



# CFO agenda for elevating finance

Future of finance





**With the advancement of self-service reporting and analytics across the business, finance needs to elevate its game or risk becoming irrelevant. Innovative thinking can help define future-ready requirements as the goalposts keep moving. Today's differentiators are tomorrow's table stakes."**

**— Michael Kokotajlo**

KPMG in the US



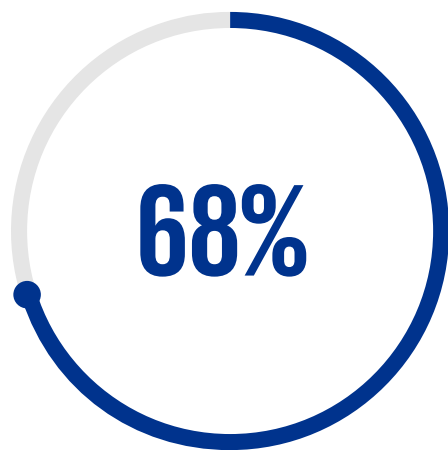
**Piecemeal initiatives don't produce the results demanded by stakeholders. Comprehensive transformation programs require multidimensional approaches and diverse skillsets to be successful."**

**— Colleen Mohnkern**

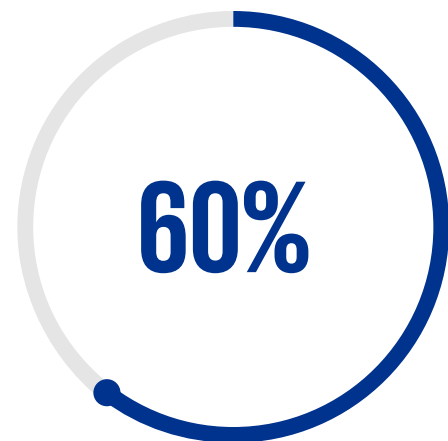
KPMG in the US



# Rethinking finance and the role of the CFO



68% of CFOs are investing in digital transformation over the next 12 months.<sup>1</sup>



Over 60% of leading finance organizations have adopted predictive forecasting and analytics.<sup>2</sup>

In the KPMG 2022 US CEO Outlook (released in Q4'22), the vast majority of global CEOs (86 percent) are convinced we are heading toward a recession in the next 12 months.<sup>3</sup> Moreover, just over one half of the global CEOs (58 percent) believe this recession will be mild and short.

This cooling of expectations makes sense in turbulent times. Change is constant and disruption is the norm. An ongoing pandemic, inflation, the Great Resignation in an already-tight labor market, and the Ukraine — Russia war all add to supply chain challenges and destabilized markets. At the same time, we see ongoing evidence of climate change, including a rise in the number of disruptive weather events around the world.

In the midst of these global challenges, leading finance organizations are leveraging data to help them better respond to a rapidly evolving business landscape.

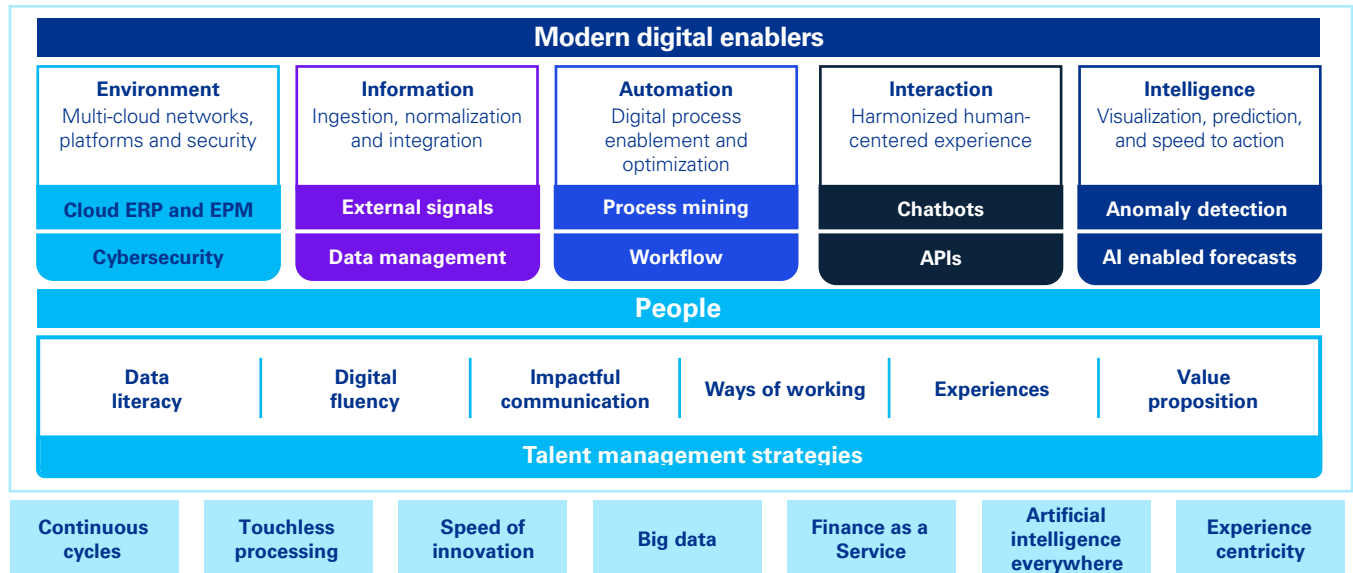
<sup>1</sup> KPMG in the US competitive analysis, March 2022.

<sup>2</sup> KPMG in the US 2022 Elevating Finance and KPMG in the US 2021 EPM Survey. Figures represent companies in the top quartile of responses.

<sup>3</sup> KPMG in the US 2022 M&A Survey Analysis; KPMG in the US Global CEO Outlook Report, KPMG in the US Transforming Transformation Now

# The finance landscape is rapidly changing

Integration of technology, data and people is more important than ever.



## New ideas with digital transformation

In a time of both promise and uncertainty, many companies are reconsidering even the most basic assumptions about their business models and strategies:

- Is bigger and faster always better?
- Should short-term gains override longer-term benefits?
- How do we fund digital transformation with existing cost pressures?

Many CEOs in the KPMG Global Outlook survey are considering other ways to do business. They focus on growing at a sustainable pace, maintaining a sense of purpose that supports environmental, social, and governance (ESG) responsibility, and developing strategies with people as a core and a foundational component.

For finance, much of this reconsideration is business-led and digitally enabled, and it began with the advent of process automation solutions to address shortfalls within legacy, on-premise, ERP platforms. KPMG professionals now see a rapid advancement of cloud-enabled solutions along with the expansion and integration of machine learning (ML), artificial intelligence (AI), and other ancillary digital enablers to accelerate the speed and quality of business intelligence. Supporting them are additional enablers such as increased computing power,

access to more data, and advancements in technology. These capabilities continue to elevate the value of data intelligence and its role as a competitive advantage.

As the scope of digital transformation expands across the enterprise, new business models are emerging, and established models are converging or becoming obsolete. Now more than ever, KPMG professionals see investments that are focused on accelerating digital adoption, modernizing the workforce, and monetizing data.

Attracting top talent remains a key priority. Employees are challenging employers to focus on “why them” as they explore opportunities and offers from other organizations. Many employees are deciding that a fulfilling career is more important than compensation alone. This is why leading organizations are reimagining their talent management strategies to focus on the employee value proposition and what makes them an employer of choice in the market.

Accordingly, leading organizations are investing heavily in:

- Internal and external programs to elevate employee’s digital fluency and data literacy
- Effective business partnering, focusing on competencies such as impactful storytelling, empathy, and leadership



- Support for diversity, equity, and inclusion (DEI)
- Cross-functional career pathing
- Leadership development programs

Digital solutions enable better business outcomes, efficiency, redeployment of time to higher-value areas and an improved human experience. However, these solutions are worthless without retaining and evolving talent to reap the value of these investments.

### Leading CFOs are change agents for the enterprise

KPMG professionals believe that CFOs and their teams are the natural leaders in digitally enabled transformation. Expanding well beyond their traditional roles in finance and accounting, today's CFOs have the opportunity to lead by example as a strategic partner and key advisor across the enterprise.

- They are a natural source and manager of data, information and analysis.
- They measure the pulse of the enterprise while monitoring expenditures, assets, transactions, cash flow and revenues.
- They can serve as a value integrator across functions, breaking down silos, understanding synergies, and coordinating budgets.

With inflationary pressures and global disruptions, CFOs need to facilitate an agile, more effective allocation of capital to help ensure that investments are being delivered against the expected value. They also need to redirect spend based on the enterprise's most pressing business priorities related to growth, commercial and operational excellence, talent, and culture.

### Preserving and enhancing value

As the financial stewards of their organization, CFOs and their teams have always worked to preserve and protect value as a part of their fiduciary responsibility. By leveraging automation, data, and a more modernized workforce, they can continue to safeguard the organization's assets by increasing the speed, accuracy, and quality of financial data and analysis while mitigating financial and compliance risks.

Today's CFOs can do even more—enhancing value by developing new strategies that support corporate development, promoting innovations for capital allocation, and improving the evaluation of new business models. They can also serve as a leader in enterprise performance by driving strategic profitability and cost management, supporting new levels of business

planning, fostering agile resource planning, and creating new ways to optimize working capital.

In short, despite uncertainties and rapid change, CFOs and their teams can lead the charge in elevating finance and their organization as a whole to address the challenges and opportunities of a technology-driven business world.

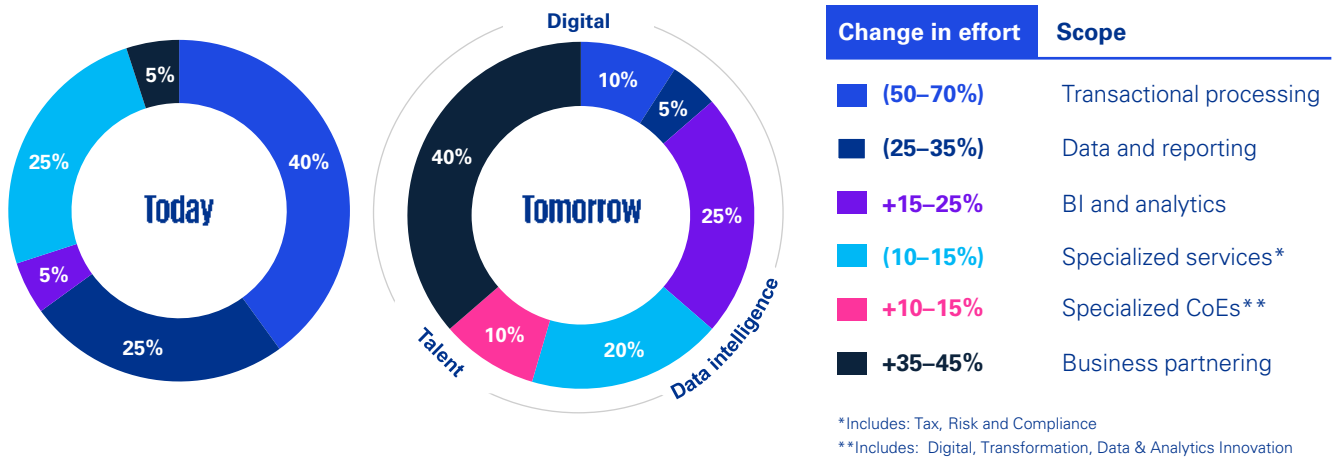
KPMG professionals believe that elevating finance can best be accomplished by a strategy based on five pillars of business value. In the pages that follow, we will discuss these pillars and how CFOs can use them to forward their agendas for long-term, sustainable growth.

- Strategy and innovation
- Digital acceleration
- Data intelligence
- Modern workforce
- Dynamic risk management



# Work distribution is changing

Increased usage of dedicated, specialized CoEs are enabling finance to elevate the value of services delivered to the business.



**Among finance leaders:**

- >75%** have dedicated transformation teams and Digital CoEs
- 70%** are increasing spend on data and analytics related activities
- >66%** have robust talent strategies to elevate role of finance

Source: KPMG in the US Elevating Finance Survey Overview and Transformation Journey, 2022

According to recent KPMG research in the US, and whose respondents conduct business internationally, many of the finance organizations are already taking significant steps toward elevating their finance function.<sup>4</sup>

## Prioritizing investments in digital, data and people

More than 60 percent of organizations surveyed are adopting predictive forecasting and analytics. They are also automating more than 70 percent of their transactional processes.

## Making faster, more informed decisions

Over 75 percent of organizations are enabling organizational agility with a digital-based Center of Excellence (CoE). In addition, they are supporting continual planning cycles that are five times faster as compared to industry averages.

## Leveraging data as their competitive advantage

More than 80 percent of organizations are integrating external data into strategic planning and decision making. They are also spending two to three times more time on analytics and decision support than the industry average.

## Elevating their digital fluency and empowering teams

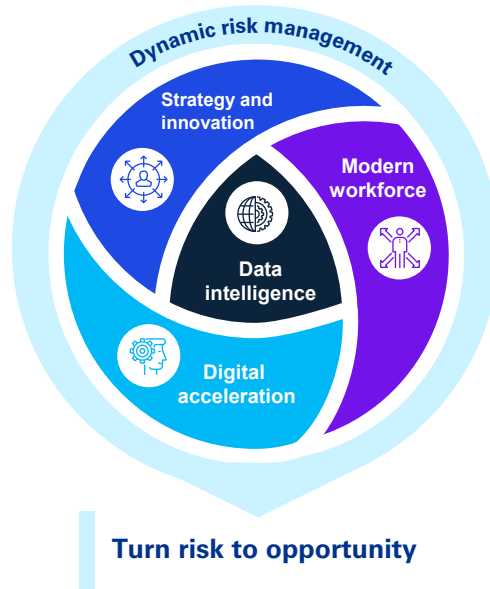
Among leading organizations, 50 percent offer digital fluency programs to elevate their workforce.

<sup>4</sup> KPMG in the US 2022 Elevating Finance Survey and KPMG in the US 2021 EPM Survey. Figures represent companies in the top quartile of responses.

# The CFO agenda

Enable sustainable growth and value creation

Think digital, be human, act with purpose



Gain an unbeatable competitive edge

Continuously evolve the operating model, embrace new ways of working and prioritize talent

Turn risk to opportunity

This paper looks at five distinct but connected pillars to elevate finance and turn disruption into opportunity. The insights here are based on KPMG proprietary data, industry-sponsored focus groups, field research, and insights gained directly from KPMG firms transformation engagements across multiple industries.

**Strategy and innovation:** Developing sustainable, profitable growth by creating, integrating and realizing enterprise value

**Digital acceleration:** Driving a cultural shift to enable accelerated development of fit-for-purpose solutions that deliver business objectives, enhance the human experience, and enable organizational agility


**Data intelligence:** Establishing finance as the value multiplier and integrator, while enabling enterprise data and reporting strategies, proper governance, and effective decision support across the enterprise

**Modern workforce:** Driving digital fluency across the finance workforce and adopting new delivery models, ways of working, and talent strategies to increase the scope and value of services delivered

**Dynamic risk management:** Maintaining trust across stakeholders through the adoption of proactive risk management strategies that strike a balance between value preservation and innovation

# Strategy and innovation

Deliver sustainable, profitable growth by creating, integrating and realizing enterprise value.

| <b>Create</b><br>Enterprise value                                    | <b>Integrate</b><br>Strategic imperatives, plans and KPIs                                        | <b>Realize</b><br>Turn insights into action   |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Unlock value from data</li> <li>• Enable innovation and ESG purpose</li> <li>• Deliver excellence</li> </ul> | <ul style="list-style-type: none"> <li>• Enable the business strategy</li> <li>• Lead enterprise performance and data integration</li> <li>• Serve as value integrator</li> </ul> | <ul style="list-style-type: none"> <li>• Mitigate enterprise risks</li> <li>• Facilitate dynamic funding</li> <li>• Deliver action oriented business and ESG insights</li> </ul> |

|                               |   |  |   |
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| <b>Among finance leaders:</b> | <b>2/3</b> prioritize investing in new growth opportunities as part of their strategy | <b>70%</b> are instilling a culture where innovation is celebrated | <b>2/3</b> agree that better use of financial data improves ROI |
|-------------------------------|---|--|---|

KPMG in the US 2022 Elevating Finance Survey, KPMG in the US Data Imperative

**Key question for CFOs:**  
How can we create a path forward that benefits the whole enterprise?

**Top performers insight:**  
Industry leaders spend up to \$100 million on data investments as a key part of their long-term strategies.<sup>5</sup>

CFOs can deliver sustainable, profitable growth with strategies and innovations designed to create, integrate and realize enterprise value.

Creating opportunity for growth includes leveraging data to identify top line growth initiatives; prioritizing EBITDA-generating opportunities through insights and

benchmarking; and monitoring ongoing innovation costs to ensure they are executed effectively.

Integrating performance and platforms involves identifying and eliminating barriers to integrate seamless end-to-end processing; linking the organization's enterprise strategy to business planning & analysis; and building automated data management and self-service reporting capabilities for non-finance teams.

To realize untapped and intended value, finance can operationalize invested capital across all pillars, use real-time data from multiple platforms to improve decision making on priority initiatives, and reallocate capital from underperforming investments to improve ROI metrics.

### The role of finance in creating value

Strategic growth in value is achieved through a strict focus on profitability, operational excellence and culture development. With these goals in mind, finance can help identify and evaluate opportunities to unlock value for the organization across three main levers: revenue growth, operational excellence, and support for people and culture.

<sup>5</sup> KPMG in the US 2022 Elevating Finance Survey and KPMG in the US 2022 The Data Imperative. Both reports represent organizations with multi-national operations.





Finance's role in driving **revenue growth** begins with taking a more customer-centric focus and rebranding finance as the cohesive binding solution for the organization. This involves changing the perception that finance is limited to traditional roles in accounting, reporting and compliance. Finance can leverage advanced analytics to gain a competitive advantage and help increase market share by exploring new market-entry scenarios. Finance can also increase revenue by identifying potential vertical or adjacent acquisition targets.

**Operational excellence** involves optimizing distribution and supply chain channels, rationalizing SKU assortment, and generating margin expansion to allow for continued investments in innovation. With a greater focus on EBITDA growth opportunities, finance can implement agile capital planning and monitoring techniques that are designed for fast-moving market developments.

In addition, finance can create value by developing and **integrating a workforce and culture** that aligns with enterprise strategies. This includes investing in upskilling and development programs by targeting modern employee-facing tools and technologies. CFOs and their teams can also attract and retain top talent through effective talent strategies, data-based recruiting techniques, and competitive compensation packages.

### **Steps to consider for strategic integration**

The CFO can lead finance and other business partners to define what the integration strategy is and to put performance measures in place to improve performance across the organization. Three basic initiatives can support these goals:







**Aligning stakeholders:** Deliver a connected enterprise by aligning end-to-end processes across front, middle, and back offices. In addition, leverage industry and process value drivers to define a common language. Finally, develop personalized leadership action plans to align on individual and shared accountabilities for managing different risks and actions.

**Merging plans:** Develop a framework and process to integrate business plans across functions as well as different kinds of plans such as long-term enterprise strategies with annual budgets and quarterly reports. Reinvent the planning and forecasting process with advanced analytics and intelligent automation. Also, develop advanced analytics and scenario modeling capabilities to support agile and dynamic planning decisions.

**Integrating technology:** Modernize the enterprise's platforms to support continuous delivery, innovation, and end-to-end processing. Also modify existing applications to provide non-finance users with self-service capability and use a project portfolio management (PPM) framework to more quickly align technology to enterprise strategy and requirements.

# Digital acceleration

Think digital, be human, act with purpose

|   |   |   |
|---|---|---|
| <h3>Your digital core</h3> <ul style="list-style-type: none"><li> <b>Business led</b>, technology enabled</li><li> Think like the <b>customer</b></li><li> <b>Culture</b> and <b>experiences</b></li></ul> | <h3>Your digital enablers</h3> <ul style="list-style-type: none"><li> Future ready <b>end-to-end processes</b></li><li> <b>Data</b> paves the way</li><li> Fit for purpose <b>technology solutions</b></li></ul> |   |
| <b>Among finance leaders:</b> <b>&gt;70%</b> are automating transactional processes and reporting   | <b>2/3</b> are adopting ML and/or AI  | <b>#1</b> desired competency is ability to connect outcomes to financial impact |

Source: KPMG in the US 2022 Elevating Finance Survey, KPMG in the US Data Imperative

### Key question for CFOs:

How do we harness the power of digital technologies to change the way we do business, drive digital fluency, and accelerate innovation to build value?

### Top performers insight:

Two thirds are planning to adopt ML or AI over the next two to three years.<sup>6</sup>

The relationship between humans and machines is becoming more complex than ever, with tremendous opportunities for businesses that can keep pace with a rapidly changing technology landscape. KPMG firms’

believe that, to fully capture the business potential of today’s digital transformation, finance should think digital and act human. By that, we mean focusing on the human experience for customers and workers, prioritizing culture, and establishing and investing in future-ready solutions as the business grows and evolves.

### Getting up to speed with digital acceleration

Digital Acceleration starts with establishing the right organizational structure, keeping in mind not just where you want to be, but where you need to be as an organization. Only then can your organization effectively integrate digital solutions for finance and accounting business processes and drive a successful digital transformation.

Key to this process is the ability to think like the customer. Finance should refine their understanding of the customer DNA with actionable insights through digital acceleration, finding and removing any frictions for an optimized customer experience. This includes collecting and harnessing customer data so finance can keep pace with the expectations and needs of the customer. It also involves setting up systems to gather financial and operational signals and insights throughout the customer journey.

<sup>6</sup> KPMG in the US 2022 Elevating Finance Survey Figures represent top performing organizations only.



Establishing an effective digital culture is another critical factor. This culture is driven from the top and empowered by underlying technologies and systems. Characteristics include a 'fail fast' mindset that encourages teams to try out new skills, make mistakes, learn and improve more quickly. It also involves a full embrace of digital evolution, with an open mind to transform internal processes.

CFOs can do their part in developing this digital culture by recruiting strong performers and change champions who can pave the way for setting a new digital mindset. CFOs can also enable digital capabilities by investing in new technologies and removing obstacles from the workforce that limit digital transformation.

### **Developing a digitally empowered workforce**

For successful digital innovation, finance should promote innovation, adaptability, and agility at all levels of the workforce.

This includes expanding digital labor by harnessing technologies such as AI and ML and turning them into a digital workforce. At the same time, finance can redeploy the existing workforce away from transactional-based tasks to more value-added initiatives. Support for emerging skillsets is equally important, with a shift toward acquiring talent today that will also be needed in the future.

Digitally accelerated organizations are all about agility and deploying people with the right skillsets to the right place. Finance should create a flexible staffing model and practical retraining strategy for existing staff as jobs redefine themselves to accommodate digitally accelerated solutions.

CFOs should also focus on developing talented professionals who are digitally fluent and recognized as true strategists — cross-functional business partners who can interpret data, manage relationships within the organization, and make data-driven decisions.



# Data intelligence

Finance spans the entire value ecosystem and is positioned to be a strategic partner for enterprise insights.

## Strategy

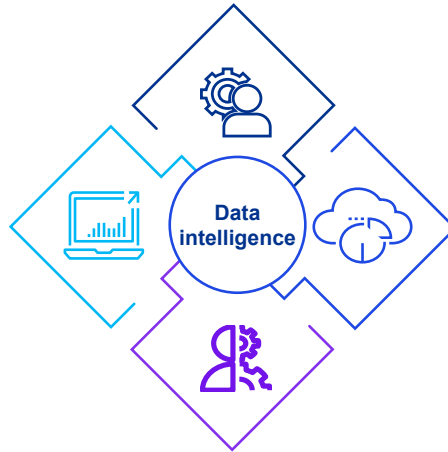
**Enterprise data and analytics strategy that enable desired business objectives and drives performance ownership**

- Partner with the business to develop actionable strategies
- Link strategic plans and action plans
- Better understand relevant data signals and repositories

## Insights

**Tailored persona based consumption integrating value levers with financial and non-financial reporting**

- Broaden to integration of transactional, reference and other metadata
- Execute on actionable insights
- Shift to focus on “non-traditional” finance reporting (ESG reporting, Customer/Product profitability, Flywheel concept)



## Governance

**Backbone to realizing value from your strategy and accelerating speed of decisions**

- Create culture of trusted data
- Develop data stewardship frameworks
- Normalize data to be structured

## Action

**Prioritize and enable initiatives that accelerate business opportunities and mitigate risks**

- Increase focus on data ingestion
- Support data-informed decision making
- Develop fit for purpose self-reporting

Among  
finance  
leaders:

**75%**

agree effective enterprise data use can radically change their business model(s)

**71%**

improved revenue with greater use of customer data

Source: KPMG in the US 2021 The Data Imperative, KPMG in the US 2021 CEO Outlook Report

## Key question for CFOs:

How does your organization support relationships inside and outside of finance — all while managing access to data insights?

## Top performers insight:

75% agree that effectively using enterprise data can radically change the business model.<sup>7</sup>

To gain a sustainable competitive edge, organizations should transform and analyze massive data sets, monitor strategic imperatives, and tailor consumption to personas appropriate to the consumer. Finance spans the entire value ecosystem and is therefore positioned to be a

strategic partner for enterprise insights. Accordingly, finance can play a critical role in effectively managing an organization’s core data management strategy and activities.

## Key actions for effective data management

Finance organizations can consider the following actions to support enhanced data value and integration:

- Establish a broad-ranging data **strategy** to enable business insights. Finance should work with the business to develop actionable strategies. This entails linking strategic plans with action plans and taking steps to better understand relevant data signals and repositories.
- Unlock new opportunities with data **insights**. This requires finance to broaden its scope of activities by tightly integrating transactional, reference and other metadata. At the same time, finance should execute on actionable insights and shift its focus toward “non-traditional” finance reporting such as ESG reporting and customer/product profitability.

<sup>7</sup> KPMG in the US 2021 Data Imperative, KPMG in the US 2021 CEO Outlook Report. Both reports represent organizations with multi-national operations.



- Develop effective **governance** as the backbone of data strategy and an enabler of proper insight. Finance can help create a culture of trusted data based on effective, secure data stewardship by focusing on quality, integrity, and consistency.
- Prioritize key **actions** that accelerate business opportunities and mitigate risks. This entails providing and managing real-time data tailored to stakeholders across the value chain, offering fit-for-purpose, self-service reporting, building business-led data architecture, and helping to ensure quicker and better access to data.

### Elevating your data intelligence

Organizations that want to leverage data for operational and financial excellence should start with a commitment to developing a broad-ranging data strategy. In a recent survey of business professionals in the US,<sup>8</sup> 70 percent of respondents reported an increase in their spend on data-related activities in 2022.

A number of hurdles can hinder the success of a fully integrated data strategy, beginning with a misalignment between business strategy and data initiatives. Poor data quality can be another issue due to factors such as a lack of governance, human error, multiple data streams, varying levels of granularity of actual and plan data, and inaccurate allocations. The adoption of a data-driven culture can be difficult because of a lack of knowledge, inadequate training, resistance from leadership, or outdated notions about how data should be used.

Overcoming these challenges and elevating data intelligence starts with building a path for a dynamic data ecosystem that closely aligns strategic goals with actions. Business strategies need to be reviewed and closely linked to the goals of data action plans and business metrics. To enhance data insight and analysis, organizations should adopt data-driven decision making across the business using established models and analytics. For better data governance, organizations need to implement internal controls and standardized processes to mitigate risk of data quality issues.

Finance is also strategically positioned to act upon insights linked to the organization’s strategy. Actionable insights should support both short- and long-term goals for increased revenues and profitability. The ability to tell a story behind the insights is more important than ever. Additionally, organizations should develop a comprehensive technology-architecture plan that incorporates data requirements and the opportunity for enhanced automation. This should be supported by a team dedicated to data management.



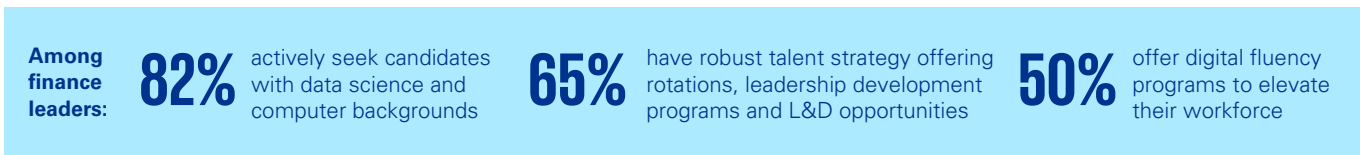
<sup>8</sup> KPMG in the US 2021 Data Imperative



# Modern workforce

Evolving requirements and ways of working are accelerating the need for new skills, competencies, and roles in finance.

|  <b>Evolving requirements and ways of working</b>   |  <b>New skills and competencies</b>   |  <b>New and evolving roles and responsibilities</b>   |
|--|--|--|
| <ul style="list-style-type: none"> <li>• New revenue streams</li> <li>• Speed of decisions</li> <li>• Experience centricity</li> <li>• Hybrid delivery models</li> <li>• Workforce demographics</li> </ul> | <ul style="list-style-type: none"> <li>• Data and digital fluency</li> <li>• Impactful storytelling</li> <li>• Ability to influence</li> <li>• Ability to develop talent</li> <li>• Motivating teams to embrace digital Finance</li> </ul> | <ul style="list-style-type: none"> <li>• Business solutions architect</li> <li>• Transformation architect</li> <li>• Financial data modeler</li> <li>• Value architect</li> <li>• Strategic partner</li> </ul> |



Source: KPMG in the US 2022 Elevating Finance Survey. Figures represent top performing organizations only

**Key question for CFOs:**  
How do we manage ongoing disruption while building a resilient enterprise?

**Top performers insight:**  
Over 80 percent actively seek candidates with data science and computer backgrounds.<sup>9</sup>

The roles, responsibilities, and required skillsets of CFOs and their finance teams continue to rapidly evolve. New strategic business partnerships to drive value are requiring CFOs to act as strategic advisors along with their traditional roles in accounting and reporting. Effective talent strategies prioritize the employee to enable better engagement, attraction, development, and retention of personnel. CFOs require new skills in talent management and teams to support analytics, strategic

visioning, and innovative thinking. In some cases, CFOs are even moving beyond business partners to act as the “co-pilot,” delivering value across the organization and beyond business partners to act as the “co-pilot,” delivering value across the organization and helping to direct long-term strategies.

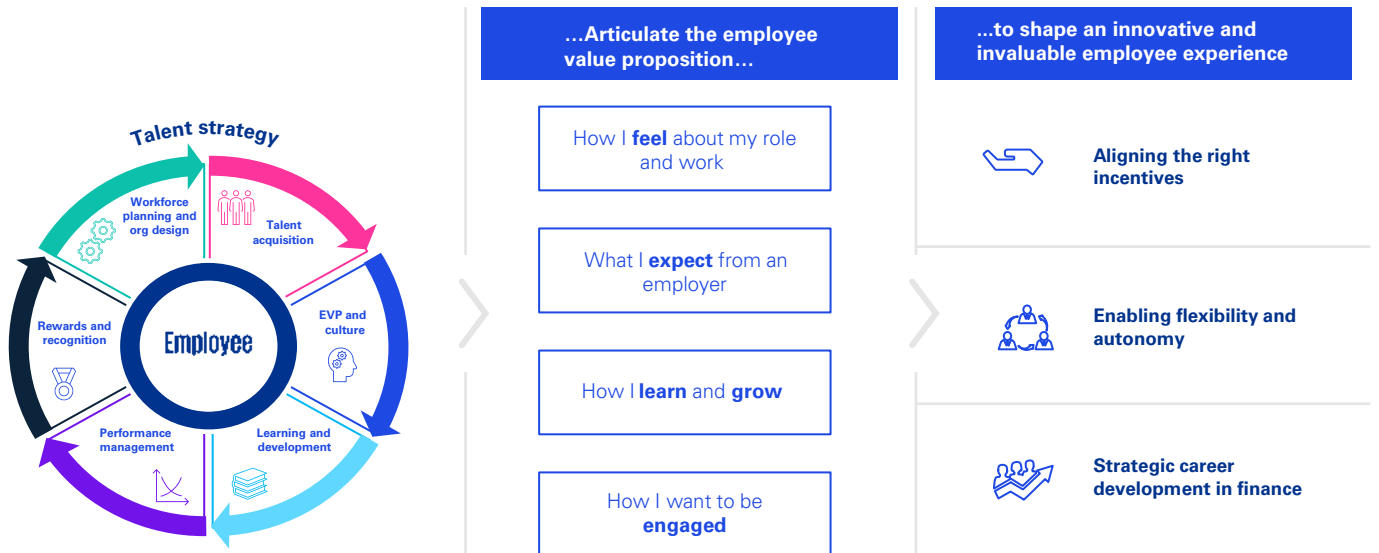
To support rapid digitization, finance should better leverage current technologies to optimize solutions, use new technologies to revamp finance service delivery and enhance collaboration, and drive adoption through trust and buy-in of digital solutions. As transactional work becomes more automated, organizations are establishing specialized centers of excellence to meet the redistribution of work and new services that finance should provide. Finance can allocate more time on business partnering activities where it can make a tangible impact on the business.

CFOs can also identify disruptions and opportunities in today’s highly distributed workforce. This includes managing hybrid locations, mixtures of employment models, and distributed ways of working. It also involves setting up self-directed teams and reorganizing management structures to accommodate new circumstances.

<sup>9</sup> KPMG in the US 2022 Elevating Finance Survey; Figures represent top performing organizations only.

# Reimagine finance talent strategies

An effective talent strategy prioritizes the employee to enable more effective engagement, attraction, development and retention of personnel.



Source: KPMG in the US 2021 Data Imperative, KPMG in the US 2021 CEO Outlook Report. Both reports represent organizations with multi-national operations.



# Dynamic risk management

Staying in front of disruption builds trust across stakeholders.



|                                      |   |  |  |
|--------------------------------------|---|--|--|
| <p><b>Among finance leaders:</b></p> | <p><b>91%</b> agree data privacy is as important as product/service offerings</p> | <p><b>69%</b> agree a strong cyber security strategy is critical to ensuring stakeholder trust</p> | <p><b>67%</b> are transitioning to proactive, digitally enabled compliance with automation</p> |
|--------------------------------------|---|--|--|

Source: KPMG in the US 2022 Elevating Finance Survey. Figures represent top performing organizations only

**Key question for CFOs:**  
How do we manage risk as an opportunity to build trust with stakeholders?

**Top performers insight:**  
Over 90 percent agree that data privacy is as important as product/service offerings.<sup>10</sup>

Trust is the ultimate business enabler. By supporting trust with stakeholders across the enterprise, CFOs and finance teams can develop a dynamic, new approach to risk, recognizing that risk management is an opportunity to enhance value, foster innovation, improve performance, and help manage change for the organization.

**Trust to disrupt**

When CFOs earn the trust of their stakeholders — from customers and regulators to employees, suppliers, investors, and the communities where the organization operates — that trust gives the finance function permission to innovate boldly, grow responsibly, and create a new future.

Working together, CFOs and stakeholders can build trust with a dynamic approach to risk supported by the following objectives:

<sup>10</sup> KPMG in the US 2022 The Trusted Imperative; KPMG in the US 2022 Connected Enterprise.

### **Embrace agility to respond to external disruptions and risks.**

Teams can be encouraged to think outside the proverbial box, considering new ideas and seeing opportunities and not just the risks. In a trusted environment, professionals can act boldly, take chances, and introduce a new mindset into day-to-day activities. They can also be proactive and take advantage of new opportunities as they are identified. Equally important, they can take time to pause and review both successes and failures to identify areas for improvement.

### **Design a balanced risk function that both protects and enables.**

An effective risk function anticipates and balances risk to generate value and protect an organization's assets. It also enables the organization to create new technologies with confidence, increase market presence, and enhance customer experiences by building trust in systems and processes.

### **Create a culture that turns risk awareness into opportunity.**

A culture built on trust can change the perception of risk with consistent, predictable actions. The CFO can challenge human biases by building trust in employees and stakeholders, embracing diversity of thought and experiences, supporting innovation, and fostering trust-inducing behavior with shared values, beliefs and norms.

### **Harness data to gain real time insights into risk factors.**

Finance can gather data from functions across the enterprise, including sales (revenue and customer behavior), procurement (spend and vendor behaviors), operations (items and services functional data), human resources (employee and payroll data), and finance (general ledger and annual strategic plans).

Finance can use this data (supplemented by external data) to enable real-time insights based on predictive and prescriptive analytics. For predictive analytics, AI and ML can proactively detect and stop fraud data. For prescriptive analytics, What-IF Analysis can use historical trends and drivers of prior risk behaviors to continuously improve risk management.

### **Accelerate digital automation to proactively mitigate risk.**

Automated master data management can be used to improve accuracy, speed, trust, and the customer experience. For business processes, robotic process automation (RPA) can support compliance across all functions, improve risk identification, and enhance decision making. For policies and controls, automated controls improve risk reaction time and enhances compliance as well as policies for cyber security to enhance protection of data (customer and enterprise) in a virtual environment.





# What does the new CFO look like?

A complex and evolving mix of digital fluency, innovative thinking, soft skills, values, and leadership attributes is driving the adoption of new roles for CFOs. In some ways, the CFO has to think like a data officer, in other ways like an investor, supplier or client for the organization. In many cases, CFOs are beginning to work more closely with CEOs to drive strategic thinking based on increased levels of accurate and timely financial data.

Here are some archetypal CFO roles that are emerging:

- Entrepreneur:
  - Understands relevant customer segments and products, important market trends
  - Thinks in an agile way
  - Comfortable operating in an ambiguous landscape and embracing uncertainty
- Strategist:
  - Spots and actively drives growth opportunities within the business
  - Develops viable plans which confront the future and deliver results
  - Balances customer and commercial needs to create value for the business
  - Synthesizes information from a broad range of sources to identify new insights that can advance business success
- Challenger:
  - Develops better ways of doing things, navigating risks and opportunities for the business
- Sees change as an opportunity and strives to learn from each experience
- Uses empathy and understanding to provide an integrated response that speaks to the needs of others
- Storyteller:
  - Translates and interprets data, framing the narrative for external and internal narratives
  - Offers deep understanding of the business and external conditions, based on technology-driven data mining
  - Becomes part of the story as respected influencers with a seat at the decision-making table
- Expert:
  - Serves as a trusted advisor, counted on for objective, specialized expertise that focuses on outcomes
  - Knows how to balance multiple priorities among customers, stakeholders, and investors
  - Supports a collaborative approach, connecting people with the right mix of qualitative and quantitative insights

One thing is certain about CFOs — the traditional roles of finance are shifting rapidly, and the new CFO will be a change agent for sustainability and continued growth across the enterprise.



# Roadmap to a future-ready organization

Today is only the beginning of a new era in the Finance function, as forward-looking CFOs and their teams play an increasingly larger role in delivering higher levels of efficiency, insight and value across the enterprise. Critical enablers of successful transformations program include:

- A holistic, business-led transformation approach to digitization and the elevation of finance
- Clearly articulated goals, including North Star initiatives that represent a company's definition of itself and purpose, as well as specific KPI targets
- Visible, top-down sponsorship and executive buy-in that is backed by proper funding and human resource allocation
- Dedicated transformation teams including change management experts who can implement strategies for effecting change, controlling change, and helping people to adapt to change

## How to get started

- As in many areas of business, successful transformation is a journey, not a destination.
- The first step toward solving a problem is recognizing one.
- Perform a rapid diagnostic and prioritize areas of highest impact and benefit. Then define a bold but realistic vision for the future.
- Once the initiative is in place, identify quick wins early, often, and throughout the transformation journey.
- At the same time, develop a strategic but flexible roadmap, and enlist the support of dedicated teams with diverse skill sets.



# How KPMG can help

KPMG firms' Finance Transformation practices support the growing agenda and increased responsibilities of the CFO. KPMG professionals work with clients with passion and purpose, integrating innovative approaches and deep knowledge to deliver real results.

KPMG firms' approach, methodologies, and tools are time-tested across various industries and are designed to demonstrate enhanced strategic value to the finance function.

KPMG's global network of Finance Transformation professionals helps clients align their finance organizations with the strategies and needs of their businesses to realize and sustain value over the long term.

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Designed by Evalueserve.

Publication name: CFO agenda for elevating finance

Publication number: 138601-G

Publication date: March 2023