

WHITEPAPER

The highly effective CFO

Taking Finance into the future





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What role does the CFO play in the organisation? The role is undergoing perhaps its greatest change in recent history with fundamental changes in how the CFO must now operate in order to be considered effective.

Operating as a highly effective CFO requires a more business-wide leadership role. In addition to maintaining a set of basic habits that make them and their organisations far more adaptable to the pace of digital disruption, the CFO must also add new tools to their belt.

Fortunately, none of these habits are too far outside their traditional area of expertise. Rather, they extend and contemporise existing competencies and talents which all effective CFOs should already share.

Adding new tools to their belts, however, does require a clear vision alongside technology that helps them to juggle the “traditional” responsibilities of internal controls, compliance and the efficient closing of books. With the day-to-day activities managed well, the likes of regulatory changes, new disruptive technology such as artificial intelligence and blockchain, and standardisation, all become drivers of financial innovation.

These observations have been corroborated by NetSuite’s discussions with CFOs from around the

Businesses are living in a time of “**digital Darwinism**”¹ – an era where technology and society are evolving faster than businesses can naturally adapt. Fortunately, this can make it easier to gain backing for change. The stage is set for a new era of leadership, a new generation of business models – it’s time to lead change rather than continue to operate in a reactionary model, always on the back foot. The mantra of “adapt or die” should be ringing in the ears of the C-Suite.

¹ [Tom Goodwin, Digital Darwinism](#)

world and demonstrate that the most progressive organisations have positioned the CFO as the linchpin between new technology and financial success. Whilst this may seem a significant challenge, the good news is that the future of finance is in the hands of the CFO.

This white paper examines the most common habits of highly effective CFOs that NetSuite has identified from its history of working with established businesses, and delves into the role-defining trends that are shaping the future of the finance function.

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The CFO's Role is Always Changing

Digital technology has caused the most disruption on the interaction between businesses and their customers. Despite most organisations recognising the need for modern customer service experiences, many remain stuck on legacy software platforms, unresponsive infrastructure and heavily siloed data.

The result is that whilst most would, for example, prefer to no longer operate with a traditional 'monthly close,' they are unable to modernise processes to the point where a 'continuous close' is possible.

When it comes to something like the continuous close, the CFO needs a solution that automates revenue forecasting, allocation, recognition, reclassification and auditing through a rule-based event handling framework. Whether a company conducts sales transactions that consist of products or services, or both, and whether these transactions occur at a single point in time or across different milestones, revenue recognition functionality is required to automate the scheduling, calculation and presentation of revenue on the financial statements accurately, expediting the monthly close process.

Mastering the "continuous close" mindset has prepared finance departments for battle: they're now in shape to take on transformation at even higher levels.

Major regulatory changes mean finance departments now use technology like NetSuite's Advanced Revenue Management to maintain

compliance. For example, ASC 606 and IFRS 15 changed requirements for revenue recognition and the disclosures required for reporting under GAAP and international standards, and new standards, ASC 842 and IFRS 16, affect lease accounting.

Finance departments must quickly adopt new requirements while still reporting results and maintaining multiple books of account. It's no small task, but it's achievable with technology that does the heavy lifting for you.

However, businesses often say that the technology they are currently running, simply isn't up to the job. Disparate systems, heavy reliance upon a creaking spreadsheet, and a lack of standardisation across financial, IT and HR processes across all operations throw up barriers.

Effective CFOs already recognise that digital technology is critical to better achieve their mandate: sustainable profits and effective growth. However, when it comes to driving change, the CFO finds their position as a broker of peace, both between businesses and their customers, but also between internal divisions where the role of digital can be seen differently, or negatively.

A highly effective CFO's first order of the day is, perhaps surprisingly, to mitigate the disruptive impact of digital technology itself. Working with other business functions like IT and sales on a daily basis, they can identify what customers expect in terms of service and subsequently evaluate what digital platforms may meet those expectations.

“As we are selling capital goods on short lead times with little forecast demand, it’s quite a unique sales cycle. Our ability to anticipate demand trends and react quickly to customer requirements is a key differentiator for us in the market.”

Clem Connor, CFO, Western Global

Understanding the wide array of choice is challenging, often made more difficult by a move from existing systems that, in NetSuite’s experience, comes with extensive customisations and a degree of pre-existing vendor lock-in that can be complex to navigate.

For some, the challenge can be simply not knowing what alternatives are available. The Future of Finance Systems global survey 2019² revealed that 30% of CFOs don’t have a good understanding of the solutions in the market and 40% are struggling to understand the different technologies available.

The evaluation should translate into the recommendations the CFO regularly provides to the C-Suite: which technology initiative to adopt, what small-scale pilots to run that will better understand the impact of what to avoid in favour of something more effective.

When faced with entrenched opposing views of digital disruption, the CFO’s office must be clearly recognised as an impartial observer, assessing and advocating digital platforms based on one thing alone: how the bottom line can be improved.

As one CFO put it to NetSuite: “If you take all things opaque out of the interaction, you will win the digital war for customers.” Highly effective CFOs constantly stress that what’s important is not the technology itself, but whether it can simplify, enliven and better monetise the customer’s experience.

Which, in the long term, means that financial departments, and the business as a whole, find themselves with new found opportunities thanks to being able to operate in a manner that streamlines the business, removes inefficiencies and drives the business forward.



² www.fsn.co.uk

The Data Driven CFO

An abundance of decision-influencing data has been touted as one of the great benefits of digital disruption. Connected systems offer the potential for a single source of truth and the market noise of ‘data is the new oil’ can often lead to blind optimism. In reality, many organisations find themselves overwhelmed by the sheer volume of information at their disposal – making them even more inclined to be swayed by anecdotes, rumours, and other unsubstantiated “insights” that amount to little more than guesswork. Unfortunately, although access to data is sold as a cure all, the reality is that doing this wrong can create as big a negative impact on the business as a lack of data can.

Deloitte’s CFO Insights Report: “Finance 2025. Are You Ready?” says: “With the exponential growth of enterprise data and the proliferation of application programme interfaces, companies will face the challenge of cleaning up data and aligning it in a way that drives value and enables analysis not only for finance, but also for the overall business. As finance takes control of the data, the function will continue to face persistent challenges in maintaining data quality and creating robust yet efficient governance, especially as data sets grow. From a workforce perspective, organisations will seek to hire data evangelists, capable of breaking down silos to enforce collaboration and data sharing across teams.”

Whilst the opportunity is great, organisations which do not simplify their decisions using clear, real-time data will continue to lose their market share and competitive advantage to those that do.

The ideal vision of the data-driven business is one similar to that of a self-driving car. The car is capable of letting the driver know everything happening around the car, in real-time. The user can adjust and see through the rear and side mirrors, and they can see what’s happening through the front windshield. The car handles other less important elements, like steering, by itself.

Data and analytics have obvious synergies with the work of the CFO’s office.

More precise organisational data helps CFOs gain greater cost/benefit awareness when it comes to making investments or even acquisition decisions.

It also helps neutralise, or at least make visible, the potential impact of bias that may impact both C-level and line-of-business decisions. One CFO told NetSuite, “You cannot lie in the face of real-time numbers. Accepting reality frees up the conversation for improved decision-making.”

In order to be effective peacemakers, CFOs must have data at their disposal which supports their resolutions.

Highly effective CFOs make data and analytics a priority for themselves and their teams. They seek to acquire, or have already acquired, new skill sets that complement traditional accounting roles, in areas ranging from data science to design. They also advocate for and adopt digital platforms, like Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) systems which not only provide them with real-time business-wide data but also simplifies and optimises the operations from which data flows. “Long, linear paper presentations are designed to keep things opaque,” observed one CFO; “Digital sets the truth free.”

For data to become a positive force for organisational improvement, CFOs must also make a habit of using it to speed up processes and drive greater innovation – even if that means causing some discomfort amongst their peers. “My role is to put pressure on the leadership to transform,” said one CFO, while others stressed how using data to simplify processes lets them focus on value-added services, faster responses to competitive movements and even more astute portfolio management.

This change is not purely beholden to changing mentalities of personnel but also reliant upon skills, organisational support and the adoption of technology that can realise this vision.

NetSuite's industry and role-based dashboards give users real-time visibility into only those elements of their business that need focus at any given time. With thousands of transactions occurring, things often happen so quickly that by the time the CFO catches an error, it's too late. Other times, something important is happening, and the CFO doesn't know they should be monitoring it – a problem that is particularly true when it comes to risk and control issues, like fraud and credit risk.

NetSuite's Intelligent Insights ensure CFOs are looking at the right parts of their business at the right time. For example, the CFO may be alerted to payments that consistently fall just under the amount requiring authorisation.

“For a company like us, in a David versus Goliath situation with big competitors, we need to outmanoeuvre them using creative marketing and investing in our software capabilities.”

Adam Taylor, CEO and Founder, PetShop.co.uk

The Strategic CFO

We know that the CFO needs to keep up with digital innovation that is proven to improve business operations, however, they must not lose sight of delivering on core accountabilities. Given the pace of change and the amount of digital disruption posed by seemingly endless technological advancements, it can be challenging to focus on being both a strategic business partner while ‘keeping the lights on.’

With organisations often focused on not spoiling existing plans, the question often asked is: How can CFOs make their organisations more amenable to the prospect of controlled digital disruption? The answer, for many, lies in making the enterprise’s digital assets more accessible.

By utilising a flexible infrastructure that reacts to an ever-changing environment, CFOs are able to expand access to data in a clear, consistent, process-oriented manner. This enables employees to improve their own operations, policies and performance in a manner that doesn’t compromise between scalability and control. This requires a system that ensures governance, risk and compliance processes and capabilities are embedded within the core ERP software, IT infrastructure and organisational culture.

This transparent or “open book” approach may strike fear into the hearts of some, from many though we are told, “We need to break the lock-down of data: only then can we empower our people to take on ownership and co-innovate with us.”

Because of this, highly effective CFOs espouse an open book approach to organisational data similar to that of start-ups and progressive governments, eschewing more traditional “need-to-know” policies where only the board or IT has access.

In fact, the conservative reputation of CFOs is what often enables them to successfully open the books to the business: they already have a reputation as trusted gatekeepers of data, much more so than their CIO and CMO counterparts typically do.

“Our job is to balance opening data to the broader organisation versus keeping it to the board only,” said one CFO. “When we encourage people to innovate around data, it starts to change our culture,” said another.

However, it is important to remember that digital initiatives only yield benefits for organisations which embrace it at all levels and amongst all employees.

The highly effective CFO frequently spearheads initiatives like hack-days and forums to encourage innovation amongst all employees.



Day-to-day business will often involve building relationships, sharing data and even forming joint teams with other business divisions, like HR and marketing.

These CFOs must also invest in IT transformation projects that have enterprise-wide impact. Some will directly connect business units to improve data-sharing and operational performance, like integrating the CFO's ERP systems to marketing automation platforms. Others will make it easier and more intuitive for all employees to access data and digital services: "If we can enable our mobile workforce to perform effectively, we will be able to change the entire culture of the business," said one CFO. In all these cases, an open book policy for organisational data is essential to success, one which the effective CFO not only recognises but advocates as a key policymaker.

"Change is the only constant in our business. NetSuite is flexible and agile enough to support this permanent change and our future growth. NetSuite communicates very well with other systems and is the ideal solution for digitising and integrating our commercial business processes."

Dirk Schwartzkopff, Managing Director, [meinestadt.de](https://www.meinestadt.de)

CHAPTER 4

The CFO Change Leader

When CFOs start to take the lead on digital initiatives, they quickly find that the business usually lacks certain capabilities – sometimes even basic elements of technology infrastructure.

A “Big Data” strategy, for example, is not going to succeed without at least some form of ERP or CRM system in place; developing a mobile workforce cannot happen until at least certain core systems are hosted in the cloud. In other cases, existing systems will lack compatibility with one another or suffer from extreme complexity, making the business more prone to negative disruption in the form of lost revenues or increased operating costs. Analyst reports are frequently littered with examples of organisations that have taken missteps with a digital initiative that was lacking in planning, critical thinking and/or execution.

For the CFO it's important to engage and to be a leader when evaluating the options available, engaging the CFO's core skill set and allocating budget to the ones most likely to succeed. Highly effective CFOs take into account a range of factors besides just fiscal costs, working hand-in-hand with their C-Suite counterparts to weigh the costs and benefits of each course of action.

Although IT can provide the technical knowledge of particular platforms and their strategic value, only the CFO can assess these platforms in terms of business performance and opportunity cost. “We need to stop looking out the rear-window and start predicting what our options look like in terms of risk and growth,” one CFO told us.

While the highly effective CFO may not be an expert in digital technology, they are an expert in risk and return—and knows how to apply that knowledge to digital platforms just like any other investment.

The effective CFO, therefore, is one that addresses the lack of standardisation, veritable smorgasbord of processes and disparate and/or inadequate technology that reduces the opportunity for a concerted, business wide focus on success.

With the CFO as the innovation leader, the business is empowered to adopt the right software that both leads business success and allows the finance function to continue doing its ‘real job.’ With an ever-increasing amount of regulations, hurdling tax laws, maintaining internal controls, executing corporate governance, and reporting information that is accurate, actionable and readily available, the CFO of today requires technology that removes cumbersome spreadsheets, streamlines operations, and puts accurate, real-time data into the hands of those that need it.

“We are delighted to work with NetSuite as the platform allows us to gain greater visibility into our supply chain and order management, while seamlessly automating tasks that previously took days to process.”

Chris Green, Senior Product Manager at eve sleep

The highly effective CFO

Regardless of whether they seek to be champions of digital innovation or not, all CFOs have a responsibility to increase the investment in technology – decisions that can make or break an enterprise’s ability to compete and profit.

As a result, the CFO must be aware of the technology challenges which their business faces and be ready to take calculated risks in a bid to resolve them. Each of these challenges – slow release cycles, siloed or outdated data, less-than- agile development – has a financial cost to the business, even if that cost cannot be easily quantified. It is the CFO’s role to assess those costs and reduce them or turn them into opportunities to gain an advantage over competitors.

These challenges can vary widely between organisations, but the highly effective CFO maintains a keen understanding of what they are for their business. “Raw data takes up too much of our teams’ headspace – we want to move back to outcome-based insights,” said one. “We cannot regularly quantify the value of customers based on digital channels, and our back-end systems are in need of significant upgrades,” said another. Rather than picking potential areas for investment based on their own assumptions, the effective CFO consults with the rest of the C-Suite to gain as in-depth a picture of the situation as possible.

When looking at the two challenges mentioned above, for example, the CFO might end up investing in a cloud-based ERP system, which would help to both structure customer data and reduce the time needed for enterprise-wide implementation.

Without that clear picture of all the business’s needs, the CFO might well find themselves adopting multiple platforms – potentially creating unnecessary complexity and costs in the process. For many, this is already the status-quo, one that causes significant levels of complexity and restricts growth.

By starting with clearly identifiable needs of the business, the highly effective CFO identifies the most cost-effective infrastructure to invest in, potentially resolving multiple challenges with a single platform.

The highly effective CFO does not adopt a new technology or platform simply because it is “innovative.” While they may seek daily to better understand and even gain experience



with these technologies, they also recognise that technological advances occur because of changes in people's actions or attitudes, not the technologies themselves. To be both innovative and effective, the CFO must remain focused on the core priorities of their business: building relationships with customers, improving operational efficiency and developing agile processes that can pivot with minimal cost and maximum speed.

“NetSuite is an interactive system; it provides the real-time and customisable information we need at any time, and generates activity reports from a financial and commercial level. Being a NetSuite customer since 2009, NetSuite supports us at every stage of growth. Access to our key performance metrics enables us to make faster and better business decisions.”

Marie-Agnes Mourot de Lathyle, CFO, ESOMAR

Conclusion

The CFOs whom NetSuite spoke to all acknowledged that they face numerous new risks and uncertainties as a result of digital innovation. What sets them apart is their realisation of the opportunities that innovation can bring – improve workforce productivity, optimise customer service ROI and gain greater real-time oversight and control of operating costs, to name a few.

In an era where transformation, disruption, and innovation are being mandated from all corners, the CFO's responsibilities remain the same: to improve the financial performance of their organisation with the least amount of risk. Highly effective CFOs recognise, however, that the biggest risks to their businesses comes from simply doing nothing.

Developing habits that enable the CFO to meet disruption head-on requires a commitment to daily conversations with customers and an analysis of the organisation's data. Identifying the real challenges based on those insights, formulating a plan and investing in only the technology platforms that address several of them at scale. Finally, building closer ties with other business functions like IT, marketing, and HR, using open data- sharing as a means to propagate a common workplace culture around innovation.

The highly effective CFO succeeds not because they embrace innovation, but because they use it to achieve the organisation's financial and business goals.

With the right data and technology platforms at their disposal, CFOs can navigate future risks with a foresight that few other C-Suite members usually possess. Their role should be to safely lead the business forward—not hold it back.

About Oracle NetSuite

For more than 20 years, Oracle NetSuite has supported organisations to scale and adapt to change, enabling them to unlock success. NetSuite provides a suite of cloud-based applications that help manage your business, including financials/Enterprise Resource Planning (ERP), professional services automation and omnichannel commerce.

With over 20,000 customers in more than 200 countries and dependent territories, some of the world's best-known brands trust NetSuite to support their business and take their financial and operational processes to the cloud.

With NetSuite, you can:

- **Scale with Ease:** Gain the agility, flexibility and scalability your business needs to power innovation and success.

- **Gain a more complete picture of your business:** Built-in business intelligence provides real-time insights into key business performance indicators for a unified view of the organisation.
- **Future proof your organisation:** Bid farewell to version lock with automatic updates that carry any customisations forward, ensuring your business is always agile and current.

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