

BREAKING THE CFO PARADOX

5 Steps to Empower
Finance Teams to Become
the Real Game Changers
in Their Companies



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AN UNPRECEDENTED FINANCE ENVIRONMENT

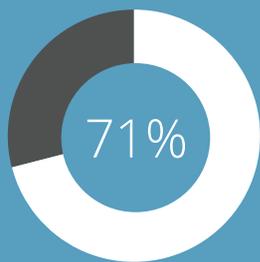
CFOs and finance teams are facing challenges and change like never before. The volatile global economy, mountains of data, an evolving talent pool, rapid technological advances, and fierce competition are keeping CFOs up at night. Much of this stress is due to what appears to be a paradox: **The CFO Paradox**.

More than 70% of business leaders across organizations are looking to the finance office to help make strategic decisions, according to a study by E&Y. That same study showed that nearly 2/3 of CFOs believe that advanced analytics are the way to get there.

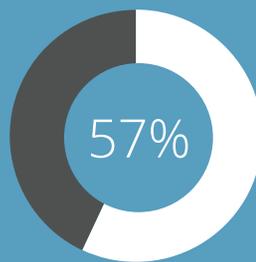
Even with so much at stake, only 16% of CFOs trust the insights they get from their own data teams, according to a study conducted by Forrester. To make matters worse, the same Forrester study showed only 51% of C-suite executives surveyed are aligned with the company's data teams nor are they aligned with their company's data and analytic strategy.

How can the finance team break away from back-office duties and become more strategic with all these challenges?

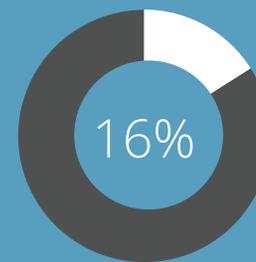
THE CFO PARADOX



71% of CFOs say they will increasingly be involved in strategic decision making across the organization



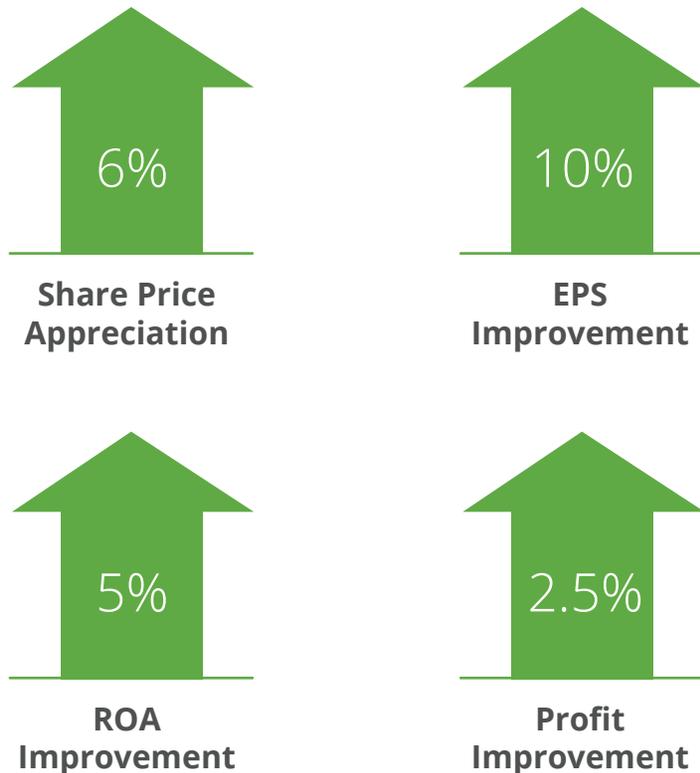
57% of leaders believe delivery of insights gained from advanced analytics will be critical



Only 16% of CFOs trust insights from existing analytics

Source: Ernst & Young "The Disruption of the CFO's DNA" & 2016 Forrester Survey

There's good news. CFOs and finance teams can break the CFO paradox when elevated to strategic business partners for sales, marketing, and operations teams. Armed with real time facts and data, Finance can help translate critical decisions like capex investment, marketing allocation, and demand planning analysis into real actionable results, leading to:



FIVE STEPS TO BREAKING THE PARADOX

Transforming the finance department into a strong strategic business partner does not happen overnight. The following steps will help you assess your current situation and provide the appropriate guidance to become a true game changer within your organization.

1. Assess the current state
2. Start small, think big
3. Set S.M.A.R.T. goals
4. Implement enabling technologies
5. Beat the drum!

FINANCE CAN NOW LEVERAGE DATA AND INSIGHTS TO BECOME A TRUE BUSINESS PARTNER AND IMPACT THE ENTIRE ORGANIZATION.



STEP 1

Assess the current state

The first step is to assess where your organization is now. Remember the phrase, "Rome was not built in one day?" The same concept applies to our companies.

Understanding the current state will help you as a leader break down the steps required to achieve your goal into something you can act against.

Consider your general financial business partner maturity for perspective, as measured against the criteria below. Your current level will help dictate what type of change is most manageable for your company and teams in the short term.

Use the worksheet on the next page to assess your current state.



STEP 1

Assess the current state (continued...)

BASIC

- The finance team primarily consolidates information from other departments
- The finance team spends >70% of their time collecting internal historical data
- The finance team is not involved in any strategic decisions
- The finance team does not have any EPM (Enterprise Performance Management) software for planning processes or a business intelligence tool for reporting

INTERMEDIATE

- The finance team is involved in strategic and operational decisions only because they “have to be” per the CFO
- The finance team spends >50% of their time collecting internal historical data and implemented some automated data consolidation process
- The finance team has access to EPM software for planning or business intelligence tools for reporting
- The finance team has little to no input on the actual business forecast numbers and is not viewed as knowledgeable about their industry and markets

ADVANCED

- The finance team is involved in strategic and operating decisions within the business
- The finance team spends the majority of their time on analyzing data and creating insights
- The finance team leverages both internal historical data and external leading business drivers to inform the business
- The finance team has moved from a reactive data gatherer to a more proactive and predictive partner to the business

STEP 2

Start small, think big

Based on your current state assessment, **break down your efforts into specific steps you and your teams can execute.** Don't try to bite off too much at once when introducing change. Start small, execute and celebrate your success regularly. For example, if you are a finance partner across the sales, marketing and corporate treasury functions, start your changes in one group instead of all three at once.

When change is working well, it happens organically and slowly builds on itself. By starting with something manageable you will set your team up for success!

For example, consider starting with a focus on top line numbers, a single product or a single region instead of tackling all of your company's operations at once.



STEP 3

Set S.M.A.R.T. Goals

When introducing something new, it is critical to have an idea where you are going. Use S.M.A.R.T. goals, which are **Specific, Measurable, Attainable, Realistic and Time Bound**.

Example S.M.A.R.T. goal: Improve quarterly revenue forecasting 10% per quarter.

Support is critical when managing change. While this may seem obvious, many leaders struggle to communicate the proposed future state – or S.M.A.R.T. goal, which leads to lack of buy-in. Use the S.M.A.R.T. goal blueprint to rally the troops and point to the future. Gather input, and allow your business partners to be part of the process. **Remember, change for the sake of change is not something people typically get behind.** People want to be inspired and be part of the process.



STEP 4

Implement enabling technologies

Regardless of your finance team's current state or goals, **technology can play a substantial role when managing through change**, especially as you look for ways to unlock value for your teams.

Cloud computing and business applications for artificial intelligence have evolved to the point where **the entire world's data can be analyzed in minutes**. Insights into how macroeconomic factors, consumer behavior, industry performance, and more can now be accessed at your fingertips. Many companies are now incorporating real-time leading indicators to develop remarkably accurate forecasts by business unit or region.

Cloud technology allows you to start small and grow quickly. Many technology vendors provide cloud solutions that allow for quick proof-of-concept projects that can deliver results in 1-3 months. Since nothing is installed on premise, you can easily scale the value of these insights rapidly across the company.



STEP 5

Beat the drum!

When introducing change amongst your team, **be consistent:**

- ✔ Set up regularly scheduled meetings with a standard agenda.
- ✔ Ensure the entire team is focused on both the blueprint and the next deliverable.
- ✔ Use the time to engage team members, answer questions and remove impediments.
- ✔ Create an open atmosphere for communication and knowledge sharing.

CASE STUDY

Masonite, a leading manufacturer of residential and commercial doors, used Prevedere to **improve forecast accuracy by over 10%**, allowing the company to know when and where to make key inventory decisions. Sales forecasts and benchmarking processes were greatly improved with Prevedere's models.

- Predictive external factors were identified by region for an accurate model of the future
- New and existing home construction starts data was used to improve forecasts
- The results enabled benchmarking of sales forecasts company wide

WHEN FINANCE BECOMES A TRUE STRATEGIC BUSINESS PARTNER, ALL FUNCTIONS OF THE COMPANY CAN BENEFIT.



A leader in business performance forecasting solutions, Prevedere is a predictive analytics company that is changing the way businesses predict and prepare for future demand. With external factors such as energy prices, consumer spending and currency changes often at the root of missed forecasts, Prevedere empowers enterprises to easily integrate these influences into their existing forecasting processes.

To learn more, visit prevedere.com.

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