



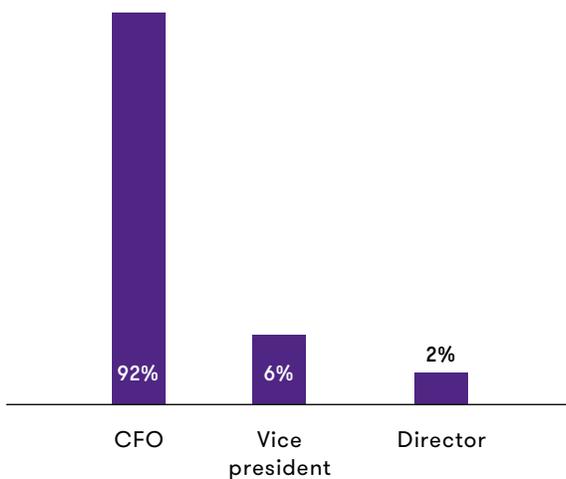
Today's CFO: Changing the game plan for tomorrow



As businesses evolve, the scope of the CFO's role is expanding. CFOs now have to balance competing demands on their expertise, priorities and time, while often playing a transformational role in driving strategy for their business. These expanded responsibilities are creating a tension between the CFO's financial and strategic roles. At the same time, this intensifies the need for more data to inform decision-making.

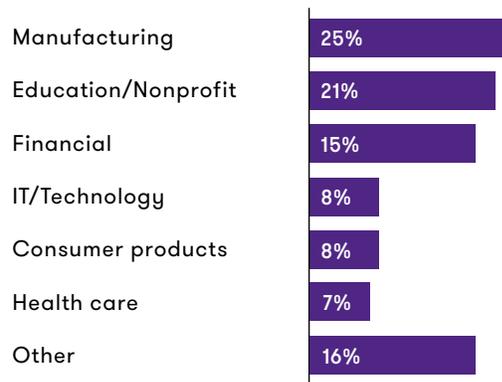
In this light, Grant Thornton's 2017 CFO Survey looked at how more than 400 senior financial executives see the current state and the future of their business in the areas of risk, technology, investment and strategy. The survey also focused on identifying the challenges these executives face in adopting efficient solutions in these four areas. Of the survey respondents, 93% represent the middle market (companies up to \$1 billion) and 92% are CFOs.

Management role
n=404



A range of industries were represented in the survey, with top respondents coming from manufacturing, nonprofit and financial services.

Industry



CFOs contribute to business strategy

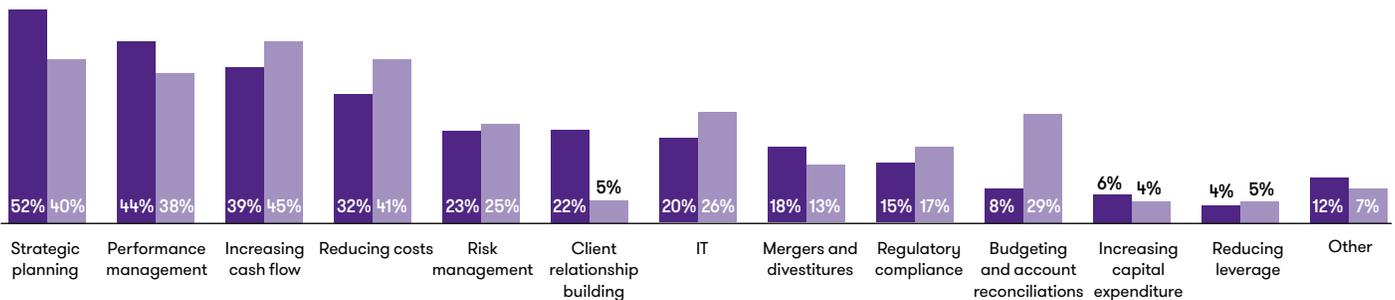
Given their expanding duties, today's CFOs increasingly must balance their role of strategist across the business with their traditional CFO role. They reported a high level of involvement in strategy/executive committee meetings, and said they spend over one third of their time as strategic advisers. As the figure below shows, this is supported by the fact that strategic planning ranks third as a priority for the finance department, outranked only by increasing cash flow and reducing costs.

But for CFOs, investing in strategic planning is a trade-off that can reflect either a cost or an opportunity. For instance, many CFOs are getting involved with operating metrics — a step beyond the financial metrics they have traditionally used. Yet, whether this is an efficient use of their time or an imposition depends on the availability of analytical tools — such as analytics platforms — and on the CFO's flexibility to do analytical "what-if" analyses.

Business priorities vs. Finance department priorities

Top-rated, percentage of total selections | Select up to 3
n=404

- Business as a whole
- Finance department



So, if strategic planning is a top priority, the finance function needs to invest in its people and in the technology necessary to support business processes, such as budgeting, forecasting and long-term planning. This planning effort is not only related to financial data, but also to the operational information that drives the business. It starts with defining key business metrics and then tying these metrics to how they affect or drive bottom-line performance.

Graham Tasman, principal in Grant Thornton's Business Consulting and Technology practice, explains the current situation further: "Finding a solution to competing demands on the CFO presents an opportunity for innovation. The tension that the CFO is experiencing between priorities inside and outside of the finance function increases the need to streamline processes through technology, which, in turn, promotes more integration between finance, risk, treasury and operations. Another improvement focus is to consider core versus non-core finance activities, leveraging shared services for non-core processes, while leveraging technology and data analytics for core activities that help focus limited resources on delivering the highest value for the business."

CFOs see data as a key driver in managing risk

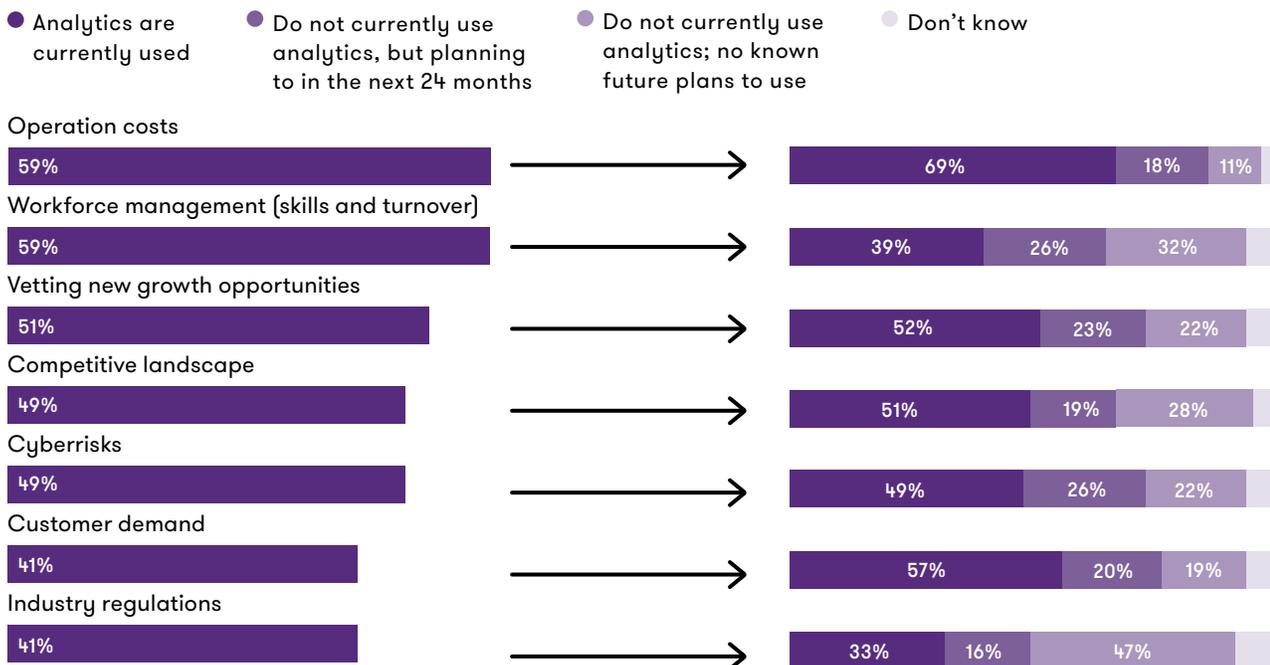
CFOs are prioritizing the use of analytics to interpret and manage risks. Two-thirds of survey respondents report that they want to align their risk management strategy with their business strategy. In addition, CFOs reported that their top risk priorities depend on their industry: financial services prioritizes cyber and regulatory; manufacturing prioritizes operational costs and workforce management; technology companies prioritize disruption and vetting new opportunities. Vishal Chawla, national managing principal of Grant Thornton’s Risk Advisory Services practice, remarked: “The areas that survey respondents indicated as most important are aligned by the availability of solutions and technologies (e.g., integrated risk reporting data systems and business intelligence) and also magnitude of risk (e.g., cybersecurity).”

The survey also showed that many organizations continue to struggle to automate risk systems effectively. The use of analytics could be much higher for some areas of top risk. The majority of CFOs identify the use of analytics as a necessity for future growth and strategy, and the data supports this, indicating that within two years, nearly 70% of executives expect to be increasing their use of analytics to measure their top risk management areas. This trend is reinforced by the fact that we also saw that CFOs are prioritizing IT investments in business intelligence and analytics and database systems and management in the next year.

Areas of greatest need for risk management

Percentage of total selections | Select up to 5
n=404 | Total selections = 2,020

Usage of analytics



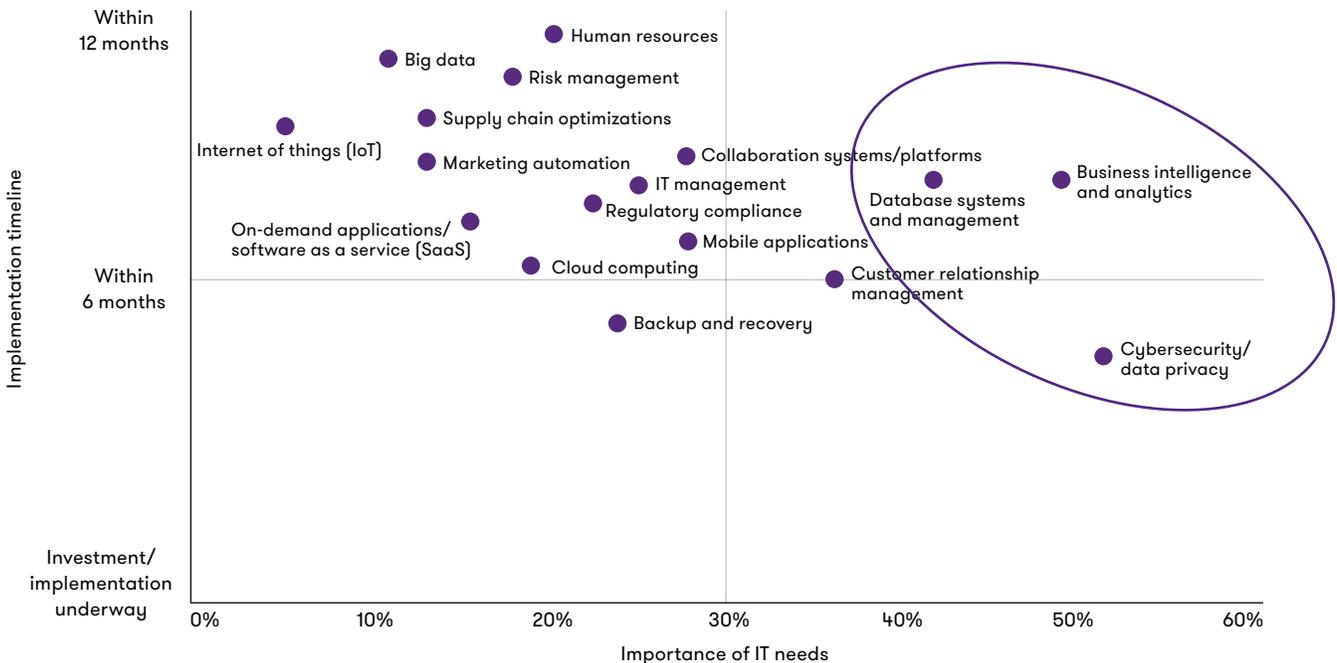
CFOs are prioritizing IT needs related to risk

IT needs categorized by CFOs as highly important (i.e., circled in purple in the figure below) include database systems and management, business intelligence and analytics, and cybersecurity/data privacy. These three areas are influenced by business priorities like increasing operational performance, gaining competitive advantage and enhancing the customer experience.

But the chart shows a mixed response from CFOs on technologies other than their top three priorities. Other technologies are lower priority for CFOs, or maybe they have less access to these technologies. Some of these — such as the internet of things (IoT), mobile apps and regulatory compliance — may be moving up in priority in the future, as CFOs will be better able to customize their use of analytics to their priorities.

Kevin Baril, a principal in Grant Thornton’s Business Technology and Consulting practice, says: “A successful, forward-looking technology transformation will require an increased allocation of time and a focus of resources and capital on areas such as IoT, advanced analytics, process robotics and data monetization. This will create a more disruptive and effective business strategy that can be operationalized in a timely manner.” Baril goes on to recommend that CFOs “look carefully at the alignment between overall business strategy and the application of technology as an enabler via cloud computing, advanced analytics and the insightful, timely use of data.”

Importance of IT needs vs. Time of planned implementation
 Percentage of total selections vs. Mean selected time to implementation
 n=404



To seize such opportunities for future business growth, CFOs will have to manage IT costs while modernizing IT infrastructure. Currently, the three categories that represent CFOs' top barriers for future growth include:

- 1 Managing costs (51%)
- 2 Maintenance of legacy systems (41%)
- 3 Seamless business integration (40%)

Right now, 46% of executives believe that their IT platforms lack the agility and flexibility to operate effectively, further contributing to future IT costs.

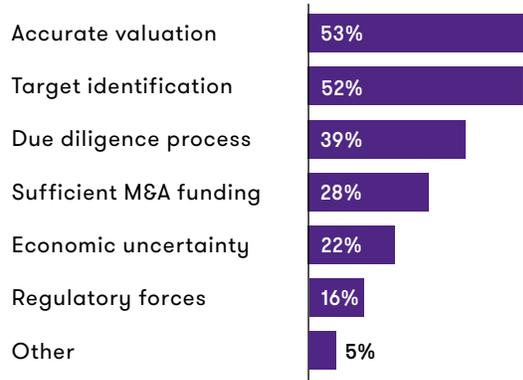
CFOs are looking at investments in operational improvements and M&A

Survey respondents reported that their organization's investments would be focused on operational improvement in 2017, as the diagram on the next page shows. In addition, nearly one-third of large and mid-sized companies are considering M&A in the next 12 months.

Fourteen percent of CFOs at larger companies reported that they will be investing in sales and marketing. In contrast, 48% of small and mid-sized businesses are investing there. This major difference can be explained by the fact that large companies already have fairly defined sales and marketing functions and processes, and so they turn their attention to investing in the infrastructure necessary to support their business growth further.

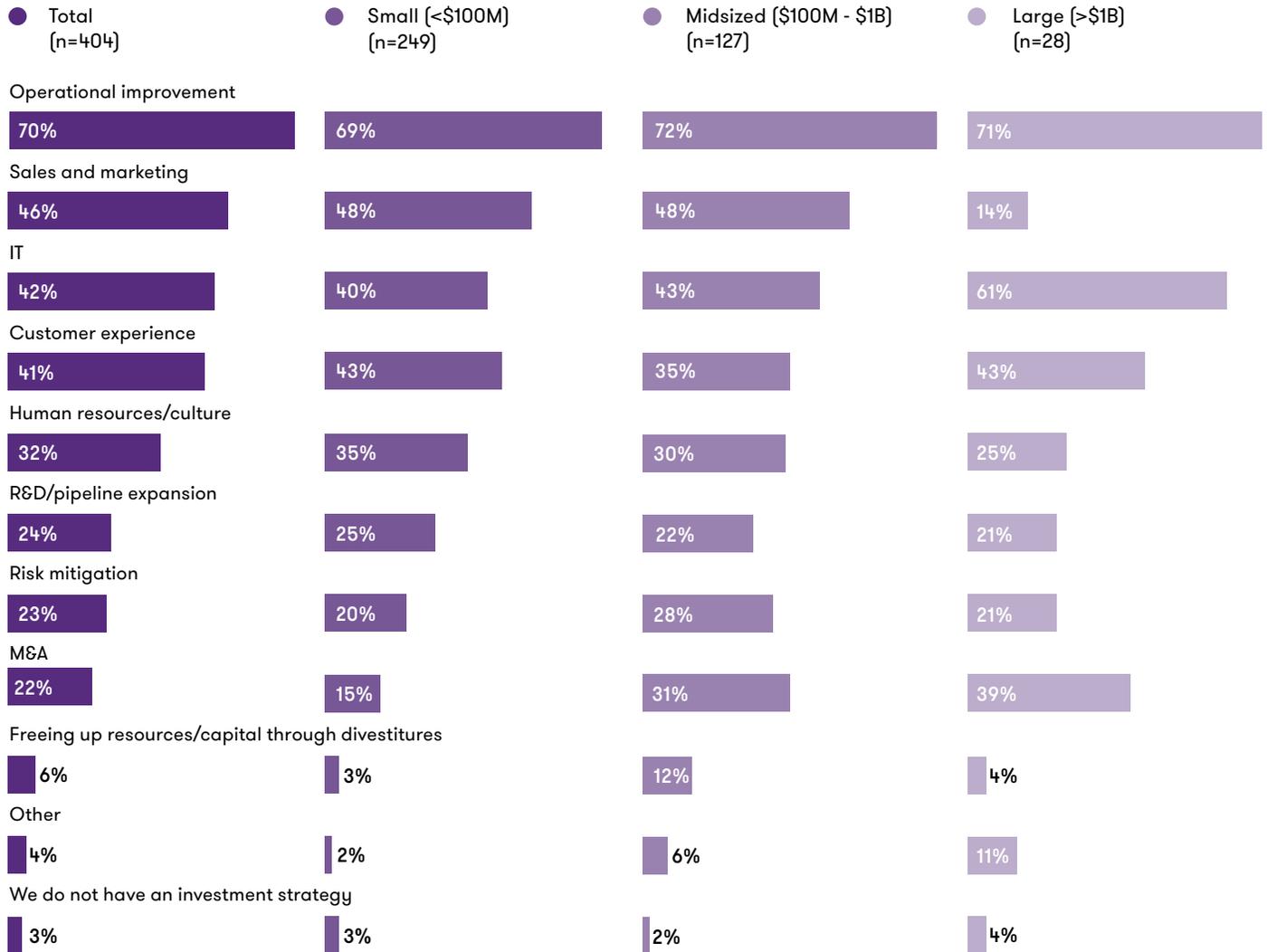
M&A challenges

Percentage of total selections from respondents focused on an M&A
n=87



Finally, CFOs are looking at M&A, but are aware of its complexity. Elliot Findlay, a principal in Grant Thornton's Transaction Services practice, comments that "doing a merger or acquisition is an added responsibility for finance departments, most of whom do not have the capabilities in-house to see a deal through. Identifying targets and accurately valuing those targets are top challenges for middle-market businesses. Many acknowledge they need a full life cycle M&A partner to help get deals done."

Investment focus in 2017
Percentage of total selections



Conclusion

CFOs in today's dynamic business environment have heavy demands on their time and resources as their traditional roles are evolving. Successfully navigating these challenges means staying on the front lines of risk management, data strategy, emerging technologies and investment strategy to drive the business forward effectively.

Looking for more insights?

The 2017 CFO Survey features additional insights into what the future looks like for CFOs. To learn more, visit grantthornton.com/cfosurvey



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