From Scorekeepers to Architects: CFOs as Transformational Leaders

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New day, new challenges

While some things always stay the same, for better or for worse, other things keep changing (also for better or for worse). If you're the CFO or financial head of a business, you are in a prime position to influence how change is handled. And in addition to the "usual" developments within a company, we are looking at quite a few bigger shifts coming at us: economic crises, profound transformation in regulatory environments, and the unpredictability of pandemics and other emergencies. Some of these challenges are handled by addressing environmental, social and governance (ESG) issues, both internally and externally. On the environmental side, there are new regulations like the E.U.'s Corporate Sustainability Reporting Directive (CSRD) coming up, with similar legislation in many countries in Asia and Latin America as well.

There is also a shift in how the younger generations bring different attitudes and expectations with them as they enter the workforce. Not just do they expect a better work-life balance, but they also want to utilise all the technological advancements that are available so that they can focus on more fulfilling work. If a company does not offer this kind of experience, it can find itself in an increasingly difficult position to hire new talent.

All these issues, especially as they fall under the ESG umbrella, are going to change the way we do business quite a bit. With Finance operations being at the heart of every business by measuring and reporting on performance, the Office of the CFO also plays a large role in guiding the decision-making. According to a recent survey by Gartner, leading digital transformation efforts in the Finance function is the top focus for CFOs in 2024.[1] This gives us the chance to adapt the design of a businesses and how performance is measured, so that many of these challenges can be confronted head-on.

CFOs as architects of the business

There are, luckily, quite a few strategies that can be pursued to adapt to new requirements and changing business ecosystems. By empowering our Finance teams with real-time information that assists in building a resilient foundation for accommodating changes, CFOs can become "digital technicians" that master new reporting requirements while also performing the more traditional functions. Automating financial processes builds a secure foundation for a business and frees up resources to address real challenges such as compliance and reporting requirements, resource allocation, security matters, and operational performance.

Three strategies for successful automation

How to go about introducing financial process automation? There are three main strategies that make such a project successful:

Optimise the basics

While of course it's important to not get bogged down by details, you should also not avoid the obvious. Optimising the basics before tackling the complex will free up resources that can be put to better, higher-value use. In the Finance world, for example, that means focusing on a clean accounts payable process before addressing procurement. It means removing manual data entry before upgrading to a more elaborate or more sophisticated solution. While complexity can be intellectually pleasing it often doesn't result in being the most productive approach, especially when relying on weak foundations.

Beware of the silo mentality

The Finance department is, unfortunately, often a prime example of siloed workplaces. As companies grow, organisational structures that worked well previously can gradually turn into stumbling blocks. With growing teams the focus can, at times, shift towards individual or departmental performance, often resulting in a breakdown in communications. So, the focus needs to be redirected back to more fundamental issues, like cashflow and how to improve it. Additionally, believe it or not, automation can actually improve communications. When all information is available and the processes optimised, any remaining or deep-seated problems can be addressed a lot more efficiently and collaboratively. And just as important as avoiding silos in departments, it is a good idea to avoid silo formation when it comes to automation. A solution that addresses a wholesome set of processes and offers a wide range of functionalities, rather than big-name software that serves only a single purpose, assists in creating a cohesive operational structure, in which true collaboration can take place.

Focus on your people

A tool is, of course, only helpful when it's used. If the needs of the people who will use a solution were not considered or they were not properly trained, they're not going to have a positive reaction to the new tool. And if this is the case, you will not see the expected positive results. So, take all stakeholders, including real users rather than just managers, into consideration, train everyone properly, and request active contributions during the implementation phase and thereafter. The significance of effective and comprehensive change management cannot be overstated.

Technology is not a magic wand …

… but technology is a tool. A tool is, by definition, a utensil that is designed to carry out an action much more effectively than, say, a human can. One such tool that is more and more built into automation solutions is AI: machine and deep learning, analytical operations, even ChatGPT. But a tool can't perform the work on its own, it needs the human to direct it at what it's supposed to do. AI tools can do the heavy lifting and elevate processes by automating repetitive tasks, processes and analysing data in real time. This creates efficiency by preventing errors rather than having to spend time fixing them after the fact. It frees up resources, so that humans can use their best tool, their creative brain, to make smarter decisions, serve stakeholders better and drive performance. As AI can provide real-time insights into the performance, risks, and opportunities of the financial cycles, a business can achieve comprehensive visibility.

In conclusion, AI-powered automation is not only a way to streamline financial processes, but also a strategic opportunity to think bigger and achieve more. It will also help businesses cope with the ever-changing and oftentimes complex regulations regarding issues such as e-invoicing and ESG matters. Just consider that, according to a recent study by E&Y, a staggering 60% of Finance executives said that their ESG data resides in a patchwork of software applications, many of which don't connect with one another.[2] To avoid both financial and reputational damage, situations like these need swift and comprehensive amelioration.

The most important point to remember, however, is to make automation work for everyone. Technology should be used to augment the skills of humans, reduce their workload and increase their potential. Providing your employees with more meaningful and rewarding tasks and bringing out the best in them will result in a more motivated workforce and transform them into a catalyst for growth. By seeing the big picture, businesses can align their processes with their overall goals and vision, thus identifying new ways of creating value. AI-powered automation enables CFOs to act as architects of digital transformation by integrating financial strategies with technological advancements, driving efficiency, and enabling data-driven decision-making.

1. Gartner Survey Shows That Leading Transformation Is the Top Priority for CFOs in 2024, January 25, 2024. Gartner, Inc.
2. PR: New Report Shows Strong Level of Involvement by Finance Professionals in ESG Reporting Efforts, May 17, 2022. EY Americas.

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