



Ending the Era of the Financial Scorekeeper

5 Steps for Preparing Your
Organization for Life Beyond Excel

Introduction

The era of the backwards-looking financial scorekeeper is over. The most successful CFOs use their data to get ahead. Forward-thinking CFOs surround themselves with the tools to see well into the future of their business because their business depends on their skills to lead them that far. CFOs are expected to start making sense of their data well beyond the basics of rudimentary financial reports.

To that end, according to an article published by The Wharton School, the highest-performing CFOs are referred to as “value integrators.” They are more successful than their peers at integrating information from:

- Internal sources
- Planning and forecasting
- Measuring and monitoring business performance

Excel is hardly the right tool for CFOs who need to take control of their data and deliver new insights to their teams. Spreadsheets are limited, dated, and static information wells that CFOs can only tap so much value out of.

In this eBook, we will discuss five steps CFOs need to take to think outside of the checkered box of the spreadsheet and lead a post-Excel workforce.

Tip 1:

Gain a Holistic View of Financial Data from All Angles



“Problems are often complex, and they require creativity to solve them.”

—David Wessels, Wharton Finance Professor

Leveraging certain data sets to solve well-structured accounting problems is one thing. But what happens when CFOs are faced with more complex problems that require a different plan of attack?

Accessing the wealth of existing financial data is the best place to start piecing together an answer. The challenge in Excel is unifying incomplete or redundant data from sheet to sheet to get the complete picture. CFOs are often working with multiple, disconnected sheets that are rife with errors and devoid of track changes. There really is no single version of the truth. And without it, CFOs are hard-pressed to arrive at a timely and accurate conclusion.

CEOs are depending on their CFOs to deliver executable answers. As Wessels points out, “The CEO, the board, and other leaders are looking for CFOs who can assess disparate data from many areas of the firm and create a long-term path forward.”¹

IBM Cognos TM1 cuts out the long paper trail of spreadsheet matching to present a unified view of all operational data under a top-down or drill-down view. With this flexibility, decisions can be made with the most accurate, up-to-date information.

1. <http://executiveeducation.wharton.upenn.edu/thought-leadership/wharton-at-work/2015/02/the-cfos-changing-role>

Tip 2:

Detour Around Operational Sinkholes



“Most CFOs would love to do more on the strategic side. But they can’t get past the operational and tactical aspects of their jobs.”

—Egidio Zarrella, KPMG

According to a recent survey KPMG and Forbes Insights held between 178 chief executives, business owners, and chairmen of large companies, “CEOs want to see more big-picture, strategic thinking from their CFOs.”² Their call to action is simple: CFOs should be more involved in planning and leading growth initiatives for their respective business.

However, these finance leaders are often mired by the impediments that their current Excel-based financial planning and reporting schemes present. CFOs spend more time creating elaborate macros,

checking for errors, and manually inputting new data from individual spreadsheets. They juggle all of this while dealing with the pressure of meeting stringent financial regulatory demands.

CFOs can’t be as heavily involved in creating and linking spreadsheets. They need to break free to make sense of the numbers. With one click of a button, IBM Cognos TM1 can alleviate hours of manual labor exhausted in Excel so they can instead devote more time being a strategic partner to the CEO to help drive critical business decisions.

2. <http://www.forbes.com/sites/forbesinsights/2015/01/05/the-future-of-the-cfo/>

Tip 3:

Spend Less Time Making Excel Work for You



“CEOs expect their CFOs to do a much better job of leveraging the increasing wealth of financial information to play a more strategic role in assessing new markets, improving performance, and meeting the regulatory burden.”

—Forbes

Sure, most CFOs are comfortable with Excel. But comfort and convenience don't always share the same meaning. Manually manipulating formulas and bringing new data into Excel is a cumbersome, time-intensive process. CFOs can spend hours trying to create new pivot tables just to meet a single budgeting or planning requirement.

Less time needs to be spent transforming Excel into a more functional, dynamic reporting tool, and more time needs to be spent on critical thinking and data

analysis to uncover investment opportunities and capital allocation priorities. As Professor Wessels stated, “CFOs are not just managing internal reporting systems for financial reporting anymore.”³

A robust financial reporting tool will work for the CFO and not the other way around. With IBM Cognos TM1, formulas and pivot tables are easy to locate and set up for more intuitive modeling of financial data.

3. <http://executiveeducation.wharton.upenn.edu/thought-leadership/wharton-at-work/2015/02/the-cfos-changing-role>

Tip 4:

Go Outside of the Excel Comfort Zone to Conquer New Analytics Dimensions

“63% of CEOs from high-performing organizations believe that technology will have the greatest effect on the future role of the CFO.”

—KPMG and Forbes Insights

Trying to see the entire organization through spreadsheets is like piecing together an incomplete jigsaw puzzle. On a graphical and visual level, spreadsheets simply don't present all of the different data connections that CFOs need to see across departments and lines of business. Excel hits a dead end when it comes to pulling data from a third dimensional angle.

CFOs need the agility to zoom in and zoom out of different dimensional views to get a better understanding of time, dollars, and resource

allocations which impact an entire organization. The multi-dimensional graphical reporting structure that IBM Cognos TM1 delivers enables these financial decision-makers to go beyond a point-to-point comparison and stretch across their respective timelines.

Going forward, leading CFOs will lean on more sophisticated analytics to future-proof their business. According to Adaptive Insights' CFO Indicator report, 70% of CFOs rank data-based insights as the top influence on strategic business decisions.⁴

4. <http://insidebigdata.com/2015/03/14/new-study-reveals-cfos-value-data-driven-decision-making/>



Tip5:

Lead an Analytics-Driven Cultural Shift

“By taking the lead to apply analytics to operational decisions, CFOs can strengthen ties throughout the business and expand influence outside core finance functions.”

—Deloitte

Going from spreadsheets to financial analytics isn't an overnight process. After all, 90% of organizations still use spreadsheets for planning, budgeting and forecasting.⁵ CFOs face an uphill battle to change the perception that Excel doesn't have a place in an increasingly analytics-driven financial planning landscape.

However, if CFOs are to successfully transition from being a backwards-looking scorekeeper to being that forward-thinking analytical leader, they need to lead by example. The CFO needs to take a central role in bringing the analytics mind-shift to the forefront.

The starting point is infusing analytics into the entire operational side of the business. According to a study by Deloitte, not only should the CFO show the value of analytics for finance, but he/she should also identify the business areas where analytics can specifically deliver value.⁶

53% of CFOs say that they make a significant contribution to determining where analytics can add most value to the organization.⁷

5. <http://www.ibmbigdatahub.com/blog/future-analytics>

6. <http://deloitte.wsj.com/cfo/2013/05/09/how-and-why-cfos-can-lead-business-data-analytics-2/>

7. <http://www.ey.com/GL/en/Issues/Managing-finance/EY-CFO-program-partnering-for-performance-the-CFO-and-CIO-steps-to-an-analytics-driven-organization>

Conclusion

The role of the CFO has changed and it'll never be the same. The new age CFO is not just a numbers-cruncher. This financial leader is expected to be a fire-starter capable of blazing a strategic trail for company-wide growth, innovation, and adaptability.

"The combination of external and internal pressure has led to a perfect storm for CFOs to take a more prominent role – but only if they have the skills," said Professor Wessels.

In order for CFOs to stay relevant as change-drivers for their business, they need to embrace the financial analytics revolution that is already under way.

Is your organization prepared for an analytics way of reporting?

NewIntelligence can help guide the office of finance through change.

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- Streamline your Financial Statements
- Improve the accuracy and quality of your reporting
- Modernize your reporting to stay competitive