

EBOOK

# The three critical roles of a transformational CFO

eBook two:

Uncover the expanded world of forward-thinking CFOs



**Anaplan**

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# Foreword

With economic upheaval showing little sign of abating and new pressures continuing to emerge, there is a growing expectation on you, as CFO, to expand your remit beyond the confines of traditional finance.

More than simply managing costs and ensuring the financial health of the business, the expectation is on you to serve the needs of your increasingly interconnected organization by expanding your leadership across three distinct roles: Strategic Advisor, Captain of Capital and Chief Planning Officer. These broader roles require a range of new skill sets and the emergence of new responsibilities within FP&A.

This eBook is the second installment of a three-part series, in which we aim to help you overcome specific challenges facing CFOs and navigate economic uncertainty. Our eBook series will help you become a Transformational Finance Leader who anticipates disruption and foresees opportunities to build stronger business resilience.



# The CFO as the strategic advisor

Your unrivalled helicopter view of the business, together with your deep grasp of the financials, make you an indispensable trusted advisor - not just to the CEO and the executive team, but also to business units and functions beyond finance.

You're partnering with HR colleagues on workforce planning to understand the talent needed to execute on sales attainment and operations, collaborating with supply chain leaders to ensure that capacity is sufficient to deliver on sales targets and reaching out to marketing leaders to understand campaigns to drive pipeline and help achieve revenue goals.

Rising to that strategic challenge hinges on empowering your team with digital tools that allow you to quickly synthesize insights from large volumes of data. It's those insights that make you a better partner to other functional leaders and underpin actionable steps to the board and CEO for the biggest business impact.

## Focus on the critical few

The ability to make critical business decisions that drive growth is being hampered by the overwhelming stockpile of data at your disposal, coupled with constant market and economic volatility. Cutting through that noise by using data analytics allows the organization to understand its business drivers and make informed, value-creating decisions, which can put you ahead of your competitors.

Equipping the team with the right transformation toolkits allows finance to uncover insights quickly and efficiently to prioritize the most impactful decisions.



CFOs are balancing different strategies, driven by the need to navigate the top threats to their companies' growth: increasing industry competition and greater economic volatility."

McKinsey, 2023

## Lead the evolution of value creation

Executing strategy and avoiding a **Strategy Execution Gap** is a perennial challenge for many organizations as they struggle to deviate from the status quo and create competitive advantage. Implementing a digital decision 'operating system' owned by your business enables cross-functional alignment and provides you with processes to control execution against your business strategy.

Redesigning processes to make the best use of technology, allows you to unlock and redeploy resources in more advantageous roles or examine new areas of possible interest, such as M&A or expansion to new geographies.

Furthermore, these tools and technologies will help you streamline your ways of working using automation. This frees up the finance team to focus less on time-consuming, lower-value work, such as data collation and reconciliation and more time on fulfilling activities such as analysis and insight gathering, that not only add impact to your organization but boost morale and demonstrate to the business the value you and your team deliver.

The pandemic is a case in point. As lockdowns wreaked havoc, the financial liquidity of businesses came under pressure and companies scrambled to assess their business health, especially their liquidity position as they adjusted to new business models.

Digital planning tools would have delivered immediate access to scenario modelling allowing organizations to understand their financial position and determine their capital requirements faster and therefore reach out to creditors and investors sooner.



47% of CFOs expect to change the capital structure of their organization within the next 12 months.”

McKinsey, 2023

# The CFO as the captain of capital

## Managing external stakeholders

Access to capital is the foundation for business success. As CFO, you need to manage the relationship with creditors and investors. Arming yourself with continuous forecasts provides the current financial trajectory of the business and gives you the numbers to tell your story to creditors.

Immediate access to data allows you to analyze scenarios and their impact on key financial and credit metrics, funding, and total shareholder return, and to model investment proposals to give you the confidence that they support the objectives of investors.

## Rethinking the capital allocation strategy

Business cycles are accelerating, so you need an informed view of the payback horizon of your investments.

Agile working methods allow organizations to re-prioritize business strategies quickly and make investment decisions more frequently. However, this also requires new approaches to capital allocation; the focus must be on allocating resources towards growth underpinned by solid evaluation and prioritization processes, and clear delivery criteria against strategic imperatives.

## Assessing liquidity scenarios, building the capital playbook

Scenario modeling allows you to simulate different potential situations and pre-empt the different challenges that could arise in response to possible events.

Analyzing these scenarios enables you to build a playbook that prepares your organization to respond quickly when situations emerge. Your ability to anticipate and rapidly react to unpredictable events means you can access capital faster – and potentially at a lower cost – than your peers.

# The CFO as the chief planning officer

Forward planning is an integral part of your role as CFO. However, the planning process is fundamentally broken with too much time consumed by non-value-added activities. Traditional approaches to planning typically reflect historical assumptions and are resource intensive and reactive, with poor simulation capabilities. The result: disconnected decisions and poor alignment of execution and strategy.

## A reset of the planning process

Unlike the command-and-control structure of rolling up and cascading down, a matrix approach to planning allows for digitized, asynchronous, autonomous, always-on forecasting and scenario analysis.

Your role as a transformational CFO is to employ digital planning tools to fuel growth and mitigate risk. The use of “what-if” analysis and AI/ML in platforms such as Anaplan’s powerful forecasting PlanIQ capabilities, help to improve the speed and accuracy of your forecast. Simulating internal and external drivers quickly and easily arms you with the information you need to take decisive action and meet your strategic goals with clarity and confidence.

Connected Planning brings together people, processes, and technology to transform the way you see, plan and lead your organization.

	Traditional ERP Systems “Systems of Record”	Modern Planning Systems “Systems of Insights”
<b>System Performance Needs</b>	Controlled, Accurate, Timely, Consistent	Real-time, Reliable, Agile, Flexible
<b>Process Change Frequency</b>	Infrequent	Frequent
<b>Change Implemented by</b>	Technical Solution Specialist	Model/Process Owner
<b>Data Integration &amp; Governance</b>	Technology	Technology
<b>Standardization</b>	High	Medium (requires flexibility)
<b>Support Team</b>	Centralized	Centralized, Decentralized or Hybrid
<b>Ongoing Updates</b>	Infrequent product patches	Frequent updates to planning models

Table 1: Comparisons of traditional and modern finance planning systems



# Conclusion

Never before has so much been expected of CFOs. To serve the constantly evolving requirements of an increasingly interconnected business and busy executive team, there's an expectation on you to extend your leadership outside the confines of finance. From strategic advisor to financial whizz to future forecaster, your role is evolving at an unprecedented rate.

This eBook explored the core three roles that are emerging as you step up to meet the demands being placed on you by the business.

By embracing these leadership strands and becoming a transformational financial leader, you will provide unrivaled support and insight to the business, prepare for as-yet-unknown challenges, and embrace new ways of planning that propel growth, mitigate risks, and help your organization build business resilience.

But understanding the key leadership roles required of CFOs will only get you so far. In our third eBook, we'll offer practical advice on how you can

make the transition to a transformational leader and conquer the multitude of challenges emerging across the business arena.

We'll analyze the interconnected nature of organizations and how that drives demand for Connected Planning, an evolution of the finance operating model, and the growing use of digital tools, like ML, AI, and RPA, to facilitate business planning and identify untapped business opportunities.

Find out how Anaplan can supercharge your time to value by going [here](#).

Want to know what the top three challenges are facing CFOs today? Find out in the first eBook in our transformational Leader series [here](#).

## Reference links

[McKinsey: CFO's balancing act; Juggling prioritises to build resilience](#)

## About Anaplan

Anaplan is the only scenario planning and analysis platform designed to optimize decision-making in today's complex business environment so that enterprises can outpace their competition and the market. By building connections and collaboration across organizational silos, our platform intelligently surfaces key insights — so businesses can make the right decisions, right now.

More than 2,400 of the world's best brands continually optimize their decision-making by planning with Anaplan.

To learn more, visit [www.anaplan.com](http://www.anaplan.com)