

REPORT

Architects of business change: Awakening the potential of the modern CFO

Anaplan : **Deloitte.**



Foreword

The past few years have been filled with many unexpected lessons that have changed the way we live, work, and prosper together. Nations had to gather insights from every corner of the globe to plan effectively. And that data was integral to informing decision-making when it came to vaccine development, pandemic protocols, and even economic responses.

This type of planning – where data from across the enterprise is turned into strategic action – is what we at Anaplan call, Connected Planning. It's a technology-enabled approach to business planning that transforms the way organizations use data to manage plans and people.

In fact, I joined the Anaplan executive team after having previously been a customer while serving as a Chief Financial Officer at The Coca-Cola Company in the ubiquitous McDonald's restaurant division. So, I'd already accepted the concept of Connected Planning as a best practice, as had many of my colleagues over the past decade. However, there were many more businesses that hadn't.

But when a catastrophic event – such as COVID-19 – strikes, all sorts of organizational weaknesses are revealed. Businesses that hadn't embraced practices such as Connected Planning were left struggling to accurately forecast when (or how) they'd be able to return to pre-pandemic levels of performance.

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So, while some CFOs already had the right automated tools in place to help them rapidly model out new “what-if” scenarios within hours, others took months to do the same – by which point, most of their data was long stale.

Our latest findings, managed by Harris Poll, validate something I've long believed – CFOs are critical to driving digital transformation and expanding growth opportunities. And while we've done our best to dispel the myth of the CFO as a risk-averse, cost gatekeeper, there's still more to be done – and I hope these findings inspire

CFOs to step boldly into their role as strategic leaders. The disruptions of the past few years have laid bare the importance of business connectivity across an enterprise. And to fully understand business risks and opportunities, CFOs need to be able to gather critical insights from every corner of the organization. Achieving this requires a more democratized approach to decision making. Because siloed business planning practices are not only ineffective – they are down-right detrimental.

I recognize there may be cultural tensions within organizations that prevent CFOs from becoming true strategic leaders. But I also believe the CFO is uniquely positioned to overcome those tensions by demonstrating how data can be leveraged for cross-functional use. And when a CFO shows genuine interest in modernizing and building resilience in areas such as the supply chain, HR, sales, and marketing, it goes a long way towards winning over hearts and minds.

A CFO who hasn't taken the time to foster strong relationships is one destined to fail. But by demonstrating a willingness to help in other areas of the business, a CFO can use their emotional intelligence to foster the mutual trust required to better optimize organizational agility and power strategic growth – both of which are key to success these days.

So, while the findings in this research are exciting, they aren't altogether surprising. The opportunity now lies in how this information is used, so I encourage you to read the full report and use it to inform your approach to strategic leadership.

In closing, I'd like to thank our partners at Deloitte for helping us conduct this research. Their assistance was critical in gathering the data that highlights the expanding role – and expectations – of the CFO.

Best,



Victor C. Barnes
Chief of Connected Planning
Anaplan

Executive summary

In a landscape of continuous market uncertainty, today's Chief Financial Officers (CFOs) hold the potential to be their business' architect of change, re-orientating their focus to push their organization towards future success.

They just might not know it – yet.

Across the c-suite, CFOs stand out as one of the most strategically minded, flexible and tactical leaders. From problem solving to understanding operational realities, their colleagues appreciate their responsibilities and strengths across the business.

But our research has revealed a contrast between how much CFOs are valued by their colleagues and how much they value themselves. As you will read, CFOs repeatedly undervalue their efforts – despite often being revered as “inspiring” by other leaders and the wider business – across initiatives such as Environmental, Social and Governance (ESG) or their connections across disparate business units.

Today's business environment calls for holistic and dynamic plans. Guided by frontline employees and supported by technology with real-time insights, strategies must ensure effective operations today and tomorrow – from pivoting strategies rapidly to redeploying resources and optimizing plans for growth, profitability, demand, and efficiency.

And this is where the opportunity lies for CFOs to realize their potential as the link to every corner of the business. In fact, colleagues want to see more collaboration and connection between CFOs and other business units – believing this will improve cross-functional relationships by breaking down silos.

The role of the CFO is fast evolving, making it an exciting – and demanding – time to be one. In this report, we'll explore the perceptions colleagues have of their CFOs, how CFOs view themselves, the opportunities for their role to drive organizational success and what's on hand to support their leadership – be it through democratized planning, building connections or championing ESG initiatives.



CFOs: The business' compass in uncertain times

Planning has historically always been a siloed process in businesses. At the end of every year, each department head would propose their strategy to move forward, the CFO would review their individual budget requests – either offering approvals or adjustments based on company financials, and from there a larger business plan would be formed.

However, what this often results in is a broader scheme that's neither agile nor strategic – and ultimately, not connected. That's because the c-suite is often divorced from the day-to-day minutia of the business' operations, so they're not best placed to solely determine this larger business plan. And this can leave workers at the mercy of a strategy that simply doesn't reflect their reality.

Couple this siloed process with accelerated change and volatility, like we've seen since the start of the global pandemic, and it's no wonder traditional planning processes – where plans are created in a vacuum and checked on a yearly or quarterly basis – couldn't keep pace.

What would help business leaders minimize disruption?

People dynamics: better communication, different / new skillsets



Improved technology: technology to make work smarter, easier, and faster



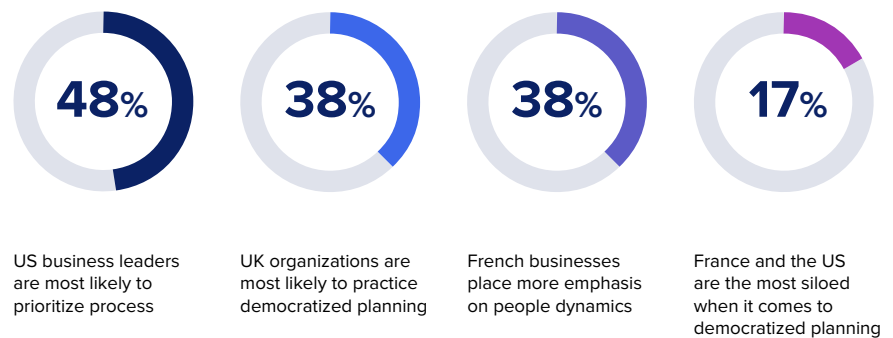
Processes: make work flows more efficient



In retrospect, 82% of Chief Financial Officers (CFOs) and 86% of their business colleagues agree the challenges their businesses face – such as the transition to hybrid work and supply chain volatility – could have been improved with stronger communication between departments.

So, moving forward, it's essential global business leaders revamp their approach to planning to be more collaborative, agile, and real-time. As our survey revealed, achieving this requires improvements in people dynamics, support technology, and processes. Striking a balance between these three considerations will be essential to the future of firms – as those factors largely determine an organization's ability to handle market uncertainty.

On a regional level...



Currently, at the regional level, we find US business leaders are a lot more likely to prioritize process (48%), while French businesses tend to place more emphasis on people dynamics (42%). While both these factors are critical to stabilizing a business during uncertain times, real improvement in democratized planning is still hindered by organizational silos. As it stands, UK organizations are most likely to practice democratized planning (38%), while France and the US are the most siloed, both at 17%.

CFOs are in a unique position to merge these disparate elements by becoming the connective tissue between departments. Our research shows CFOs prioritize improving support technology and business processes almost evenly (despite their colleagues tending to perceive them as much more process driven).

What's more, 88% of CFOs and their colleagues feel that democratized planning is critical to becoming more agile – yet only a quarter feel their organization is highly democratized.

And with half of CFOs (51%) and their colleagues (52%) sharing the belief that better forecasting will be central to successful planning when it comes to sustaining their businesses, it seems global leaders agree on this front. Furthermore, most (47%) believe improved tools and systems that help them anticipate changes will also be critical to effective forecasting.

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However, while global business leaders and CFOs are on similar wavelengths when it comes to improving processes and technology, CFOs do appear to place more emphasis on these factors over people dynamics, when compared to their colleagues.

For instance, CFOs are less likely to focus on increasing connections between their co-workers during times of disruption than their colleagues (43% vs 52%). Compounding this further is the revelation that 54% of leaders in other departments recognize collaboration as especially important, while just 46% of those in finance roles do.

So, understanding why CFOs feel this way about the workforce (and figuring out how to reverse it) will be central to evolving not only how the CFO's colleagues perceive them, but how CFOs perceive themselves. And if rectified, it will go a long way towards driving democratized planning and other business objectives more effectively.



CFO self-reflections: a rift in perceptions

Of the c-suite class, the CFO stands out as one of the most strategically minded, flexible, and tactical leaders, according to their colleagues. As such, they're united in the feeling that CFOs should be positioned within the business as:

- 1. **A trusted advisor to the CEO**
- 2. **A strategic leader**

When asked directly how well their CFO is performing across a range of responsibilities, colleagues' approval ratings mirror the CFO's own perception of their leadership aptitude in the following:

1. The CFO helps us solve our business problems



2. The CFO understands our operational realities

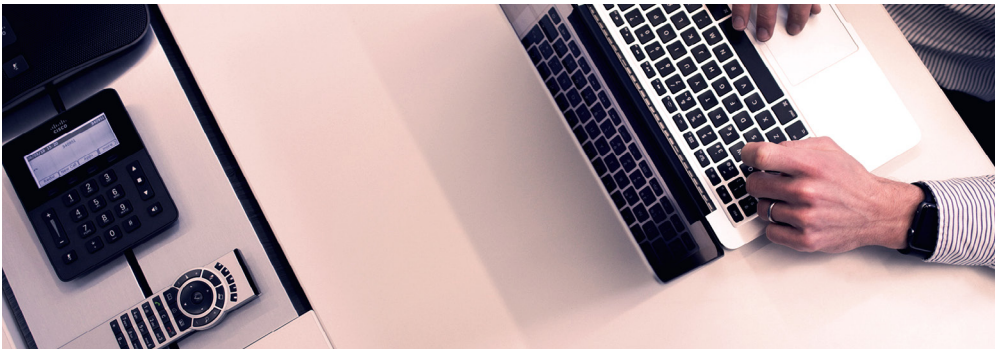


3. The CFO has a strong relationship with our business unit



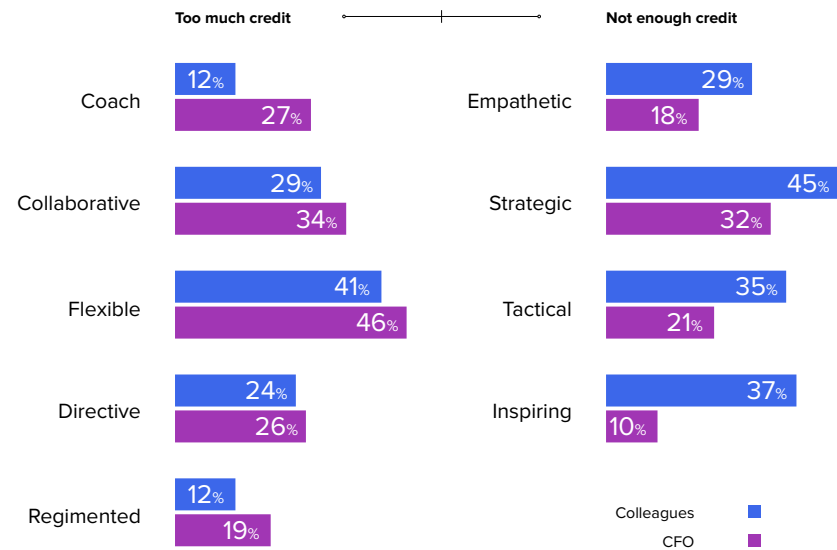
And when it comes to how CFOs are perceived country to country, French leaders are most likely to see their CFOs as empathetic (45%), Singaporean leaders especially value flexibility (52%), and Japan expects their CFOs to have a more direct approach (50%).

However, while perceptions may be fairly unanimous when it comes to the CFO's ability to perform well at the business function level, misalignments begin to appear when looking at the human level.



For instance, CFOs tend to over-credit themselves when it comes to actively coaching others across the organization (27% CFOs vs. 12% colleagues). Yet, perhaps counterintuitively, CFOs are also seen as “inspiring” by others – a personal characteristic that many CFOs didn’t see in themselves, with only 10% of CFOs considering themselves as inspiring vs. 37% of their colleagues.

Desirable CFO Qualities



Similarly, while CFOs feel they have successfully supported their companies in the wake of the pandemic, they still might not be giving themselves enough credit.

It seems the global period of disruption helped businesses understand the value and importance of the CFO in ways they themselves have yet to realize – let alone capitalize on

And this dynamic of undervaluing their efforts seems to hold across a variety of business challenges. Regardless of role or department, CFOs’ colleagues almost always give them higher praise than CFOs give themselves. We see this even in the case of tech-related efforts, such as facilitating hybrid work and ensuring effective cybersecurity measures – duties that historically fall to CIOs.

It seems the global period of disruption helped businesses understand the value and importance of the CFO in ways they themselves have yet to realize – let alone capitalize on. And these evolving perceptions may be key to continuing the drive for necessary changes – such as democratized planning – which is needed within their organizations.

ESG progress starts and ends with the CFO

The misalignment between how CFOs see themselves versus how the rest of the organization does, truly comes to a head when we enter the realm of Environmental, Social, and Governance (ESG) initiatives.

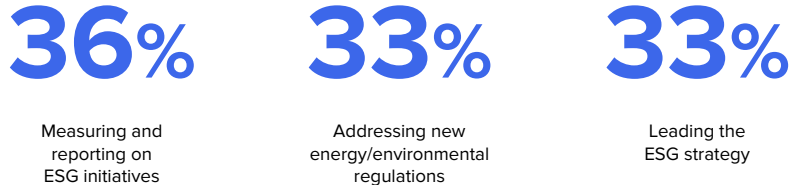
ESG is already of high importance to CFOs, their colleagues and the workforce at large. However, there's an interesting disparity between how the organization perceives their CFO's efforts around ESG matters, and how CFOs see themselves.

Because not only do a large proportion of business leaders consider ESG to primarily be a concern for the CFO to champion, but they also believe it's the second most common challenge that the CFO plays a key role in addressing (66%) – just after keeping up with regulatory changes (68%).

CFOs consider themselves the least effective when it comes to addressing ESG initiatives (78%) – despite the rest of the business seeing it as one of their top three successes (91%)

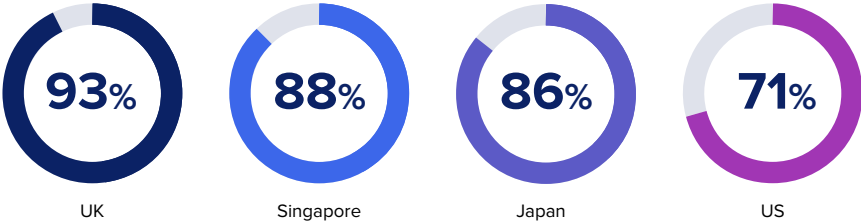
It's in stark contrast with the role CFOs think they're playing on this front. As, despite the positive words from their colleagues, ESG is quite low down in the list of priorities for CFOs. Currently, CFOs rank the management of ESG initiatives as fifth on their list of priorities (70%), only above ensuring effective cybersecurity (57%).

In fact, CFOs consider themselves the least effective when it comes to addressing ESG initiatives (78%) – despite the rest of the business seeing it as one of their top three successes (91%). And the remaining top three responsibilities the wider business see as CFO-owned were also ESG related:

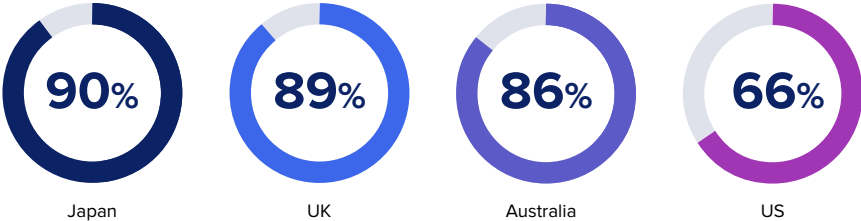


So, beyond the planning phase, there also seems to be a real opportunity for CFOs to expand their role in managing their organization's ESG initiatives. With ESG set to only grow as a priority for all businesses, if CFOs can embrace it as one of their core priorities and make that commitment more visible, significant improvements could be made in this realm.

The percentage of business leaders who value the successful delivery of ESG initiatives



The percentage of business leaders who agree it's the responsibility of the CFO to select the right resources to effectively execute ESG



Breaking down silos through improved trust and mutual understanding

Despite the generally positive ratings CFOs receive from most of their organizational colleagues, it isn't all roses. For instance, marketing/sales colleagues tend to be more critical of their CFO's performance.

For these leaders, the CFO is more likely to be perceived as a barrier preventing them from delivering on agile strategic planning (for instance, being able to take more risks and invest more managerial power in forward-thinking ESG initiatives).

According to more than half of marketing/sales colleagues (55%), increasing collaboration and connection between the CFO and their business units will help reduce conflict

According to more than half of marketing/sales colleagues (55%), increasing collaboration and connection between the CFO and their business units will help reduce conflict between what their teams feel they need, as well as the budget and time CFOs are willing to give them.

It should be noted 78% of their colleagues also feel the CFOs' relationship with individual business units has the most room for improvement, especially in Japan (87%) and the UK (85%).



Colleagues do want more from their CFOs, such as providing stronger strategic vision and planning. In terms of key global market differences, Australian (43%) colleagues tend to place greater emphasis on solving immediate business problems, whereas Japanese businesses (43%) feel their CFOs should be more grounded in operational realities.

To improve cross-functional relationships, colleagues do want more from their CFOs - they want CFOs to prioritize:

40%

Stronger strategic vision

37%

Stronger planning and growth orientation

33%

Increased understanding of operational realities

31%

Greater focus on solving business problems



Summary

So, this is a special time for the CFO. Their role is expanding across the organization in new and exciting ways, and their perception is transforming as a result. They've helped see their businesses through disruption after disruption, and it hasn't gone unnoticed. In fact, it has left their colleagues wanting more.

Going forward, whether in the delivery of democratized planning, or ESG initiatives, success will largely depend on whether individual CFOs are able to evolve with the times. And it will be those that can positively pivot their role and responsibilities in line with their colleagues' perceptions that will have the best chance at achieving this.

Methodology

This survey was conducted online in seven countries (US, UK, Australia, France, Germany, Japan, and Singapore) by Harris Insights and Analytics. Fielding occurred March 1-11 2022 and included 710 participants (178 CFOs and 532 senior/VP+ level colleagues) in finance, supply chain, and sales and marketing roles. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated.

About Anaplan

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