



sage Partner

The Changing Role of the Chief Financial Officer

www.cpio.co.uk



Introduction

The Changing Role of the Chief Financial Officer

Confidence in the UK is strong, and organisations are increasingly looking to leverage technology to support growth, rather than drive down costs.

According to the 2020 PWC CEO Survey, 63% are confident about their own companies growth prospects.

Many businesses have been hit hard by the COVID-19 crisis. There's still a way to go, but businesses can play a key role to drive recovery by adapting to the upheaval introduced by the crisis.

Furthermore, well documented changes in consumer expectations are also having a knock-on effect on business expectations. Customers in every market expect a consistent, high level experience; to work with a fully integrated business, where product and stock information is up to date, delivery is timely and flexible, billing is accurate, and the support desk has full visibility of the entire customer history.

There is a pressing need for end to end business visibility and a frictionless set of business processes from customer order though to product delivery, billing and on-going support.

“UK businesses increasingly recognise that whether customers in the future are in Europe or South Africa, operating outside a protected market demands efficiency and agility.”

Brian King, Enterprise Management Product Manager, CPIO

“Companies are increasingly focusing on the way technology can help to grow the business, rather than cut costs.”

Andrew Spence
Solution Consulting Director, Sage



CFOs Lack Trust in Their Data

In addition to constraining business development, multiple, diverse systems are affecting both the tactical and strategic activity of Chief Financial Officers (CFO).

CFOs are spending far too much time challenging data, questioning the accuracy of systems, and attempting to create trusted information resource. Businesses need fast access to trusted data that delivers real insight into business operations today and in the future.

“The biggest CFO concern is data trust.”

Brian King, Enterprise Management
Product Manager, CPIO

“One of the companies in the Pemberstone portfolio imports products from China and the crash of sterling post Brexit presented a real challenge given the sudden rise in import costs. The business needed product level knowledge to understand granular profitability and the viability of product specific price rises. At the time the company was running largely on anecdote, so a project was put in place to deliver that granular level insight, supporting targeted price rises that returned the business to profit.”

Duncan Moore CFO, Pemberstone Group

There is a growing focus on the need to move beyond the constraints of multiple, incompatible systems. Organisations cannot respond quickly either to new market opportunities or business challenges, without understanding the business implications - and those companies still struggling with separate, even multiple, finance, manufacturing and ecommerce systems remain reliant upon Excel and email in a bid to achieve any kind of consolidated position.

Businesses need agility in uncertain times, but too many lack the data confidence to take essential decisions.

“From Brexit to interest rate policy and the way the world of finance and politics affects exchange rates, CFOs need clarity about the medium-term outlook to support investment decisions.”

Duncan Moore CFO, Pemberstone Group



CFOs Lack Trust in Their Data

“Globalisation can also mean complex challenges – a crowded global market means more competition and a rapidly accelerating rate of change. To stand out manufacturers need to be able to compete with low cost overseas competitors, taking control of data for better customer insight is key – it will enable manufacturers to anticipate customer demands and become more agile.”

James Reid, Vice President of Enterprise UKI, Sage





Technology change

What does the new
technology landscape mean?

New Technology Model

The technology landscape has changed fundamentally over the past decade, not least with the now widespread availability – and adoption – of cloud computing.

The combination of subscription based software with the removal of on-premise IT investment has reduced the barriers to entry: SMEs can get fast, cost effective access to the latest business management technology, providing a single, integrated system that encompasses everything from customer billing and finance to logistics, eCommerce, warehousing and support.

In addition to the new cost model enabled by the cloud, best practice methodologies are also transforming implementation timelines. There are many 'business as usual' processes that offer no competitive differentiation – they simply need to be done well and efficiently. Leveraging standard, out of the box, software systems and best practice deployment for these well understood business processes, such as procure to pay, is highly effective – freeing up time and resources to focus on those specific areas that are the company's differential.

“Leveraging best practice and out of the box software can dramatically reduce implementation and deployment.”

Andrew Spence, Solution Consulting Director, Sage

Strategic Vision

It is, however, the way that organisations embrace technology change that is one of the biggest areas of competitive differentiation. Technology must be considered a business enabler – not a cost. How many successful new business models and companies today are not, in effect, technology companies? From Airbnb to Uber, technology is enabling market disruption on an unprecedented scale.

To achieve the mindset change from cost-first to business enabler, traditional organisations with legacy systems and long-standing processes must approach technology implementation and change as a journey, not a one-off investment.

Organisations need a strategic vision, not continue to adopt technology piecemeal to address specific business issues. Of course, a phased approach works - but it is essential to have that end goal in place.

To envisage that goal, there are a number of essential questions to ask:

- How does the business want to operate?
- How will that help to achieve growth and maximise profitability?
- What systems are required and what is the journey?
- What technologies will customers expect and employees demand?

With growing numbers of digital first individuals as both customers and employees, expectations are changing; in a world of skills shortages, a commitment to creating an efficient, technology enabled working environment is becoming increasingly important to attract the next generation into the business.

“Asking how technology will help the business to achieve its strategic goals will result in a very different approach to simply looking to fix a problem - and the results will be much better.”

Andrew Spence
Solution Consulting Director, Sage.



C-Suite Owns the Data

An essential component of this strategic vision is the delivery of data trust. One of the most fundamental changes enabled by this shift towards cloud and subscription based software is data ownership. IT is no longer in charge of data – that data is owned by the business.

And with that ownership should come trust. With an integrated solution the quality and accuracy of the data needs to be tested just once – during the implementation. Once that quality is proven, organisations can then confidently embark upon significant business improvement enabled by fact based decision making.

This shift from IT to C-Suite control marks a sea-change in technology investment and realisation of value – and cultural attitudes towards technology need to change if organisations are to maximise investment to drive business growth.

“The CFO is at the heart of creating a new business structure.”

Andrew Spence

Solution Consulting Director, Sage



“The control the IT department had over month end reporting has gone; CFOs now have the control delivered by real-time and continuous financial performance insight.”

Brian King, Enterprise Management
Product Manager, CPIO

Investment Priority

Organisations can often struggle to make the business case for new technology – especially in comparison to investments in plant and equipment which promise an easily quantifiable improvement in productivity.

As a result, too many IT business cases are predicated on cost cutting; but if organisations are to successfully move towards technology as a business enabler, the investment has to take a different approach.

How can technology improve performance? What are the opportunities to be more competitive? Can we explore new markets? Deliver better customer service? Expand the product portfolio? Improve agility? The challenge is to understand how and where technology can enable these improvements – and that is where companies need to find the right help and support.

The opportunity to gain data ownership should also influence technology investment – those companies still reliant upon spreadsheets rather than integrated solutions need to undertake a cost benefit analysis. How much do you know about the business? How much do you need to know? At whatever level of granular information?

“The value add is in what you do with that information and how it translates to a willingness to deal with real world commercial challenges.”

Brian King, Enterprise Management
Product Manager, CPIO

“According to a recent Forrester report, manufacturers can realise up to 218 % return on investment (ROI) within four months by implementing effective business management solutions.”

James Reid, Vice President of Enterprise UKI, Sage



Business Transformation & Change

While many businesses are open to the concept of best practice and customising only in areas of competitive differentiation at a strategic level, this message can often be lost as a project progresses if business change and transformation is not well managed.

- Undertaking IT implementations as a purely technical exercise is a mistake: employees need to understand why processes are changing, how new operations will benefit both the company and the individual.
- In addition to communication throughout the technology project, training is essential to maximise the value of the investment.

“The biggest element of any IT implementation is people. Organisations need to think about business change as much as IT implementation – and ensure they take employees with them.”

Andrew Spence, Solution Consulting Director, Sage

With the right technology
and data foundation, what's
next for the CFO?

CFO Role & Management Focus

The implementation of a single, end to end business solution delivers the complete business visibility required to support effective business change.

When an organisation – especially the CFO – trusts the information, a huge amount of time is freed up to leverage that information to gain strategic insight, to make effective business decisions.

“Accurate real-time data is the key to accurate forecasting.”

Brian King, Enterprise Management Product Manager, CPIO

- At-a-glance performance – from sales to gross margins to best-selling lines, an integrated enterprise system provides immediate, up to date KPI tracking.
- Mobile access to financial information will enable the CFO to respond immediately to funding questions – from bank or investors. From six-month overviews to drilling down for specific detail, a CFO able to demonstrate realtime access via a tablet demonstrates confidence and control.
- Management by exception - from automated straight through invoice processing that enables the finance team to only address those invoices that are unpaid, or those queried by the customer, to effective supplier management that flags problems only when suppliers deliver late, or drop quality, management can focus directly and immediately on known business problems, rather than being bogged down by business as usual.

“Accurate, reliable, trusted business information can only be achieved through an integrated approach to IT. Putting Excel in the middle of these systems leads to error and a lack of trust in information which undermine business performance.”

Andrew Spence, Solutions Business Director, Sage



CFO Role & Management Focus

Business insight

Trusted data provides the chance to better understand trends in business performance and activity that can support both tactical and strategic operations.

“In an enterprise system, vast quantities of data are automatically collected – the opportunity is to look at that data in new places, in new ways.”

Brian King, Enterprise Management Product Manager, CPIO

For example, while companies often analyse sales by geography, how many take the same approach to purchases? For one organisation based in the south of England, this analysis revealed not only a strong customer base in the Midlands but also a high number of purchases in the same area. As a result, the company decided to trial a warehouse in the Midlands close to its largest customer – a move that cut transport costs by two thirds, reduced lead times and improved customer experience.

Indeed, improving the quality of enterprise data can address a number of underlying problems – from contingency-led overstocking within the warehouse to the over-reliance on manual labour to cover peak demand. Better insight into actual performance enables companies to be far more confident about planning and forecasting.

Achieving Agility

The scalability and cost model of cloud based systems and mobile technologies mean it is easy for organisations to try out new ideas.

The company above which decided to relocate its warehouse was able to try out the model for a few weeks, by leveraging its cloud based system access, mobile stock tracking and a temporary location. Proving the new model quickly enabled the business to rapidly implement the new strategy and gain fast access to the benefits.

In addition, an end to end, integrated business solution provides the foundation for technology innovation – from the integration of the Internet of Things (IoT) to deliver the next step in process automation to the potential of Artificial Intelligence in areas such as customer service.



CFO Role & Management Focus

Future proofing

Building on trusted business insight, organisations can explore a raft of tools including forecasting, what ifs and sensitivity planning to respond to events, such as the impact of Brexit on Sterling and confidently plan for the future.

Combining technology with strategic vision enables organisations to drive growth in an uncertain economy.

“For CFOs it is all about forward looking at the moment, how to adjust forward views, budgets, forecasts and sensitivities that might be caused by Brexit et al.”

Duncan Moore, ECFO, Pemberstone Group



Conclusion

Time to Step Up for the C-Suite

Conclusion

Time to Step Up for the C-Suite

In every aspect of life, technology is embedded, from mobile banking to buying from eBay, and the use of technology is an essential component of any business.

An organisation's leadership team needs to see IT as a key element of the business that they must understand, support and be intimately involved in.

From the subscription based cloud model to the need to embed eCommerce within core operations and the drive for real-time, data driven decisions, the technology landscape has changed. The onus is on the C-Suite to recognise the fundamental change that has occurred: technology is not just a business enabler it is the basis of the accurate real-time data that underpins every aspect of the business.

“Achieving this data confidence is in the C-Suite’s gift.”

Duncan Moore, CFO, Pemberstone Group

With the shift to cloud based technologies, IT no longer owns the data – the C-Suite needs to take ownership and leverage that data to drive business growth.

“C-level technology enthusiasm will transform the adoption of IT and improve the realisation of benefits.”

Andrew Spence
Solution Consulting Director, Sage

“In today’s competitive business world, manufacturers cannot afford to be inflexible or static. Consumer demands are dynamic and adopting the right technology could be the difference maker in the challenge of meeting these needs and achieving loyalty.”

James Reid
Vice President of Enterprise UKI, Sage





sage Partner

CPiO is a Strategic Partner of Sage UK with over three decades of experience in delivering ERP and CRM software including Sage Intacct, Sage 200cloud, Sage X3 and Sage CRM. We offer a wide range of IT services to support businesses with the design, procurement and installation of technical platforms and long-term IT security.

CPiO
111 – 113 Fort Dunlop
Fort Parkway
Birmingham
B24 9FD

0344 880 6140
marketing@cpio.co.uk
www.cpio.co.uk

CPiO is part of the Waterdale Group of Companies