



How CFOs Are Navigating Change



Companies are counting on their CFOs to deliver more value to their businesses than ever before. CFOs have seen their roles shift from their traditional focus on financial stewardship to be centered more on growth, business strategy, and enablement.

As they navigate new priorities, expectations, and responsibilities related to helping their companies grow and scale, CFOs need to equip their finance functions for long-term success. Future-proofing the finance function is an important focus for CFOs' efforts, and it requires a commitment to improving processes to address pain points for their teams (especially in today's challenging talent environment).

Becoming a Connected Finance organization, in which the finance function uses well-aligned workflows and

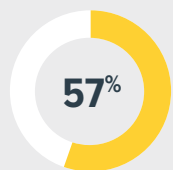
data flows to stay connected to the business from both a people and technology standpoint, can help CFOs better support decision-making in real-time. This report — driven by the results of a CFO Dive survey of 160 CFOs and other financial executives at organizations with less than \$1B in annual revenues — explores how CFOs and their teams are navigating this time of change and highlights how automation investments can help them conquer talent challenges and optimize their contributions to the business.

I. CFOs have seen their role evolve

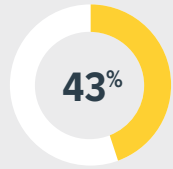
Most CFOs recognize that their role has transformed from its traditional focus on the numbers. 57% now say they are ‘enterprise value creators,’ compared to 43% who say they are finance and accounting stewards. (This is a marked shift from the findings of last year’s CFOs Drive Business Value report, in which 56% of CFOs reported viewing their role as finance and accounting stewards and 44% as enterprise value creators.)

Partnership with the CEO and other senior leaders is becoming critical to the CFO position, evidenced by their growing need to deliver insights to the business. More than four out of five CFOs (84%) say that CFOs and finance functions in their businesses are very frequently or frequently asked to deliver real-time information to inform key business decisions and drive enterprise value.

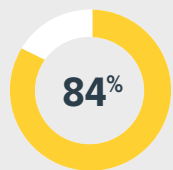
That delivery of enterprise value takes several different forms — with the adoption and implementation of new technologies being the most prevalent. Almost half of CFOs report that the top three priorities for CFOs and the finance function for the next 6-12 months are adopting new technologies and digital transformation (47%), cost analysis and reduction (45%), and managing cash flow (45%). This data reflects that the perception of the modern-day CFO has not only shifted from accounting steward to enterprise value creator, but also that the activities a CFO is responsible for are far more strategic than ever before — which makes scalability and efficiency critical to long-term success.



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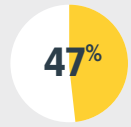
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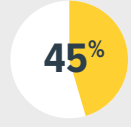
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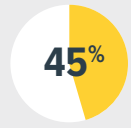
New technologies and digital transformation



Cost analysis and reduction



Managing cashflow





Digital transformation continues to be a top priority for CFOs

As their organizations continue advancing technological change, CFOs are adapting their ways of working around new solutions and sources of information. Transforming business operations has a cascading effect on how finance functions manage cash and conduct cash analysis, among other responsibilities.

Inside their own finance functions, digital transformation is taking several forms. More than two out of five CFOs say that the three ways that the finance function has transitioned to become more modern, efficient, and ‘future-proof’ have been digitizing payments (46%), improving reporting and real-time data (45%), and automating manual workflows/processes (42%).

That kind of digital transformation and automation within the finance function frees up resources for more strategic initiatives rather than tedious manual processes — creating time for finance teams to focus on supporting the CEO’s office with insights or navigating important cash flow decisions, for example. Digital transformation will remain a top priority because businesses cannot afford to fall behind on these strategic initiatives as they grapple with new challenges in today’s fast-changing economic environment.

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III.

CFOs must take transformation a step further to equip their teams with the right solutions

Today's fast-changing economic environment also includes a tight labor market. CFOs have experienced the effects of the Great Resignation: More than seven out of ten CFOs (72%) say their finance functions experienced higher than typical rates of turnover at times during the last 1-2 years. Use of outdated manual processes and technology may play a key role in the issue.

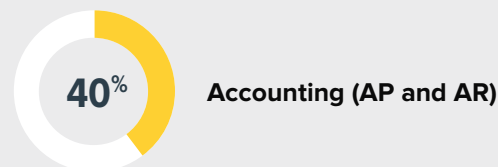
For that reason, CFOs are wise to evaluate how well their technological solutions support their people. Clearly, their current systems are lacking: Almost all CFOs (95%) agree that reducing manual, time-consuming, and error-prone processes is a priority for the CFO and the finance function in their organizations. Doing so will help them prepare for a potential recession that would exacerbate their existing challenges.

Truly “future-proofing” the finance function for changing economic circumstances requires ensuring finance teams are well-equipped with the right kinds of technologies — ones that reduce manual processes and support modern, connected ways of working. Unfortunately, most companies have a way to go before they can really call themselves ‘Connected Finance’ organizations — in which data flows, workflows, funds flows, and communications flows are aligned through technology in a way that enables the finance function to do the best job it can for the business.

Core financial functions selected by two out of five CFOs as ones that would benefit the most from advanced technology to help organizations meet their goals are:



Reporting and analytics



Accounting (AP and AR)

IV.

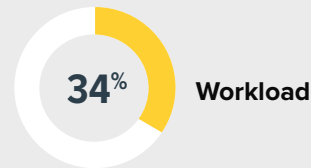
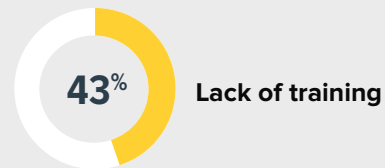
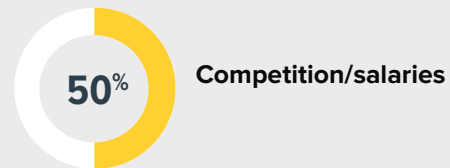
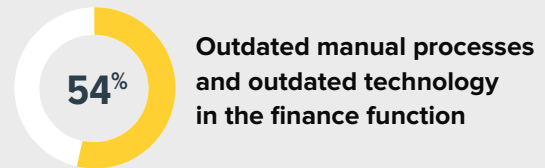
There remains room for improvement in financial operations through technology automation

Almost four out of five CFOs (78%) believe that the most manual parts of their financial operations could be improved. And their reliance on manual processes is contributing to challenges when it comes to retaining talent: The main pain points for CFOs' new hires in the past two years that have caused turnover are the combination of outdated manual processes and outdated technology in the finance function (54%), competition/salaries (50%), lack of training (43%), and workload (34%).

Competition for talent is a perennial challenge, but CFOs may need to change their mindset to conquer it in today's environment. Not all CFOs, especially those in mid-market companies, have the luxury to compete for talent on salary against enterprises with more resources. In order to reduce turnover in a meaningful way long-term — rather than overpay for the same talent in the short-term and still face the same ongoing issues — CFOs must address their employees' pain points around workload, processes, and technology with digital transformation.

Investing in automation also gives organizations the opportunity to grow without adding additional headcount, alleviating the ongoing and painful cycle of retaining and attracting top talent in the future.

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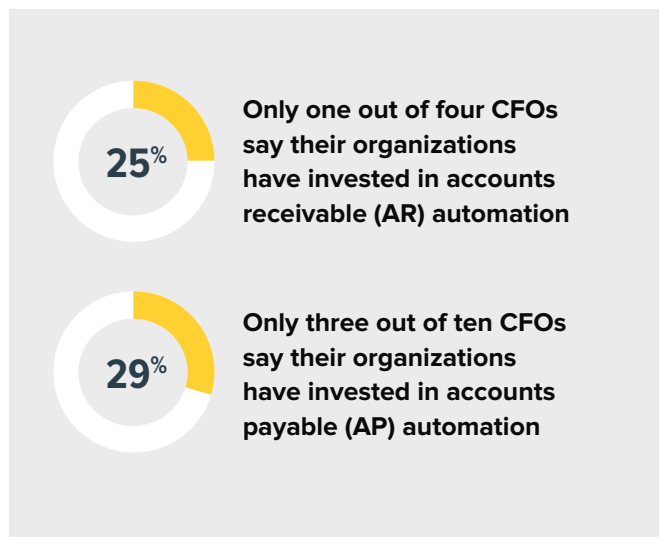
V.

Reducing error-prone processes and maintaining staff satisfaction requires addressing ripe opportunities for automation

Despite their “future-proofing” investments to date, CFOs are still missing out on low-hanging opportunities for automation that keep their team members happy, productive, connected, and focused on strategic work rather than repetitive manual processes.

Only one out of four CFOs (25%) say their organizations have invested in accounts receivable (AR) automation, for example, and only three out of ten CFOs (29%) say their organizations have invested in accounts payable (AP) automation. This is despite how impactful CFOs understand AR and AP automation to be: Two out of five CFOs (40%) selected accounting (AP and AR) as one of the core financial functions that would benefit the most from advanced technology, and 45% of CFOs believe creating a culture of cash flow excellence should be a top priority in the next 6-12 months. From this research, it’s clear that CFOs value the importance of automating critical finance functions. Actually selecting, implementing, and using a new system, however, can be one of the most daunting barriers to entry.

For those CFOs and their wider organizations looking to achieve cash flow excellence, updating technology and embracing automation is a critical step to ensuring a culture of best-in-class cash flow management. Many companies may already be on a journey to creating a culture of cash flow excellence, but it takes automation and a Connected Finance approach to get all the way there. For example, visibility into cash flow — along with effective and efficient business planning and analysis — is essential to ensuring businesses can make fast, informed decisions and take quick, strategic actions in critical moments, including those resulting from economic downturn.



Conclusion

With 57% of CFOs now viewing themselves as enterprise value creators, it's important for them to contribute to business resilience by using automation in the finance function to prepare for and adapt to economic challenges.

Already, CFOs are investing in “future-proofing” the finance function. Yet unfortunately, many CFOs are still facing issues with error-prone manual processes and relying on outdated technologies — both of which are contributing to staff pain points and challenges with talent retention. (Our data reflects the fact that finance staff and technology are tightly interconnected, and impact each other in significant ways.)

CFOs may view salary competition as their greatest struggle in keeping employees around, but they need to think beyond compensation — and address foundational issues like processes and technology through digital transformation — in order to attract and retain the right financial talent, and grow without adding additional headcount.

When it comes to digital transformation, two areas in which CFOs are underinvested in are AP automation and AR automation. Lessening employees' manual workloads through AP automation and AR automation

is an investment that can help sustain and support growth — even during economic downturns — by freeing up staff resources to handle more strategic responsibilities.

Empowering the finance team to take on those responsibilities requires the right technology and organizational mindset. Many businesses are on the way to achieving a Connected Finance organization — in which the finance function utilizes well-aligned workflows and data flows to make a powerful contribution to the business — but it takes automation to realize their full potential. Working toward cash flow excellence, including real-time visibility into cash flow, can help businesses make better, faster decisions.

Ultimately, CFOs and their teams are advancing digital transformation but still have room to improve in many areas of their operations. CFOs are wise to support future growth, business resilience, and talent acquisition and retention by investing in the right AR automation and AP automation solutions that keep their finance teams happy and reduce outdated manual processes that inhibit their organizations from achieving cash flow excellence.



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