

Rethinking CFO Strategy

Defining your future with the right CFO
Strategy and digital Target Operating Model



CFO Strategy

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Finance Transformation

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When Alibaba and Amazon start selling semi-finished products from the plastics industry, a business model with manufacturing expertise – how it is firmly rooted in our minds – changes into one with experience in handling goods. The 'how' we do things changes is ongoingly being reinvented, processes become more important than products. Certainly, these new business models, market volatility and digitalisation put high pressure on CFOs and the Finance function, require fast decision-making while increasing efficiency.

The past years have proven the importance of the new role of the CFO. At board level, they have rightly claimed their seat at the table and become increasingly fundamental in the CEO succession planning.

But – to keep up with the new requirements – the CFO needs to rethink the CFO strategy developing an innovative digital Target Operating Model (TOM) way beyond individual automation initiatives such as usage of RPA or first pilots for the application of predictive analytics. Although they are first steps into the right direction, independent initiatives are not enough to act on eye level with the CEO on the long term and develop a culture of corporate entrepreneurship.

Ultimately, it is a matter of restructuring the area according to the provinciality of the task in question.

This means no longer structuring according to sub-functions such as accounting, controlling and taxes, but according to the type of task, such as reporting, governance and design, and business partners.

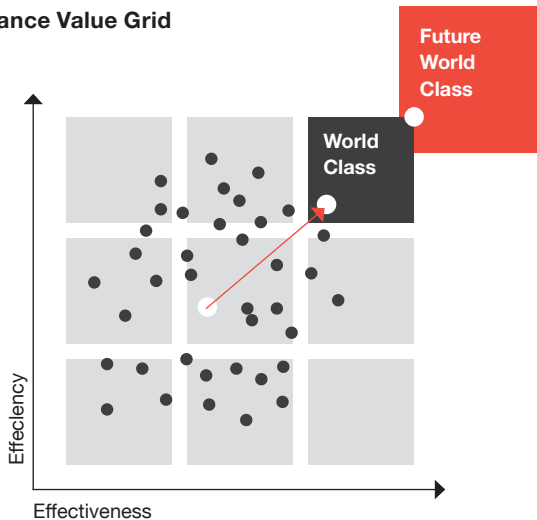
Gori von Hirschhausen, Finance Transformation Leader, PwC



This requires an overarching CFO strategy considering all aspects of the transformation to a future world-class finance function, such as:

- What's state-of-the art in a future finance function?
- What's important to steer a company in the future, e.g. faster decision making, predictive analytics, sustainability, non-financials?
- How should my finance function look like in 10–15 years?
- What's the purpose of the finance function in the future?
- Which setup is needed to achieve this?
- How do I exploit untapped efficiency potential by digitalisation and automation?
- What can I expect from technologies today and in the future?
- What do I do internally? Where do I get partners on board?
- How do I take my team to the future?
- Where to start?

Finance Value Grid



Therefore, we support our clients in defining their CFO Strategy and digital TOM. Together we develop a holistic vision and guiding principles as a basis for the digital TOM.

- Transform your organisation into a data-driven company running on the most important business questions
- Reach your strategic goals with the fitting TOM
- Whether you seek cost reduction within the finance function or want to drive lean headquarter structures, become a true value creator supporting corporate entrepreneurship



The digital TOM is structured in 5 dimensions to ensure capturing all aspects for the Finance Transformation:



Quelle: PwC „Finance Transformation“.

Strategy & Vision

- Builds the foundation for all dimensions and is in line with and contributes to the corporate strategy. Key is to define the Strategy & Vision for the future finance function with focus on business partnership leveraging advanced analytics to enable data-driven decision making.

Organisation & Governance

- Design of a comprehensive governance model translating strategic goals into measurable objectives and strengthens employee accountability
- Development of a suitable organisational structure enabling effective cooperation between the four core components of the finance function - Business Partner Organisation, Center of Excellence e.g. for Advanced Analytics, Operations and Governance & Compliance

Process Architecture

- Embedding an end-to-end process view in order to continuously optimize cross-functional processes

through a continuous improvement process and offer the best service to internal and external customers

- Design of an effective and efficient process landscape without organisational silos, supported and highly automated through suitable technologies

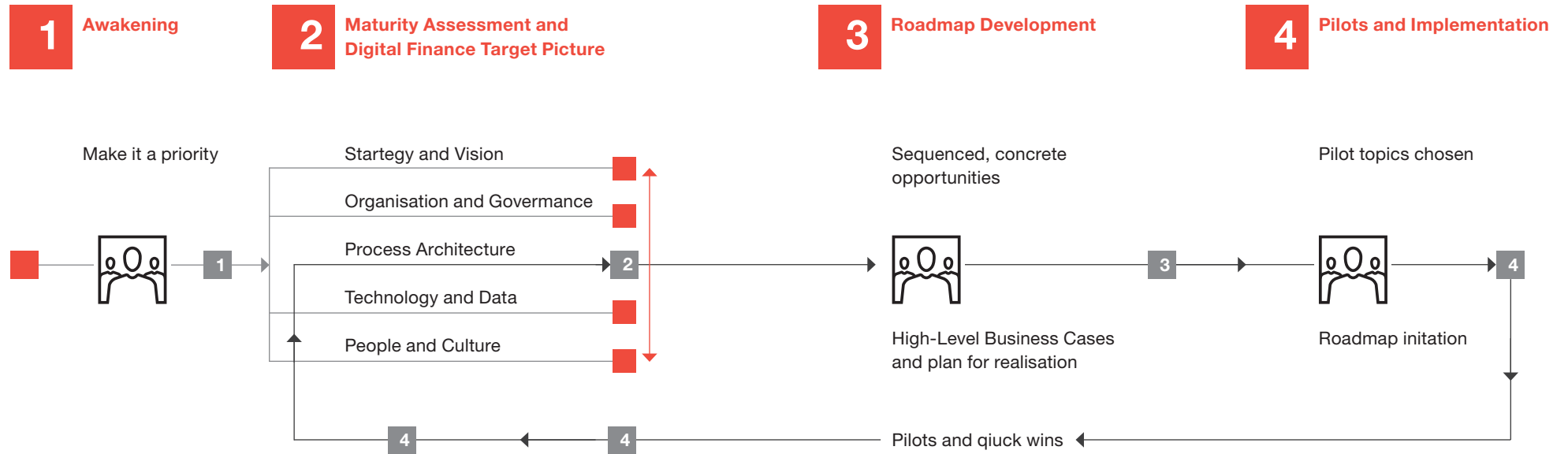
Technology & Data

- Positioning the finance function as a driver for digitisation through the implementation of technological innovations and digital optimisation of services
- Encourage data-driven business decisions supported through predictive analytics, thereby increasing the strategic influence of the finance department

People & Culture

- Definition of required roles and skills of the employees to implement the developed strategy and digital TOM
- Implementation of upskilling initiatives to encourage an agile, innovative culture and empower employees to meet future needs

To consider all these aspects and accelerate your Finance Transformation we use our proven 4-step methodology.



Step 1 – Awakening

An holistic Finance Transformation requires commitment, persuasion and drive for change. Therefore, we start in step 1 with awakening to highlight the need for action and show the full potential through success stories and practical use cases. We use our benchmarks and good practices to provide impulses on how your Finance Function can evolve.

Step 2 – Maturity Assessment and Digital Finance Target Picture

Building on the drive from the awakening we transfer the opportunities of possible for your Finance Function. We start with a maturity assessment to evaluate the status quo, identify pain points and set the foundation for the definition of the digital Finance target picture on the basis of the digital Target Operating Model.

Step 3 – Roadmap Development

The integrated Finance Transformation may seem like a huge amount of work. Therefore, we jointly develop your Finance Transformation roadmap considering priorities based on value cases, realistic capacity planning and strategic impact. The roadmap breaks down the holistic Finance Transformation into manageable part projects setting the basis for a successful implementation.

Step 4 – Pilots and Implementation

To accelerate your transformation, we start with the implementation of pilot projects accompanied by a strong change management to engage employees and start the underlying cultural change. First quick successes ensure the sustainable roadmap implementation.

Our field-tested approach supports you in defining a clear, prioritized and tailored Finance Transformation Roadmap containing sequenced opportunities based on clear value cases.

Although a holistic Finance Transformation journey may seem overwhelming in the beginning, it is inevitable to transform, fulfill future requirements and therewith support data-driven decision making. With our support, we guide you from your individual status quo towards a future world-class Finance Function and are happy to start your journey together.

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You want to know more about CFO Strategy & digital TOM alongside the various possibilities with PwC at your side?

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CFO Strategy – the starting point for your Finance Transformation

A CFO strategy is only the starting point for your Finance Transformation. We understand the Transformation as a highly integrated process across processes and systems. It includes a completely new approach towards steering and organizing the finance function along end-to-end processes, leveraging data, taking people & culture into the future, and utilizing digitalisation.

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