

WHITE PAPER

Future Strategies

Three Ways CFOs Can Protect and Progress Their Business





Grab a seat and enjoy.
Read Time: 6 minutes

Future Strategies

Three Ways CFOs Can Protect and Progress Their Business

These days, identifying and planning which factors are key to long-term success can be tricky. With the right approach, however, CFOs can ensure their business is prepared for the future and equipped to manage almost any obstacles along the way.

While short-term uncertainty might be front of mind, [it is equally important for CFOs to keep sight of their business' long-term strategy](#) and lay the groundwork for scenarios, both plausible and unexpected. Many CFOs are now responsible for leadership outside their traditional finance remit—from directing strategy to influencing an entire business' direction.

Businesses that have responded well to crises have tended to take actions that help in the short-term but also stay true to their long-term strategy. This often includes moving quickly to reduce operational costs but also protecting sales and growth. So how can CFOs keep sight of the future while reacting to the present?

It's a difficult proposition, with a third (34%) [of CFOs reporting that beyond juggling too many responsibilities](#), managing cash flow is their biggest challenge. Strategic decisions must contribute to short-term business outcomes and provide the opportunity to safeguard continuity. More than ever, businesses require a strong vision: one that anticipates and accounts for the evolving needs of the business, and is agile enough to be tweaked and amended along the way.

To determine how best the CFO of the future can cast this vision, NetSuite spoke with the CFOs and finance leaders of some of its APAC and Japanese customers and identified three key themes CFOs should consider in their long-term approach, beyond the traditional finance role.

Tapping Into Data

With businesses moving increasingly online, they are also creating a wealth of data—and much of it is extremely sensitive, not to mention overwhelming.

But for today's CFO, data is what informs a strategic vision. It allows them to make decisions quickly, with a complete view of the business. From tracking KPIs to measuring the performance of new initiatives, CFOs can use real-time, accurate data to get a view of historic trends and current activity to navigate into the future.

During this challenging period, businesses must turbocharge financial planning and analytics to ensure business continuity, [according to McKinsey](#). This means ensuring finance leaders have access to data that is as close to real-time as possible—in a rapidly evolving environment, using old data is likely to lead to a bad decision. [Almost one-half \(43%\) of respondents to a March survey](#) say analytics is central to helping an organisation make major decisions in response to the recent crisis. [Finance is already highly likely to invest in analytics](#), however finance departments must cultivate a broader data-driven culture for this to be used in guiding the entire business.

Access to accurate, real-time data helped Poolwerx, the largest pool and spa maintenance network in the world, quickly adapt to business pressures including social distancing measures, according to Russell Beauchamp, CFO.

“Technology drives our business approach,” he said. “Ensuring the short-term plan feeds into the long-term plan helps us balance priorities, and we continually monitor this with real-time data to keep us on track or allow us to reassess our plans where needed.”

[More than three in five \(61%\) CFOs have collaborated with their CIOs to tap into their firms' data, to direct investment and identify future risks](#). If their technological investments are to scale and last well into the next decade, CFOs must do the same for the entire business—and begin laying

the foundation for a data-first culture across all business levels.

Guzman y Gomez, one of Australia's most successful Mexican fast-casual food restaurant chains, with 139 stores nationwide and more in Japan, Singapore and the USA, found harnessing data through centralised systems provided a foundation for the business' approach across diverse markets.

“We've got so much data; we do tens of millions of transactions a year. We have thousands of menu items, millions of modifiers and we need to make sure that we have technology that enables us to collect data and provide insights back to the leaders of the business in order to make sure we are focused in the right direction,” said Mike Hirschowitz, CFO at Guzman y Gomez.

It's this deep technology integration across the business that allows the team to deliver the best customer experience possible—at scale. Eighty-eight per cent of CFOs, [according to NetSuite research](#), claim they are required to stay on top of data analytics to properly manage forecasting and predictive insights, something Hirschowitz has been able to achieve with the adoption of self-service data via the company's use of cloud ERP. This means allowing employees to access data easily via a centralised platform rather than relying on analysts or other department to provide reports.

CFOs must work closely with CIOs to make data easily accessible and secure. Ideally, this means investing in data analytics or unified management systems that can contextualise raw data into insights that non-technical staff can use to make decisions and act upon. This provides CFOs—and their entire business—with an agreed-upon set of key insights and metrics, which brings together all business activity, helping them evaluate strategic efforts in real-time, which in turn can allow the business to allocate resources where they provide the greatest value.



Managing Risk

While planning how to advance their business in the long run, CFOs must also be diligent in managing risk and protecting business continuity—particularly since the CFO can be the scapegoat when things go wrong. [According to recent NetSuite research](#), CFOs are the ‘manager of risk,’ responsible for areas beyond just the finance department as they work collaboratively with other business units. There are [three main types of risk that businesses face](#): preventable risks, which usually come from inside the organisation and can be controlled; strategy risks, which is where a business takes on some risk for a better return; and external risks, which are far beyond even the influence of the leadership team, like natural disasters or political changes. All three are important, however have unique challenges in adeptly managing them.

[According to recent research](#), 70% of finance leaders now view ‘strategic planning’ as one of the top areas in which they need to improve their capability. That includes risk management and assessing new investments or business strategies. All types of risk, but especially external risk, require

factoring the most resilient approach, one that considers even short-term measures in the context of a long-term approach.

Simon Robinson, the CFO of Education Perfect (EP), an online learning platform for schools and families, believes the role of the CFO has shifted from being focused on financial stewardship to a more far-reaching role, one with a strong focus on risk.

“The CFO should work across the whole business in the same way the CEO does, but with a particular lens of data, finance and risk in supporting decision making,” he said. “This has accelerated recently, as companies have had to make decisive decisions quickly and the CFO needs to be able to actively contribute to these.”

Many CFOs have already reaped the benefits of adopting new technology to weather rapid change. According to McKinsey, the “active, informed embrace of digitisation will be invaluable for ensuring accurate reporting, informed decision making and business continuity in any future crises”. Technology that provides greater visibility and coordination helps steer decision making,

giving insights into where efforts should be focused in real-time, but also flagging issues, like preventable risk, early on.

For Chris Tham, CFO of Australian eyewear retailer, Bailey Nelson, technology, like cloud ERP, helps mitigate risks in the role of CFO. “We now have better real-time automation and a timelier view of how the business is operating. Having greater access to information helps the overall decision-making process.”

To be prepared for any future crises (or even minor hurdles), CFOs must unite their new learnings along with accurate predictive models. As the stewards of risk during a vulnerable time, they also must explore recovery models and the associated risks of each – from new investments, to focus areas or employee management.

This means using data to evaluate the risk of their investments against performance for long and short-term goals - particularly for technology and IT investments - with considerations given towards concerns like business visibility or security. Finance leaders should work with executive leadership to identify and scale-up investments that have provides the greatest value towards innovation and opportunity for business resilience, such as a cloud ERP. Furthermore, by choosing a trusted technology provider, CFOs can mitigate the risk of the investment.

Dynamic Workforce

The way finance teams operate has changed. Recent shifts to remote working have accelerated new ways of communicating and forced business leaders to reexamine work. [Almost three in four CFOs \(72%\) cite work flexibility as a development that will help their companies in the long run and around half \(49%\)](#) are considering making remote work a permanent option where possible. While this is beneficial for many, remote working can also impact productivity for those without the right systems and re-defined culture in place.

While some businesses are looking to move their workforces entirely remote, this comes with its

own challenges that CFOs must consider carefully. Shifting to this model can incur additional costs to help employees create an adequate home setup, while meeting cybersecurity and other requirements. In contrast, [returning to the office can come with its own costs, from investing in extra cleaning to partitions between work areas](#), CFOs must consider the risks and benefits to each.

In addition, hiring freezes mean many finance teams may be working with reduced capacity, but an increased workload. CFOs can look to new ways of working to improve efficiencies. [More than two-thirds of CFOs](#) have considered allowing non-finance personnel to handle some budgeting, reporting and financial forecasting responsibilities—all pillars of finance. Many predict this shift towards a decentralised, self-service model for finance will reduce reporting cycles and allow finance executives to focus on strategic planning.

Automation is also becoming a prime focus for CFOs—currently, 46% of CFOs plan to accelerate automation and other new ways of working. [McKinsey suggests that CFOs should invest in digitising and automating core business processes](#) to reduce the risk of external shocks and foster long-term resilience.

According to EP’s Robinson, the pace of change will not be slowing anytime soon—and businesses should be prepared. “Building teams will be critical—I believe finance roles will evolve in a similar way to the role of the CFO—moving away from a transactional and historical focus, to forward-looking roles more integrated into the business,” he said. “This will create exciting opportunities but also a need to shape these new roles and teams successfully.”

Planning for a dynamic workforce means adapting to new ways of working and integrating these into a strategic approach. Workplaces and their cultures have already shifted rapidly in just a few months. To take this into the future, CFOs must establish new processes and systems for their teams, as well as the wider business, that enable seamless collaboration and coordination for the years to come.

Conclusion

For many CFOs, it can be tricky to balance protecting their business now while continuing to incorporate their long-term strategy and goals. CFOs, however, are well-versed in managing risk and change; they have gone from being accountants to becoming strategic partners today. As they continue developing into the CFO of the future, however, their constant struggle will always be to manage the increased risk in a challenging economic climate with the need to take measured risks that build the business.

Their mastery over data, visibility over the business, and planning capability will make CFOs the most adaptable to change, amongst their peers. As they do so, they would be wise to partner with the right leaders, partners and service providers, in order to furnish their strategies with the right insights and solutions. With the right change strategic approach, CFOs can balance their view of short and long term to protect and progress their business.



onlineone.

onlineone
1300 850 900
www.onlineone.com.au



info@onlineone.com.au

**ORACLE
NETSUITE**

Australia
Phone: 1800 638 784
www.netsuite.com.au

New Zealand
Phone: +64 9 977 2100



infoapac@netsuite.com