of business performance and efficiency to defining, developing and defending what a business does and how it operates. 'Purpose-driven' businesses appear to be succeeding in the face of complex change, but how is it creating value for the customer, the organisation and perhaps even for wider society?

## Purpose-driven strategy: the long AND the short of it

In an up to the minute leadership series hosted by [Out Leadership](#), it was identified that during a time of crisis it is imperative for businesses to evolve their strategic vision to become more purpose driven, and business leaders need to be driving this. But this shouldn't be a one-off, annual strategic review but a way to support effective business delivery in an ongoing capacity, at every point across the organisation's value chain.

- Some problems are short-term but also affect longer-term aspirations. Tackling them involves a short-term plan, but in alignment with your longer-term strategy
- Long-term strategies may be looking into the future, but they begin now – with what a business must start – or stop – doing

## Evaluating relevant business innovation

Balancing the short- with the long-term, ultimately, relies on being a practical visionary. Arguably this is one area where the modern CFO can really bring business transformation to the top of the C-suite agenda in a way that balances chasing innovation with tangible, real-life gains.

- Focus business purpose through the development of strategic plans
- Collaborate with the CIO and with R&D to determine the most business-relevant innovations to assess and invest in, in-line with business strategy

## The organisation's role in wider society

In times of great change businesses, both small and large, play a big role in the impact they have on wider society. This is one of the more challenging aspects of the CFO's role, monitoring, managing and understanding how the organisation can stand by the purpose of the business, whilst still remaining resilient, efficient and performant. The CFO needs to support the organisation in meeting its requirements to society, whether that be through meeting donation pledges or ensuring greater equity and fairness (and thus, resilience) in the supply chain. CFOs need to understand this and constantly keep it on their agenda.

### Questions the modern, purpose-driven CFO should be looking to answer:

- What learnings can you drive across the leadership as a whole to clearly define 'purpose' as 'value delivery'?
- How can you extend this clarity of purpose across the workforce as an effective advance to day-to-day business culture?
- How can you work with the CMO and the Marketing function to help support and follow up on the business purpose?



**We are living in times that were previously the subject of business theory: for an organisation to survive, it must reinvent itself within the context of unprecedented change. Because change, in whatever shape it comes, will always happen.**

It would be fair to say it's down to the CFO to take the lead here, supported closely by the FD. If it is willing and able, the Finance function can leverage and utilise new digital technology together with human innovation and help adapt their business to a new way of working, whilst also working closely with the other lines of business to make sure the entire business is operating on the same page. Reinforcing resilience is essential, of course, but only as long as this is balanced with boosting performance, efficiency and purpose at the same time.

Is this the secret to 'future-proofing' – or shock-proofing – the organisation against the unforeseen? Only time will tell.

### **Key steps for the modern CFO to take to enhance business resilience, efficiency, performance and purpose:**

- Shift from disconnected spreadsheets to integrated business insight
- Develop new technology skillsets in areas such as business data analytics
- Adopt a holistic view of operational performance across the business
- Work with the CIO to establish the most appropriate, data-driven infrastructure and assess the most cost- and business-effective innovations to invest in, for now and for the future



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