

The CFO's Relationship Checklist

Keys to Creating a Collaborative Path to Growth Across the Enterprise



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THE KEY TO GROWTH IS RELATIONSHIPS

The lifeblood of discrete organizational inputs—customer phone numbers, invoices, marketing prospect lists, inventory calculations, employee job descriptions—once existed in disconnected silos, typically transcribed on carefully guarded pieces of paper, limited in lifespan and scope to the department or person carefully guarding it. Now, the modern organization both enjoys, and drowns in, a proliferation of business data both ripe for strategic possibilities and staggering in complexity. Few are the companies who feel they've totally tapped into its power to supercharge their growth efforts. According to a leading global technology analyst firm, only 2-5% of companies qualify as “Highly Mature” on their use of data, while a study by McKinsey & Company reveals that 86% of companies are challenged to find new sources of growth. The gradual retreat of the dusty filing cabinets of yore and the barriers they represent leaves businesses with a highly visible, shared space for collaboration and communication. The way in which a company creates, stores and fuses its data and data sources in this newfound space, not surprisingly, has a marked impact on its profitability and ability to grow. It's clear: data-inspired collaboration is a new requirement for the C-Suite.

As these collaborative relationships emerge at the forefront of growth opportunity, the CFO is uniquely poised to lead efforts on data strategies. No longer the remote repository for institutional numbers, the office of the Finance Chief has become the hub for a broad range of functions ranging from strategic vision to transactional compliance. At once a business partner, a financial savant, a strategist and an intimate acquaintance of the customer, the CFO is perfectly suited to chart the path to growth. The CFO's pursuit and cultivation of dynamic cross-functional relationships, fueled by command of data and business acumen, is the new ultimate recipe for value creation.

FINANCE & THE CEO

Since Sarbanes-Oxley mandated mutual responsibility for an organization's financial health and integrity, the CFO and CEO now command nearly equal oversight over an organization's future trajectory. The optimistic, pioneering CEO is the perfect complement to the analytical, vigilant CFO. A 2010 survey of Fortune 500 CFOs by the Korn/Ferry institute revealed that building a trusted partnership with the CEO was a first-time CFO's most critical success factor. When the two enjoy a fruitful collaboration, the CEO can rely on the CFO to vet the CEO's visions with a data-inspired analytical approach that mitigates undue risk and opens the floodgates for growth.

Long gone are the days when the CFO commands responsibility for financial reporting alone. Now an operational guru, an efficiency expert, a steward of systems and data and a leader of a highly skilled workforce, the CFO offers both a broad and deep skillset, as well as unique strategic perspective on the organization. By participating in regular, collaborative conversations with the CEO, the two can form a dynamic force for growth.

CHECKLIST: ARE YOU GROWING YOUR RELATIONSHIP WITH THE CEO?

- I think strategy first and financials second.
- I strive to bring my experience managing and implementing change initiatives, systems and data to bear in discussions with the CEO, in addition to my financial expertise. I combine my commitment to cost control with a strategic outlook on emerging technologies and processes that can improve organizational ROI.
- I bring data inspiration to the table to help the CEO see what I see. I push the organization to improve the flow, accessibility and visibility of key business data to ensure we have the insight and ability to make sound business decisions quickly.
- I appreciate and strive to understand the non-financial aspects of my organization's current and desired future state—valuing people, innovation and relationships deeply.

WHY THIS RELATIONSHIP HELPS YOU GROW:

There's no question that Captain Kirk's success in the limelight of shareholders is dependent on Mr. Spock's highly visible common sense and careful calculations. The CFO knows where all the organization's bodies are buried and has a quantitative view of what's worked and what hasn't. Knowing this history and leveraging a broad base of ever-increasing expertise, the CFO and CEO in partnership are uniquely suited to help each other see the best opportunities and the biggest risks by combining intuition and data into sound business strategies.

FINANCE & PEOPLE

At once a company's biggest expense and most powerful asset, *people*—the roles they play, the return they generate and the way in which they work together—command a high degree of mind share among both the Finance Chief and the People Chief.

Finance's concern with measuring the ROI of human capital might have historically been perceived as conflicting with HR's objective to create and sustain a productive, engaged workforce. Fortunately, the stereotype of the calculating CFO and the emotionally-driven Chief People Officer eyeing each other skeptically across the boardroom table no longer holds true in modern organizations. Today, companies are reporting increased levels of collaboration between the People Chief and Finance Chief, according to an Ernst & Young survey. The People Officer's commitment to organizational engagement and productivity coupled with the CFO's metrics-driven zeal for tangible results can fuel growth-spurring conversations about data-inspired approaches to recruiting, onboarding, compensation, culture and even performance measurement.

CHECKLIST: ARE YOU GROWING YOUR RELATIONSHIP WITH HUMAN RESOURCES?

- I collaborate with HR on systems and measurement approaches to ensure efficiency and optimize data flow.
- I help HR understand how the cost of hiring, retaining and losing employees impacts the organization's P&L.
- I collaborate with HR on ways to create cost centers within the organization that support strategic managerial objectives, efficient data sharing and financial measurement.
- I view people as vital to my organization's health and growth first and as a significant financial investment second.
- I work closely with HR to devise incentive plans for our staff that support growth objectives while ensuring a sound level of control.

WHY THIS RELATIONSHIP HELPS YOU GROW:

The human element of business is every bit as complex and financially precarious as the largest acquisition. CFOs can bring their knowledge of systems, operational efficiency and their analytical prowess to the forefront of conversations with HR—learning to appreciate the impact of an engaging culture, solid training programs and managerial decision-making on the bottom line, however hard it may be to track.

FINANCE & MARKETING

The CMO and Finance Chief may view the world from different vantage points, but their mutual obsession with using data to win and retain profitable customers is a robust bonding point in modern companies.

The once opaque ROI on the brand-building, relationship-forming qualitative tactics that Marketing employs to win customers is giving way to a metrics-driven culture of marketing visibility in modern companies. In a 2014 global study by Ernst & Young, only 43% of CFOs and CMOs enjoy a strong bond—yet this bond can be one key difference between companies that grow and those that stagnate. The CFO has a unique opportunity to partner with Marketing on campaign efficiency and profitability, combining Marketing's customer and prospect data with Finance's credibility and financial data to predict those segments most likely to lead to company growth and profitability—and those segments worth ignoring.

CHECKLIST: ARE YOU GROWING YOUR RELATIONSHIP WITH MARKETING?

- I've spent time partnering with Marketing on measurement approaches for analytics transformation efforts—sharing my thoughts on the mechanics of tracking direct ROI from the path to purchase.
- I partner with Marketing to identify the most effective solutions for digital optimization, CRM implementation and maintenance and customer data management on both our teams.
- I collaborate with Marketing outside of budget season to find new opportunities for investment, divestment and strategic financial analysis.
- I work with Marketing to merge financial and portfolio analytics together with Marketing's customer and prospect data to support better targeting decisions and campaigns that contribute to the company's bottom line.
- I make relevant financial data available to Marketing and help them understand how their efforts contribute to P&L. I'm willing to consult on profitable potential customer segments.

WHY THIS RELATIONSHIP HELPS YOU GROW:

The plethora of data available to marketers is as abundant and complex as an organization's financial data. Without access to financial data, Marketing's view of their campaign results is, at best, limited to the top line of the income statement. The CFO's insight on the most profitable product lines, fastest-paying customer groups and areas of financial risk can provide Marketing with powerful campaign results that extend fluidly from the top line to the bottom. In turn, Marketing's CRM and digital data can provide the CFO with a more nuanced view of customer behavior and sentiment—before they impact the organization financially.

FINANCE & SALES

“Show me the money” may be the only mutual mantra of the CFO and the CSO, but it’s an imperative one for organizational health and growth—and a strong reason for Sales and Finance to partner.

Revenue generation activities support the lifeblood of every business. In a survey by Credit Today, 34% of credit and finance professionals cite working closely with sales as a top priority. The CFO is concerned with ensuring this is accomplished efficiently and cost-effectively. The smooth-talking, high-rolling sales executive may strive to close as many deals as quickly as possible, but the CFO must ensure that potential customers don’t pose a liability or undue risk to the organization. Evolving beyond the familiar tension of long credit reviews and potential customers who have been oversold on payment terms, truly modern companies cement the Sales/Finance bond with relevant, speedy data artistry.

CHECKLIST: ARE YOU GROWING YOUR RELATIONSHIP WITH SALES?

- I work with my sales colleagues to help them close the most profitable deals quickly by proactively preapproving customers to shorten the time from quote to cash.
- I’m committed to the customer experience during onboarding. I work with Sales to automate credit decisions where possible to avoid lost time and resources.
- I share insights on the most profitable customers, segments, industries and relationships for Sales to pursue—and insights on what to avoid.
- I align with Sales on appropriate KPIs to measure unit, divisional, and company performance to streamline conversations, requests, and work processes.
- I’m closely involved with incentive plans and financial rewards, ensuring that monetary compensation aligns with company objectives.

WHY THIS RELATIONSHIP HELPS YOU GROW:

Sales and Finance might be like oil and vinegar in their approach to problem-solving, but both have an equal stake in ensuring that new customer relationships are as positive, profitable and long-standing as possible. CFOs can evangelize the enthusiastic use of data and analytics for Sales already available in the finance organization to help them reach goals—teaching and empowering as well as reporting on key metrics vital to the business’s health. The CFO’s eye for efficiency and metrics-obsessed approach can help Sales focus on the best growth opportunities while steering clear of slow-paying or low-value deals.

FINANCE & SUPPLY

Suppliers have as much of an impact to an organization's current and future financial health as customers do, and the CFO understands this as well as anyone. According to Accenture, 80% of companies worldwide see better protection of the supply chain as a top priority. In an increasingly high-speed, global supply chain environment, the ability to analyze quickly the state of supplier relationships is as imperative as it ever has been.

Understanding the health of immediate suppliers, as well as Tier n suppliers (or suppliers to suppliers), is the ultimate goal of the CFO. United in their commitment to risk management excellence, the CFO and CPO both seek opportunities to predict and prevent disruption and inefficiency in their suppliers. The CFO's partnership with the CPO on efforts to gain a universal view of supplier relationships within Tier 1 and beyond, risks posed on micro- and macro-economic levels and cash flow through the supply chain can help maintain an organization's viability over the long term. This universal view is increasingly critical as the velocity and quantity of supplier data reaches new heights. Together, as champions of unearthing and preventing buried risks, the CFO and CPO have an opportunity to collaborate on data-inspired strategies for managing their suppliers—who ultimately have the power to either stunt an organization's bottom line, or propel it toward growth.

CHECKLIST: ARE YOU GROWING YOUR RELATIONSHIP WITH SUPPLY?

- I work with Procurement to optimize the flow, storage, and centralization of supplier spend data so that we can build modern, predictive analytics that mutually benefit both groups.
- I collaborate with Procurement on contracts—ensuring that contracts don't harm relationships with terms such as myopic payment requirements—while establishing an appropriate amount of supplier accountability.
- I regularly have conversations about supply chain governance with Procurement; we partner together on coordinated financial interaction with suppliers—setting policies, guidelines and transparency requirements that improve supplier relationships and decrease exposure.
- I monitor supply markets with Procurement. We have a process in place for sharing findings on immediate supply opportunities as well as risks. We use data and analytics to make mutual decisions on our procurement strategy.

WHY THIS RELATIONSHIP HELPS YOU GROW:

Suppliers require as much care, attention, and expectation management as customers do. Not only does the CFO play a pivotal role in helping select and onboard financially viable suppliers, he or she also pays the toll on the cash flow statement when a major supplier experiences a financial or natural disaster. Of course, the suppliers of an organization's suppliers also command their own challenges and financial implications. CPOs and CFOs can work together to use their mutually available data sets to create analytical insights to select, maintain and invest in the highest-value supply relationships.

FINANCE & IT

The CFO has technology to thank for advances in efficiency, scope and process velocity in the finance function specifically, and the entire organization in general. These technological advances, while increasing the speed and efficiency of processes and data flow, come with a new level of complexity. An Accenture study cites complex legacy systems, the requirements of multiple stakeholders, multifaceted operating models, and new business risks as some of the top challenges CFOs face today. With the proliferation of technological solutions and the magnitude and movement of data that comes with them, it's never been a better time for the CIO and CFO to join forces.

As the modern organization moves toward data-inspired decision making and automation, technology has never had more of a nuanced impact on the bottom line. Picking the wrong systems can cripple a business for months or years, while investing in and managing the right systems can free the organization to spend time and human capital on more strategic endeavors. Finance's mission to extract maximum value from existing systems while remaining healthily skeptical of large-scale IT projects positions the CFO as the perfect technology evangelist, complementing the CIO's extensive knowledge of and exuberance for the latest, greatest and fastest tech solutions.

CHECKLIST: ARE YOU GROWING YOUR RELATIONSHIP WITH IT?

- I embrace the digital revolution and actively participate in conversations about investments in digital technologies to drive my company's growth.
- I'm well-versed in the function and use of my organization's key systems outside of my direct remit and look for ways to partner with Technology to ensure they are being leveraged to their full capacity.
- When new IT projects are proposed, I collaborate closely on analyzing the monetary investment as well as the overall impact on the organization strategically.
- I work with Technology to optimize the flow of data through multiple systems and minimize the impact it has on the organization's resources—cost as well as staff time.
- I look for ways to work with the CIO to improve our ability to ask our systems and data questions—providing leadership on key cross-functional metrics and enabling the organization to arrive at needed analyses quickly and intuitively.

WHY THIS RELATIONSHIP HELPS YOU GROW:

Other than possibly the CIO, no one is more familiar with the innards of an organization's technology, data and processes than the modern Finance Chief—for better or worse. As a seasoned skeptic in the financing of, implementation and lifecycle of big-ticket technology initiatives, the CFO can also play a strategic role in changing the technology and data culture of his or her organization from one of frustration, confusion, and gunky processes to one of speed, flexibility and power. The availability of digital solutions across the organization to improve a company's ability to grow requires the CFO's cross-functional expertise on strategy, systems and financials to ensure technology is being used to its full potential. By understanding where to invest, where to divest and which analytics and KPIs are key to decision-making, the CFO can command a powerful role in leading a company with the CIO from a sluggish technology graveyard to a state of enlightened efficiency.

For more information on how to grow your company with data inspiration, visit www.dnb.com/cfo.

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