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# CFO SURVEY RESULTS

## INSIGHTS FROM CFOs ON DATA USE

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## Data analytics and dashboarding are enabling Chief Financial Officers (CFOs) to leverage real-time insights and accelerate fact-based decision making.

The rise of Big Data brought this to the forefront years ago, however the dramatic events of 2020 made it a mission-critical part of the finance function. Companies across all stages, sizes, and sectors were faced with the question in real time: how can we extrapolate from our data what might be, versus what has been?

AAFCPAs set out to learn more about where CFOs are in this journey. In collaboration with the Boston Chapter of Financial Executives International (FEI-Boston), we conducted a survey of CFOs to better understand how they are leveraging data to answer key business questions (KBQs) and drive strategic business improvements.

We asked CFOs to:

- Consider high-value KBQs* and their potential to impact the business.
- Evaluate their data inventory and processes around data collection.
- Gauge how they are leveraging data to provide actionable insights.

### *What's a KBQ?

Key Business Questions (KBQs) are forward-looking questions that establish a framework for what you will do with the insights produced by analytics. These questions are central to the overall strategy you are deploying or considering deploying in the future. AAFCPAs assists clients in defining and prioritizing high-value KBQs in order to bridge the divide between insight and action.

# THE ROLE OF THE CFO

**AAFCPAs' 2021 CFO Survey, conducted in collaboration with the Boston Chapter of Financial Executives International (FEI-Boston), captured feedback from more than 200 senior financial executives from the Northeast region of the United States.**

## 200+

SENIOR FINANCIAL EXECUTIVES COMPLETED THE SURVEY

Survey respondents included:

Chief Financial Officers, Chief Accounting Officers, Controllers, Treasurers, Vice Presidents of Finance, Vice Presidents of Planning and Analysis, Vice Presidents of Tax, Vice Presidents of Pension Fund Investments, Vice Presidents of Risk Management, Directors of Finance, Taxes, Treasury, Accounting, and Audit Committee members.

80% represent middle market companies in New England, from public and private sector commercial business, nonprofit, and government.

# THE ROLE OF THE CFO

## CFOs are a dynamic force in achieving a company's vision.

They are recognized as innovators involved in nearly every facet of the organization including governance, performance, and strategic growth.

At a high level, the role of the CFO remains consistent: the primary goal is to provide clarity to the financial situation. That will likely always be the guiding light for senior financial executives, as they are charged with interpreting and delivering the numbers in a meaningful way to diverse constituencies: owners, investors/funders, boards, employees, and other stakeholders. 2020 created a slight but noteworthy change in other functional priorities – ***in 2021, CFOs believe that a focus on the future is more imperative than it was four years ago.*** More organizations are looking to CFOs to think through where they may be headed as well as where they are today.

**IN OUR 2020-2021 CFO SURVEY, AAFCPAs ASKED THE SAME QUESTION WE ASKED CFO SURVEY RESPONDENTS BACK IN 2017:**

| WHAT DOES YOUR CEO/EXECUTIVE DIRECTOR WANT MOST FROM YOU? | 2017 | 2021 |
|---|---|---|
| **Bring clarity to the financial situation** | **51%** | **49%** |
| Manage compliance & financial risks | 17% | 17% |
| Maintain focus on the future | 9% | 14% |
| Improve profits & cash flow | 13% | 12% |
| Control costs & expenses | 9% | 6% |
| Optimize IT performance & data security | 1% | 1% |

# THE ROLE OF DATA

## CFOs value data, have access to it, and are putting it to use.

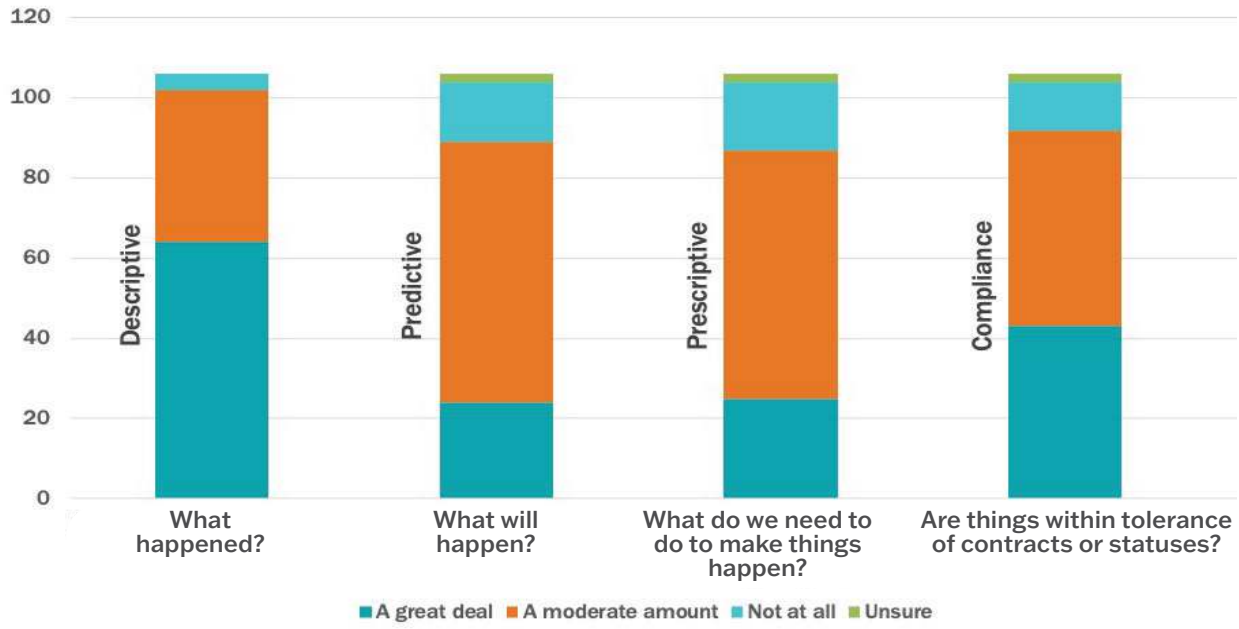
Having access to more data is now routine for CFOs. The next evolution is about understanding how to fully utilize it in a way that crosses over traditional boundaries of pure accounting. The pandemic brought this into focus as executive teams scrambled to make sense of a unique situation. Data has always been used by businesses to separate themselves from the competition. But now, as we think about economic recovery from COVID — and risk management for similar disruptions in the future — CFOs have realized how critical data intelligence is to their future success and sustainability. They also place a higher value on sharing information across departments in order to keep stakeholders apprised and aligned.

**61%**
of respondents reported data analytics as a higher priority in response to the Coronavirus pandemic.

**65%**
of respondents indicated analytics are used across multiple departments or universally across the entire company.

## WE ASKED CFOs:

### To what extent have you defined key business questions (KBQs) that determine which key performance indicators (KPIs) and metrics you analyze?




**Respondents reported the most progress in defining Descriptive and Compliance-related KBQs.**

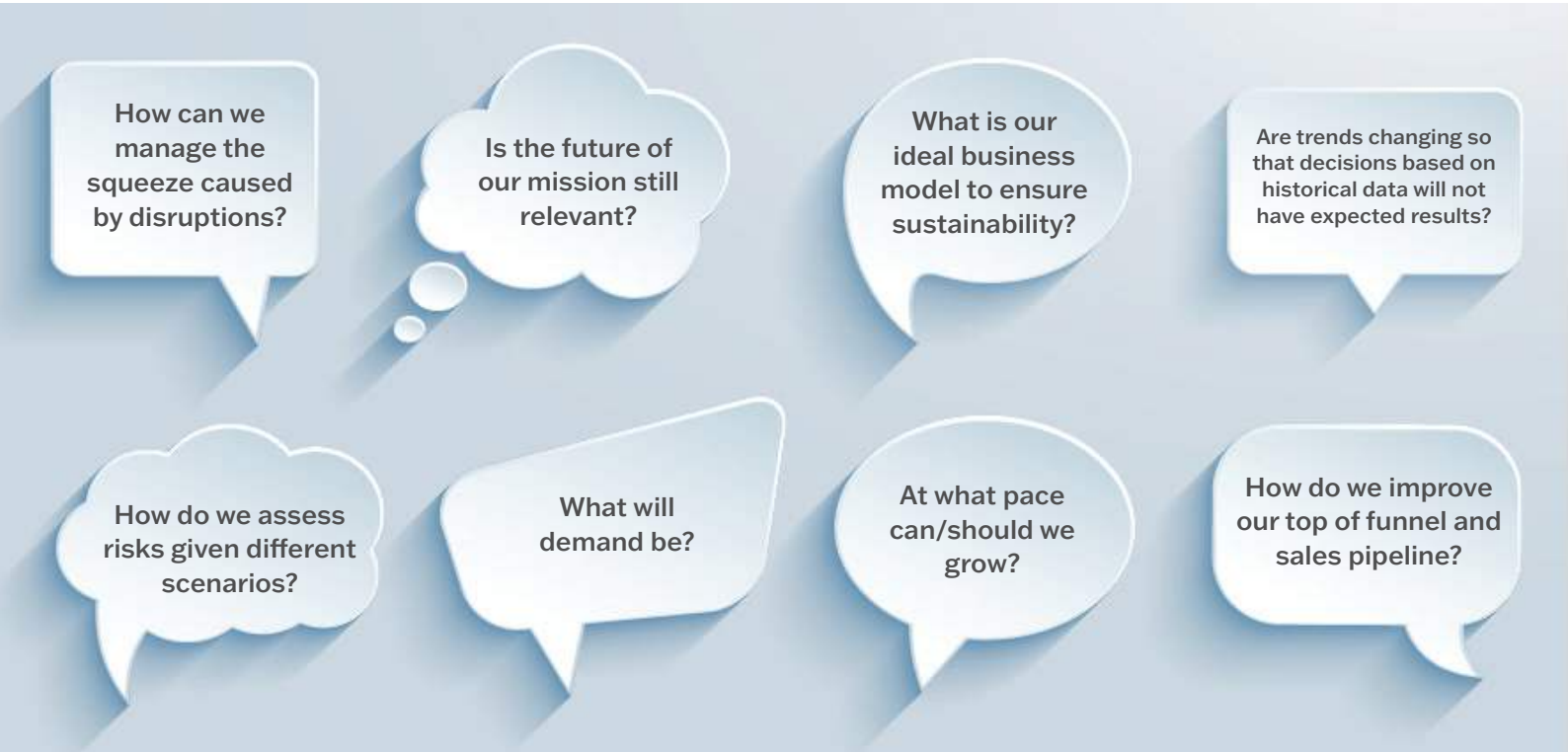
Usage of Descriptive (Historical) Data appears to be the focus, with 96% of respondents reporting moderate to a great deal of progress defining KBQs that determine which KPIs and metrics to analyze.

## WE ASKED CFOs:

# What is the most important key business question(s) you hope to answer heading into 2021?

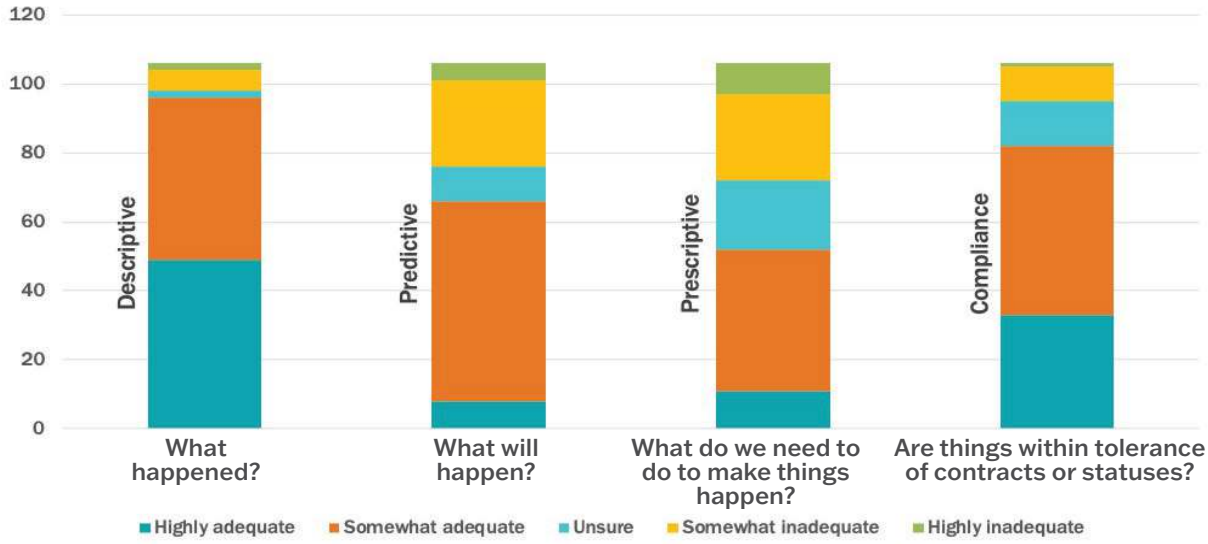
### With so much turmoil, most respondents shared KBQs that were more Predictive and Prescriptive.

Predictive and Prescriptive Analytics require CFOs to identify leading indicators (versus lagging), which serve as mile markers to tell if the organization is headed in the right direction—a course charted by the strategic plan. This data is also used to help CFOs make meaningful correlations between financial and non-financial metrics. These insights can influence both large and small changes in key areas that may lead to a profound impact on constituents and the bottom line.



## WE ASKED CFOs:

### How adequate is the data you currently collect should you wish to perform the following analyses?




**When the sudden need for Prescriptive and Predictive data eclipsed the need for the traditional focus on Historical and Descriptive data, a pain point was exposed for many organizations.**

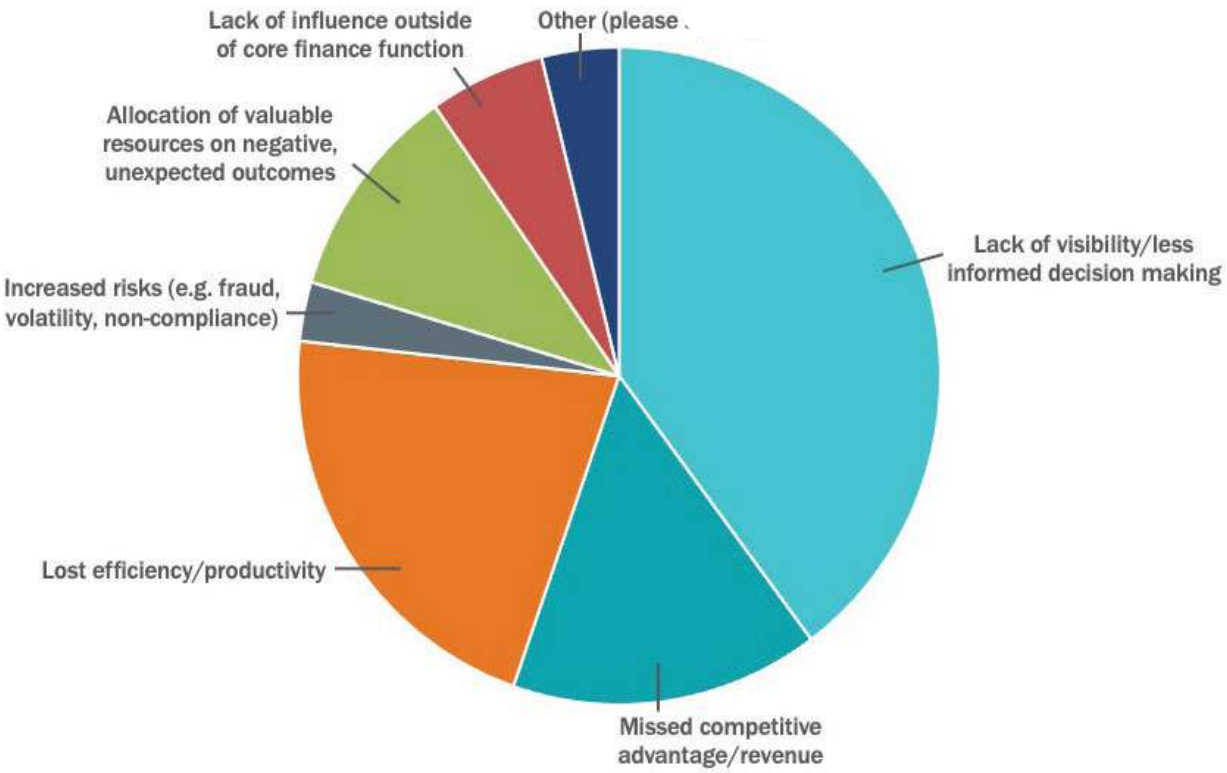
***Respondents reported that collecting Predictive and Prescriptive data is the weakest link, at a time when that information would be the most helpful.***

Equally telling was that CFOs reported "lack of visibility/less informed direction" as the most glaring opportunity cost for not leveraging data. The ability to resolve that is directly tied to Predictive and Prescriptive data — which also boosts the CFO's goals of creating a clear financial picture and maintaining a focus on the future.

# WHAT ARE THE MOST PRESSING CHALLENGES

## WE ASKED CFOs:

**What is your primary business or opportunity cost for not leveraging data?**



## WE ASKED CFOs:

### What factor(s) negatively affect your ability to capture the necessary data to make meaningful decisions?

**Personnel limitations**
Lack of time, skills, buy-in

**System limitations**
Systems are not in place, disparate systems, lack of integration

**Process limitations**
Our processes do not specify the need to collect data

**Unexpected challenges**
Unknowns presented by COVID-19

- Process
- COVID-19

With the pandemic rewriting the rules, we asked CFOs to contemplate their biggest challenges in leveraging data to provide actionable insights.

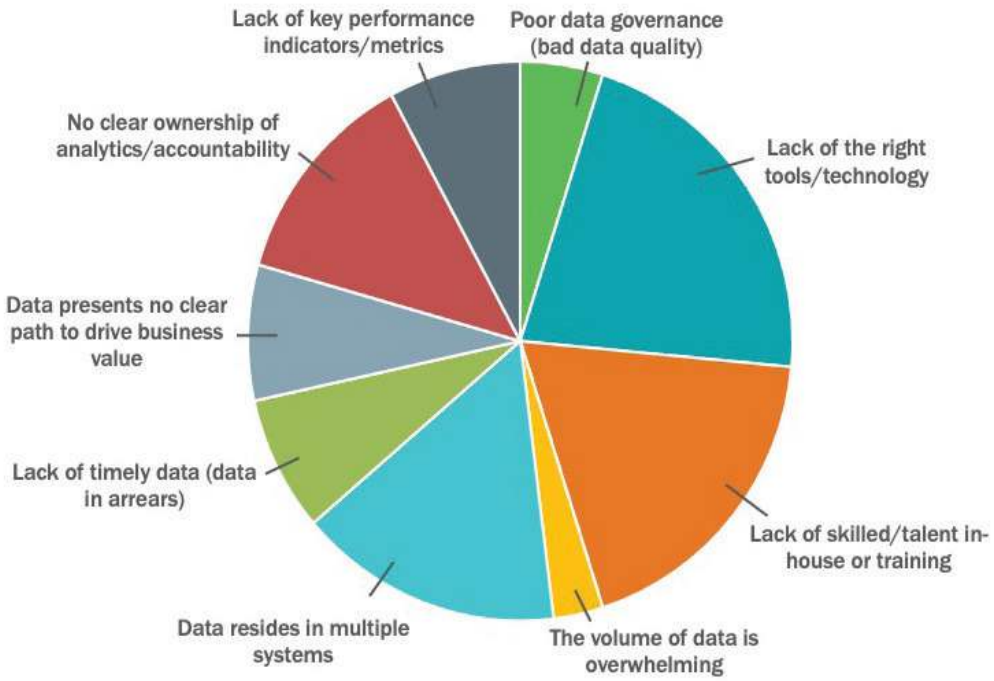
- People
- Systems

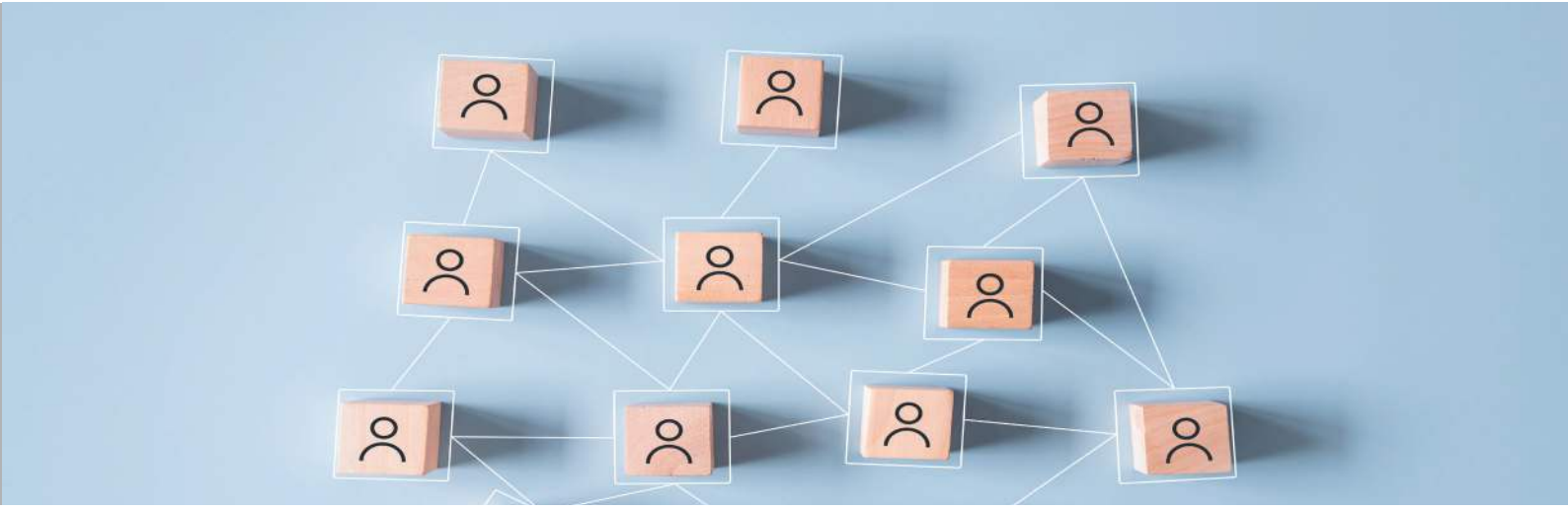
## WE ASKED CFOs:

# What is the biggest challenge in turning data insights into actionable business value?

### People and systems once again topped the list!

Systems limitations include lack of the right tools/technology, data residing in multiple systems; people limitations include lack of skilled talent in-house or training, and no clear ownership.





## WE ASKED CFOs:

# What is your primary challenge in meeting the expectations of your CEO?

| Responses | 2017 | 2021 |
|---|---|---|
| **Human resource limitations/team bandwidth** | **33%** | **49%** |
| Lack of meaningful metrics | 19% | 19% |
| Budget constraints | 19% | 14% |
| Lack of collaboration with operations & sales functions | 15% | 9% |
| IT performance issues | 9% | 5% |
| Regulatory issues | 5% | 4% |

**AAFCPAs' CFO Survey found a significant rise (up 16%) in the lack of availability of human talent as a challenge in meeting the expectations of CEOs.**

This correlates to the challenges around systems and personnel, showing a clear trend: CFOs embrace their goals and the use of data as a key support. But they are missing the talent and technology to bring the two together.

Without a resolution, this trend could grow into a significant roadblock. It could result in CFOs having less visibility and insight, being held back from developing a full picture, not being able to present the most compelling points to the CEO, budget constraints due to uncertainty, and the CEO's inability to invest in the talent they need to provide a more accurate outlook. The cycle repeats, potentially holding back the entire company.

# AAFCPAs' VIEWPOINT

## IN ORDER FOR CFOs TO BRING THEIR "A" GAME, THEY NEED ACCESS TO "A" TALENT.

CFOs remain hard pressed to find, engage, train, and retain finance talent with the right mix of capabilities and skills required to drive financial insight.

Especially as Data Analytics increases in priority, CFOs need access to teams with an aptitude for critical thinking, AI platforms (e.g. Google AI, Microsoft Azure, and Watson Studio), statistical programming languages (e.g. SQL, R, or Python), data analytics and data visualization tools beyond Excel (e.g. Power BI, Tableau), and those with predictive analytics capabilities (e.g. SAP Analytics, RapidMinor, Alteryx, and SPSS).

"A" talent does not have to work directly for the organization — and perhaps the best fit is not a full-time solution. The organization should consider the benefits of outsourcing specialized talent as needed and other creative solutions to address this problem, which may not be going away anytime soon.

***"The finance function too often finds itself with talent that is not aligned with the real goals of the department or the company. The role of the finance function keeps expanding, and the old school approach to staffing does not work in this very new world. For businesses to bring their "A" game, they need "A" finance talent."***

Janice O'Reilly, CPA, leader of AAFCPAs' outsourced accounting & finance practice

# WHAT IS NEEDED TO OVERCOME THE CHALLENGES

## CFOs CLEARLY IDENTIFIED WHAT THEY NEED IN ORDER TO OVERCOME THE CHALLENGES AHEAD.

### SOLVE FOR HUMAN CAPITAL

**Time:** Human resource limitations/team bandwidth

**Expertise:** Lack of skilled talent in-house, or training

### SOLVE FOR TECHNOLOGICAL CAPITAL

**Efficiency:** Aggregating data into a single repository (data currently resides in multiple places)

**Clarity:** Tools for on-demand and meaningful data

## TAKE BACK YOUR TIME!

You cannot make time. You cannot find time. CFOs must TAKE TIME for high priority activities like data analytics. AAFCPAs has outlined strategies below to allow CFOs and finance talent to take their valuable time back to perform knowledge work:

- Automate high-volume/low complexity tasks with Business Process Improvements, including Robotic Processes Automation. If you could automate three rote processes, what would they be?
- Leverage or outsource transactional accounting processes. AAFCPAs' Managed Accounting Solutions practice provides outsourced talent to allow CFOs to shift time, money, and other resources to focus on high-value, strategic business activities and vision, instead of focusing on administrative functions.

## ACHIEVE EFFICIENCY

CFOs require tools that will allow them to easily access data, in a meaningful format, on demand. Additionally, they need to overcome hurdles presented by disparate systems, noise and clutter, and the need for timing to consume and manipulate.

- AAFCPAs introduces Systems Integration Tools as appropriate to allow organizations to overcome challenges and delays posed by data residing in multiple, disparate systems. Data can be aggregated into a single repository.
- AAFCPAs' Data Analysts utilize Robotic Process Automation to improve the quality of data. This includes sifting through large amounts of data to identify relevant information, and then structuring and clearly organizing the data to make it more meaningful for human consumption. We reduce the noise and accelerate the speed of transforming data to insight.

# WHAT IS NEEDED TO OVERCOME THE CHALLENGES

## IDENTIFY THE EXPERTISE

Expertise may be acquired through specialized hiring, training, or outsourcing. AAFCPAs has outlined key capabilities and skills required to drive financial insight.

- Your Data Team must understand statistical programming languages, as well as have expert knowledge using spreadsheet tools and database systems.
- They must be critical thinkers who uncover and synthesize connections, and help you visualize the data in a meaningful way.
- They must help you define and prioritize high-value KBQs to ensure data initiatives translate into real business value, such as operational efficiency and financial profitability.
- They must be able to help you define the appropriate metrics/KPIs that will answer your KBQ.
- They must be able to evaluate your current data posture. This includes the ability to extract, inspect, and cleanse the data collected, identify gaps in available data, and help to establish procedures and a company-wide culture to overcome poor data governance. This may include an assessment of your processes, methods, and policies in order to enhance data collection.

**At AAFCPAs, we coordinate with cross-functional teams and your other advisors, as appropriate, including your audit team, to identify areas where data optimization may improve efficiency and profitability.**

## ACHIEVE CLARITY

In many cases, there is no shortage of data; however, there are challenges in quickly accessing it, and then presenting it just as quickly in a meaningful way – or in the way that is required.

- **Data Visualization Tools,** such as dashboards, are helping CFOs better meet CEO expectations related to financial clarity and providing more meaningful data in a shorter period of time. Dashboards enhance shared financial and operational comprehension, and the graphs and visuals inspire practical, productive conversations to improve analytics.
- As businesses experience exponential growth in available data, leading edge companies are turning toward **Data Storytelling and Artificial Intelligence-driven solutions** to make the most out of the data. Data storytelling plays an invaluable role in communicating insights and helping business users better understand and act on the data. Data Storytelling is a communication technique that involves weaving stories or descriptive narratives around data to ensure insights are well received, retained, and deployed for action.

**Systems integrations, automation, dashboarding, and data storytelling are enabling organizations to leverage more 'real-time' analytics and accelerate informed decision making.**

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## There were countless lessons learned over the past two years, and difficult decisions remain for CFOs to make as they chart the way forward.

Their perseverance and willingness to adapt through this time is remarkable. CFOs have embraced new technologies, managed through treacherous territory, and in many cases emerged from the pandemic stronger than they went in.

One of the most prominent changes was the heavy reliance on the digital environment. CFOs were called upon to maximize every digital resource at hand, and data was a central piece. While companies are all at different stages of data collection and interpretation, CFOs now recognize that it is the key to understanding how they got here and how to get to where they want to go.

As CFOs continue to pivot out of this period of extreme uncertainty, they want to gather the right data, visualize it, and turn it into actionable guidance for how their organizations should spend precious time and resources. Those that do it well will create a distinct competitive advantage at a time when the landscape is being reinvented.

## GET IN TOUCH

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## About AAFCPAs Business Process & IT Consulting

AAFCPAs' integrated Business Process & IT Consulting team includes senior-level technologists, data analysts, Certified Ethical Hackers, Statisticians, CPAs, CFOs, and business process improvement architects with a broad understanding of how the interconnected components of people, process, and technology must be orchestrated to overcome pitfalls and accelerate speed to insight. We pragmatically answer the questions "What do I need most," "How can I make sure we use it to its fullest potential," and "Is our data secure?" We assist clients in implementing their technology to its fullest potential, optimizing the efficiency of processes, and minimizing risks. We use state-of-the-art project management frameworks and principles. Our team is smart, prepared, highly ethical, courteous, and enthusiastic about helping our clients succeed. We believe that proactive and open communication with our clients will always be the key to success in delivering outstanding consulting services.