

The agile CFO

Acting on business insight

The IBM 2005 Global CFO Study surveyed 889 CFOs and senior Finance professionals in 74 countries. This study, which provides a comprehensive assessment of the agenda of CFOs today, underscores Finance's transition from primarily stewarding information to also leveraging that information to deliver predictive business insight to decision makers across the enterprise.

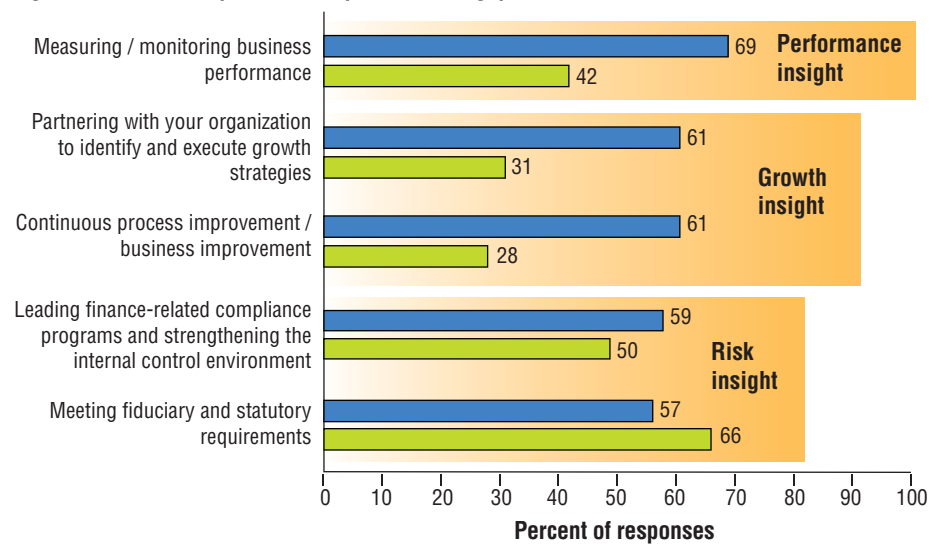
In the IBM 2004 Global CEO Study, CEOs told us that growth and responsiveness topped their agendas. In the IBM 2005 CFO Study, CFOs indicated that Finance's top areas of importance were performance, growth and risk. These responses track with CEOs' agendas. In fact, more than half of the participants in the 2005 CFO Study placed the highest importance on managing enterprise performance, partnering with the enterprise to support growth strategies, continuously making process/business improvements, strengthening controls and meeting fiduciary requirements. The delivery of insight related to each of the top areas of importance is critical to enhancing the responsiveness of decision makers and, thus, the enterprise.

Yet, with the exception of compliance and fiduciary requirements, there are large gaps in most Finance organizations between the importance placed on delivering insight and their ability to deliver it (see Figure 1). These gaps are primarily driven by a lack of standardization, a lack of common processes, inconsistent tools/applications and fragmented information (see Figure 2).

Highly effective Finance organizations in our study have enabled delivery of insight by addressing its inhibitors: structural complexity and fragmented information. These organizations are:

- *Mitigating enterprisewide structural complexity by standardizing, simplifying and optimizing* – Highly effective Finance organizations employ common, simplified processes and data/information standards. They also reduce the number of ERP systems and rationalize finance budgeting/forecasting tools to improve the integration of information and delivery of insight. Moreover, organizations with optimized delivery models are more likely to have standard policies, common/simplified processes, functional best practices and rationalized technology.

Figure 1. Finance's top areas of importance and gaps in effectiveness.



Responses = 870

Source: IBM Business Consulting Services, The 2005 Global CFO Study.

■ Highly important
■ Highly effective



© Copyright IBM Corporation 2005

IBM Global Services
Route 100
Somers, NY 10589
U.S.A.

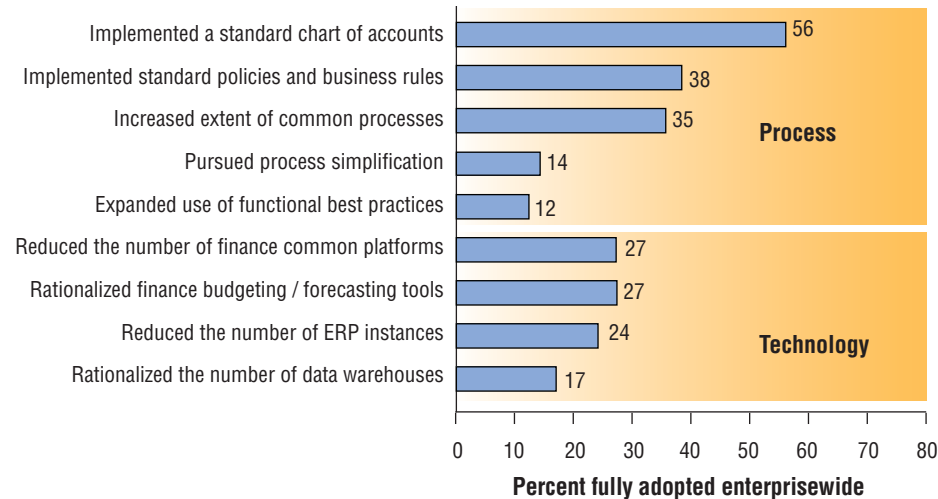
Produced in the United States of America
12-05
All Rights Reserved

IBM, and the IBM logo are trademarks
or registered trademarks of International
Business Machines Corporation in the United
States, other countries, or both.

Other company, products and service names
may be trademarks or service marks of
others.

References in this publication to IBM products
and services do not imply that IBM intends to
make them available in all countries in which
IBM operates.

Figure 2. Low enterprisewide adoption of process and technology improvements.



Responses = 844

Source: IBM Business Consulting Services, The 2005 Global CFO Study.

- *Enabling fact-based decisions by integrating information enterprisewide* – Finance organizations that drive global process ownership and establish common information standards – which together help facilitate information integration – are more effective at delivering insights.

Using this foundation, these organizations are enhancing their ability to provide business insights by:

- *Partnering with the enterprise to enhance growth insight* – In keeping with Finance's shift from a historical to a more predictive focus, highly effective Finance organizations place a strong emphasis on partnering with the CEO and business unit executives to identify and assess business opportunities and synergies for growth strategies.
- *Optimizing decision support to enhance performance insight* – These organizations integrate transparent, role-based metrics and exception reporting while fully cascading these metrics consistently throughout the enterprise. In addition, they define quantifiable relationships between business drivers and scorecard/ dashboard metrics to enable

predictive analysis and improve the accuracy of performance outcome forecasts.

- *Driving beyond compliance to enhance risk insight* – These organizations expand risk management to enterprisewide views of risk and use performance dashboards and analytical tools that are focused on risk/reward planning for decision making. Enhancing end-users' ability to incorporate risk into their decision making helps to create a culture that is in control but not operating in an overly risk-averse environment that inhibits growth.

For Finance to stand still in today's complex world is to go backward. Agile CFOs and Finance organizations are leveraging delivery models, enterprise process frameworks, technology and the right people to simultaneously accomplish both the stability and flexibility necessary to remain competitive in today's increasingly complex world.

To request a full version of this paper,
e-mail us at
iibv@us.ibm.com