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Chief Financial Officer Leadership Vision 2022

3 Strategic Actions for Success

From Chris Howard, Chief of Research, Gartner

As we head into 2022, we continue to feel the human toll of the global pandemic, but we already know it has been a watershed period in which attitudes and norms have permanently shifted — in our everyday lives and at work.

Living through COVID-19 has increased social awareness — as have growing demands for equity for those who are underrepresented.

Businesses have also changed. For many organizations, the pandemic has catalyzed digital business initiatives as we adapt to the demands of employees, customers and other stakeholders, who were forced into new digital options that they have now come to favor.

B2B purchasers are happy to buy digitally, without a sales representative; B2C consumers are buying off social media platforms; employees are physically distributed and communicating asynchronously — and IT infrastructures must secure the organization despite this “anytime, anyway, anywhere” way in which we’re operating.

You and your team may be burning out, and it’s never been more important to prioritize your time and energy.

In your role as a leader, you’ve now spent months adapting to change and delivering new solutions at speed. You and your team may be burning out, and it’s never been more important to prioritize your time and energy. To help with that, Gartner Leadership Vision provides top-level guidance to leaders and their teams on where to focus — based on our data-driven research.

We’re providing detailed insights to our clients across dozens of roles, and we’re now excited to share excerpts with the business community beyond our clients. We hope this will help you to focus discussions with your teams, peers and other leaders, so you can more quickly and effectively diagnose priorities and actions, especially as you solidify your strategic plans for 2022.



Chris Howard
Chief of Research, Gartner

CFOs Need to Advance the Digital Agenda



Source: Gartner

Trends, Challenges, Actions for the CFO

Continued digital acceleration

65% of executives reported that they increased their investments and focus on digital business in 2020 and 2021. Only **23%** of CEOs believe that they are very effective at realizing results from their digital investments.

Democratization of data and analytics

76% of finance leaders say decision makers increasingly have access to important data about business operations and performance through systems/providers outside of finance.

CFO challenges

Improve returns from digital bets for the organization.

Digitalize the finance function.

Unlock the value of advanced analytics.

CFO actions

Deploy new funding models and tie digital initiatives to business key performance indicators (KPIs).

Upgrade the digital competencies of the finance team to enable digital implementation.

Understand the data and analytics (D&A) landscape, and separate hype from reality.

Source: Gartner

Flexibly Allocate Economic Capital

Aligning digital funding to products, not projects, helps to keep economic capital (capital expenditures and operational spending on multiyear initiatives) flowing to the areas of highest returns.



Project A



Project B



Product Team A



Product Team B

Project-Based Funding

- CFO approves project funding.
- Project leaders must have business cases approved before receiving funding.

Transition to Product-Based Funding

- Set product funding targets for digital priorities.
- Relax business case requirements to account for uncertainty.
- Adapt metrics to capture full value of digital investments.

Product-Based Funding

- CFO facilitates and directs funding to product objectives.
- Product line leaders have discretion and flexibility over resource use within the product line.

Know Which Digital Initiatives Drive Which Outcomes

Sample mapping distinguishes revenue improvement initiatives from those tied to cost reduction, productivity, customer experience and asset efficiency.

Digital Business Optimization

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|---------------------------------|--|---|---|---|--|---|
| Improve Existing Revenue | Reduce Costs | Reduce SG&A | Improve Employee Productivity | Enhance Customer Experience | Optimize Inventory and Yield | Optimize Physical Assets | Optimize Financial Assets and Cash |
| e.g., analytics to optimize price and increase spend | e.g., automate to reduce costs | e.g., digital channels to optimize sales and marketing | e.g., AI and RPA to take on more volume without increase in headcount | e.g., digital channels and IoT to provide connected experiences | e.g., analytics to better forecast and IoT to track inventory | e.g., IoT to maximize uptime, life, yield and to reduce energy | e.g., analytics to better assess risk and raise yield |
| Increase Revenue | Improve Operating Margin | | Improve Workforce | Improve Customer Experience | Increase Asset Utilization | | |

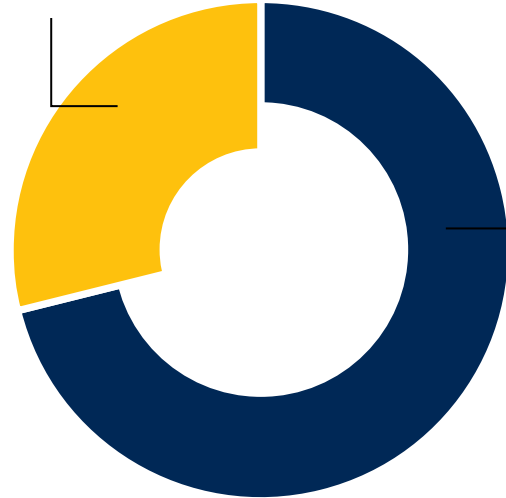
AI = artificial intelligence; IoT = Internet of Things; RPA = robotic process automation; SG&A = selling, general and administrative
Source: Gartner

Know Which Digital Skills You Need

Digital competencies comprise knowledge, skills and abilities.

29%

Component Skills New to Finance



71%

Component Skills Already Familiar to Finance

Knowledge

- **Coding Acumen**
- Existing Business Technology Familiarity
- Finance Technology Landscape Familiarity
- KPI Validation
- Machine Learning (ML) Project Management Familiarity
- ML Technology Familiarity
- Natural Language Processing (NLP) Technology Familiarity
- Production Audit Procedures Familiarity
- **RPA Software Familiarity**
- Semantic Layer Familiarity

Skills

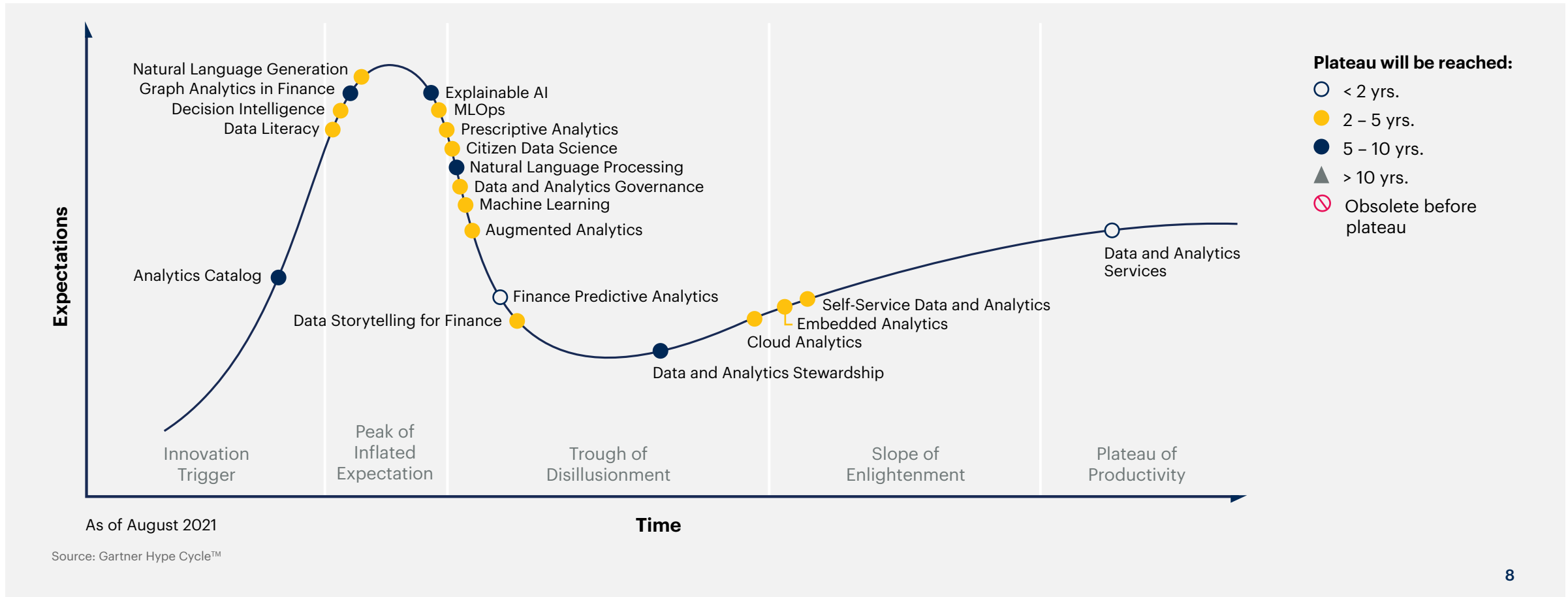
- Algorithm Bias Detection
- **Algorithm Interpretation**
- Algorithm Validation
- Automation Risk Mitigation
- Basic Programming
- Bot Development
- **Bot Governance**
- Bot Management
- Bot Testing
- Bot Troubleshooting
- Digital Fluency
- NLP Interpretation
- Process Mining
- Systems Thinking

Abilities

- Charisma
- Experimentation
- Humility
- **Social Intelligence**



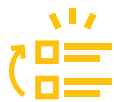
Separate Hype From Reality in Analytics


CFOs need a holistic view of critical analytics technologies and capabilities at various stages of adoption.



Recommended Actions

As CFOs seek to advance the digital agenda and realize profitable growth in 2022, they will need to:

-  Adopt capital allocation and funding models that promote **flexibility in resource allocation**, especially for digital initiatives
-  **Streamline investment governance** (that is, performance criteria, metrics and the delegation of authority) based on material significance and newness to company
-  **Tie digital initiatives to business KPIs**, distinguishing between those aimed at revenue improvement, cost reduction, productivity, customer experience and asset efficiency

-  Overcome finance’s digital conservatism by going beyond RPA to **embrace AI and ML** — hyperautomating finance processes
-  **Accelerate digital competency** building across finance, with a full understanding of the knowledge, skills and abilities that make up each competency
-  **Separate hype from reality in analytics** by gaining a holistic understanding of the underlying innovation trends and the capabilities required for success

Actionable, objective insight


Explore these additional complimentary resources and tools for finance leaders:



Research
The Digital Future of Finance

Discover the 10 opportunities for CFOs to accelerate digital transformation.


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