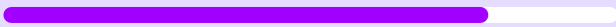


Finance at the Core: A Central Nervous System to Unlock Breakout Value

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The importance and scope of the CFO role has expanded dramatically in recent years. CFOs and their finance teams now drive the cost and growth agendas for many enterprises. However, as we move from pandemic-related volatility to recovery, it is not surprising that CFOs are looking at the world differently. In our CFO Now research, respondents told us that the scale and the pace of decision making are among the biggest changes they face.¹

79%



of CFO Now respondents say that in the wake of the pandemic crisis, the role of the CFO will become more influential and strategic in focus.²

Increasingly, we are seeing the finance function act like a central nervous system for their enterprise.

Like our own central nervous system, which operates with sensors at the edges, finance guides and helps control the business. Finance takes in massive amounts of data, analyzes and evaluates which actions to take, and then informs the business.

The key is to identify and invest in the right skills to create a responsive “central nervous system” for the enterprise.

73%



of CFO Now research respondents say that of all the C-suite executives, the CFO is best placed to ensure the resilience of the organization in today’s operating climate.³

Finance is well-positioned to assume this role. One built on:

- 01** An intelligent finance operating model
- 02** High-speed data and technology
- 03** High caliber talent with deep financial knowledge and problem-solving skills



Intelligent Finance Operating Model

It is critical to increase the speed at which finance can respond to the quicker pace of change and support the business in real time.

Our research shows that organizations that have gained competitive agility through operating models that keep pace with the market enjoy a nearly threefold earning advantage over their non-agile peers.⁴ To run finance as a responsive central nervous system, CFOs should move to an intelligent finance operating model.

An intelligent finance operating model empowers teams with insights from across the business and helps people transition from a transactional mindset to a strategic focus. Scalable, and built on real-time processes and agile tools and systems, this operating model gives CFOs a continuously updated view of the entire business. This knowledge helps finance respond quickly and with confidence to high-impact events.

An intelligent finance operating model can help CFOs and their teams address disruption by:

- “Optimizing” human and machine partnerships and freeing up finance to focus on higher-value activities such as planning, analyzing, and advising the business.
- Delivering timely insights and information, and accelerating decision making to strengthen partnerships across the business.
- Making the best use of artificial intelligence and machine learning algorithms to strengthen forecasting models and increase data accuracy.
- Providing access to real-time and diverse data for a single source of truth.
- Accessing the best skills through multidisciplinary groups.

**Intelligent Finance Operations:
The CFO’s most powerful asset.**

An intelligent operating model can also help finance teams better engage with business peers by breaking down silos. Finance can flex quickly and partner seamlessly with other functions. Finance can then analyze and act on information, insights, and data from all areas of the organization to make timely business decisions. This new way of working can help finance adopt fresh thinking and a more open mindset. And it encourages a culture of curiosity, creativity, and entrepreneurship.

This operating model makes it easier to deploy multidisciplinary, hybrid teams to respond quickly. Instead of teams with permanent roles and fixed responsibilities aligned to the standard finance cycle, the teams can form and disband as needed. They can analyze “signals” from across the organization to detect the root causes of potential problems and recommend the best course of action and/or reaction.



Flexible, hybrid teams can respond more effectively to evolving business conditions. The core group of generalists can enlist specialized skills and disciplines from non-finance partners, including data scientists, visualization specialists, R&D, supply chain experts and even third-party providers. A team of specialists coming together to provide a unified and holistic approach to problem-solving and decision making can deliver meaningful value to the business.

An intelligent finance operating model can also create a better customer experience and allow employees to make smarter decisions. The model supports an operation that is agile, resilient, and quick to respond to change.

For one global products company, we helped rethink their finance staff and skills so that the function could spend less time on routine tasks and more time on supporting growth and innovation. By creating a cross-functional unit to serve as an incubator for breakout growth, the company expects to generate nearly \$100 million in incremental revenue.



High-speed Data and Technology

The foundation of the finance function is a strong enterprise resource planning (ERP) platform connecting trusted internal and external data sources. These data sources should be easy to access and convert into usable insights.

We helped one global travel company improve the quality of its data and analytics as well as its ability to assemble data and insights to generate business value. By using self-service tech and centralizing data and analytics, the company was able to better understand customers' needs and accelerate decision making. This resulted in over \$100 million in new revenue opportunities.

CFOs are investing in automation to improve control, compliance, and speed to insight. In fact, 85% of CFO Now research respondents are spending on tech to automate core tasks and produce real-time data.⁵ And this investment shows no signs of slowing down. Respondents to our Digital Finance Transformation Benchmark Survey planned to increase their investments in digital in 2021 by some 70% from prior years.⁶

27%



of **finance leaders** say that inconsistent, inaccurate, or inaccessible data is stopping them from realizing their full potential as drivers of strategic change.

Investments in tech have focused on the accuracy of historical reporting and cost efficiency. These are important concerns, but the transformational benefits of tech come from what we call “high-speed technology”. High-speed technology looks at the entire process to bring about broad-based transformation. This is different from seeking to automate process activities or steps. High-speed technology requires a combination of technologies —exploiting the native competencies of a cloud-based ERP platform, integrating complementary niche technologies, using artificial intelligence and machine learning to streamline processes and enable automation.

However, in our CFO Now research, only 23% of CFOs are using the cloud to provide new insights and only 16% say they are using the cloud to identify new value sources.⁷ Our Digital Finance research points to a similar slow-to-adopt trend, as seven in ten respondents have just recently started or were still in the experimentation stage of their digital finance transformation.⁸

88%



of Accenture Technology Vision 2021 survey respondents believe putting technology in the hands of employees is critical to igniting innovation across their organization.⁹

The right mix of tech investments can help create the speed to drive enterprise efficiency and value. As noted in our **Make the leap, take the lead** report, the gap between digital leaders and digital laggards is growing every day. Digital leaders are now growing 5x faster than laggards. Successful CFOs are working to get and remain on the right side of this gap. Ambitions are high. Nearly nine-in-ten Digital Finance research respondents aspiring to a comprehensive digital finance transformation in the coming year, anticipated a 1x-5x increase in value realization.¹⁰

High Caliber Talent

An intelligent operating model and high-speed technology are only part of the equation for operating as a responsive central nervous system. The most critical element is talent.

A lot has been written about the importance of investing in building new skills to increase the value finance can drive across the enterprise. Yet, this is still a challenge for many companies. About nine-in-ten Digital Finance Transformation Benchmark Survey respondents lacked a defined finance talent strategy vision and/or roadmap to support their digital finance transformation journey.¹¹ Furthermore, over half of finance leaders did not report any investment in training or reskilling existing finance resources to prepare for transformation.¹²

In our digital world, finance people need the right skills to operate at pace and increase their influence across the enterprise. A first step is to establish a culture of continuous learning to respond to the growing demands placed on finance and the CFO. This is also a building block for making the function more proactive in its dealings with business partners. And when it comes to training and skilling, CFOs are encouraged to opt for a customized method for greater impact. One approach is to create a tailored learning path for each finance member using data and analytics.

As well, taking care of your people, or leaving them better off, is not only the right thing to do, but is also the right thing to do for the business. According to our research, 64% of a person's potential—defined by their ability to use their skills and strengths at work—is influenced by whether they feel better off. What's more, the research shows that organizations able to unlock their people's potential by building trust stand to gain upwards of 5% revenue growth.

To fast track the development of high caliber talent, finance leaders should assign some of the function's high performing, high potential people to this new role. These are strong problem-solvers, who are intellectually curious, collaborative and can work in highly complex situations. They should be supported by data specialists with the skills needed to process the huge amounts of information used to detect potential weaknesses in financial performance and/or uncover market opportunities for driving future growth.

Not to be overlooked, a function with deep financial knowledge is essential on a few fronts. Highly knowledgeable finance functions are crucial to supporting CFOs in their expanded role, a perspective shared by finance leaders in our CFO Now research. Nearly eight-in-ten CFOs claim that without a strong finance team, the organization will not be able to achieve its ambitions moving forward. Deep financial knowledge is critical to identifying and unlocking new business value across the enterprise and developing new business models. This was identified as the most impactful initiative CFOs had been driving outside the finance function in our CFO Now research.

8 in 10



CFOs claim that without a strong finance team, the organization will not be able to achieve its ambitions moving forward.

Building a Stronger Central Nervous System

Our CFO Now research shed light on a new reality—the accelerated pace of business decision-making. And the demands shouldered by CFOs and finance functions are only increasing. Breakout growth and value at breakthrough speed is the new standard. To meet the standard, finance should break down the barriers separating it from the rest of the enterprise. Finance as the central nervous system needs to be connected to all parts of the enterprise. The good news is that most CFOs are moving in the right direction. Our CFO Now research found that 86% of CFOs have increased the frequency and scope of collaboration across the enterprise and 88% have introduced new metrics to measure how well the function is performing in its influencing and collaboration capabilities.¹³

83%

of CFO Now respondents say their finance function provides more advanced insights to C-level business and enterprise partners.¹⁴

Finance's area of influence continues to grow as it partners with R&D, engineering, production, marketing, operations, sales, legal, risk and HR. All converge at the intersection of financial performance, revenue and cost of goods sold (COGS), selling, general and administrative (SG&A) expenses, and R&D expenses. Finance's ability to align traditional and non-traditional performance metrics from across the enterprise is vital to capturing a more comprehensive view of opportunities to seize and risks to mitigate.

For forward-looking CFOs who want to unlock breakout growth at breakthrough speed, they need to start with the right foundation to orchestrate the desired results:

1. An intelligent finance operating model:

Built on real-time processes and agile tools and systems, finance is empowered to act on change and mounting business demands with greater speed, ease, and confidence. And it positions finance to bring leadership and a strategic focus to identifying and unlocking new sources of growth.

2. High-speed data and technology:

Breakthrough speed drives breakout growth and value. This is also true when it comes to data and tech. Having quick access to trusted internal and external data, and smart tech can help transform a business model for the digital age.

3. High caliber talent: Highly skilled and deeply knowledgeable finance people are the linchpin of a more data-driven enterprise. Strong problem-solving skills, a collaborative and adaptive mindset, and the ability to work on highly complex issues is critical.

As stakeholder expectations continue to grow, the role of a responsive central nervous system is a next step in the expanding duties of finance. Finance can provide crucial insight, timely guidance, and greater control as organizations navigate an increasingly complex and disrupted business landscape. Most importantly, finance is best positioned to offer the needed leadership, skills, and fresh thinking to identify and unlock new business value. The faster finance can assume this critical role, the faster the enterprise can build resiliency and create competitive advantage.

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About the Authors



Cherene Powell
Managing Director
Accenture Strategy

Cherene leads our CFO & Enterprise Value Midwest business and Digital Finance research and thought leadership. Based in Minneapolis, Cherene is a dedicated leader and brings her 20 years of experience to helping Fortune 1000 companies transform their operating models, cost structure, and technology strategy to provide fuel to their growth ambitions and operational efficiency goals. Her current focus is working with CFOs to define the future of their finance function including assessing the impact of digitization, globalization, and innovation in service delivery.



Paul Prendergast
Managing Director
Accenture CFO & Enterprise Value

Paul leads the practice in Europe. Based in London, Paul is an experienced program lead with a solid track record in finance function and digital transformations, Global Business Services (GBS) implementation, large scale organizational change management programs and systems implementations. His current focus is working with CFOs and GBS leads to digitize their operations and strengthen their analytics and insight capabilities for improved business partnering and sustainable growth.



Raghvendra Singh
Managing Director
Accenture CFO & Enterprise Value

Raghvendra leads the CFO & Enterprise Value practice for Growth Markets. Based in Singapore, Raghvendra has led large scale finance transformation, cost optimization, Global Business Services (GBS), M&A integrations and platform implementations for more than 20 years. He is also the Global Offering lead for Finance Operations Transformation at Accenture and currently focuses on advising CFOs on optimizing their operating models by leveraging digital, technology, data, and analytics for better value to the enterprise.

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