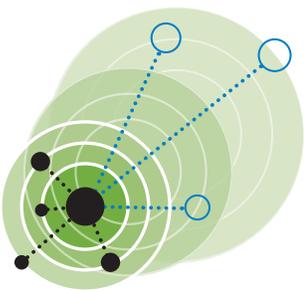


TCS 2020 CFO Study

How Future-Ready CFOs Are Driving Real-Time Business Performance

FROM AGILE CFO TO TRANSFORMATION CHANGE AGENT

How to accelerate cultural evolution for the real-time enterprise



As the transition to real-time business gathers pace, ambitious CFOs are clear that they need to be leading the charge. Within five years, they expect to be playing a critical role across a range of leadership priorities and are making significant investment in

developing technology skills to ensure they are well equipped to thrive (see *Taking the reins: How data-conscious CFOs can drive enterprise growth and their career ambitions*).

But to achieve their goals requires more than just technical know-how: The entire enterprise must learn to operate differently and, increasingly, the task of recalibrating the workforce for digitization is falling to the CFO.

“Right now, the biggest challenge is not understanding whether a tool is good, it is ensuring that we can use it to best meet our needs,” says Arvind Agrawal, Finance Director at Philips Netherlands. “This means before we embed a technology, we must first train the workforce to accept that it is coming, and to make the most out of it.”

The TCS 2020 CFO Study shows that finance leaders acknowledge that workforce evolution is a key challenge: **58%** say the CFO is responsible for digital change, yet **half** admit that their organizations’ execution of change management is falling short.

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— Arvind Agrawal
Finance Director at
Philips Netherlands

Taking the right path

Despite this recognition of the obstacles ahead there are warning signs that many CFOs are not paying due attention to skills development in this area, which may mean their workforce transformation efforts continue to fall short.

Current skills and capabilities

1. Soft skills e.g. interpersonal (52%)
2. Core financial capabilities (49%)
3. Lateral and Innovative thinking (48%)
4. Long-term strategic planning e.g. scenario planning; horizon scanning (44%)
5. Understanding of advanced technologies (42%)
5. Enterprise-wide data analytics (42%)
6. Process optimization (41%)
7. Datamodelling and simulation (40%)
8. Change management delivery strategies (39%)
9. Data governance (38%)

% rank 8, 9, 10 (proficient)

Priority areas for development



Figure 1. Change management delivery strategies are a low priority



Question: How would you rate your skills and capabilities in each of the following areas?

Question: Which skills and capabilities are your priority for development as your organization moves towards becoming a real-time business?

The findings in our research also suggest that while CFOs have a good idea of what it takes to embed change in this area, very few are taking the action needed to accelerate the process.

Nearly half of respondents (**47%**) believe that empowering teams with new digital leadership approaches will be most effective for changing employee behavior, while **more than four in ten** pinpoint the introduction of performance metrics and KPIs as being key tools. Yet a concerning number of organizations have failed to take any action in these or other areas, meaning they are handing competitive advantage to those that do.



Figure 2. Only around a third of organizations have fully implemented initiatives to prepare employees for real-time digitization

? *Question: Which of these behavior initiatives have been fully implemented across your enterprise?*

What does success look like?

In reality, workforce empowerment initiatives and performance partnerships start small and drive a change in mindset that builds over time. "Traditionally, the finance organization has focused on driving people to get to the numbers. But the future is more about getting people to own the numbers, to get to their annual plans, and to get to year-on-year improvements," says Rajiv Subramanian, Head of Finance at Nokia IT.

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— Rajeev Subramanian
Head of Finance, Nokia IT

Organizations take many different approaches to driving this step change, but those already taking action offer insight to others who find themselves "paralyzed" by indecision.

Real-world approaches to drive behavioral change:

Start at the top

// When you become an analytics- and a data-driven organization the leadership must be willing to make decisions based on data and not instinct, even if it is counterintuitive.

I had experiences in my past organization where the analytics proved one way, but it wasn't aligned with the leadership's predetermined mindset. They ended up throwing analytics out of the window and it didn't work out well.

Instead, decision-makers must learn to poke holes in the data, do a second level of analysis, but they should never throw it away. //

— Senior finance director
Global retailer

Appoint champions of change

// Identify the 10% of forward-thinking middle management colleagues who have already talked through this process, who understand the role of technology. CFOs should use them as catalysts within the organization to implement that change in culture. You can't do it from the top alone, you need those people who are seated within the middle to drive that. It's tough, but the CFO has to have an eye open for that. //

— Senior finance director
Global retailer

Allow middle management to "own" the numbers

// We have a program called LEAP, which stands for leadership, execution, accountability and performance. By applying this program to our company travel policy, for instance, we were able to push accountability for travel planning and expenses down to individual line-management level.

This meant employees went from requiring senior management approval for their travel plans, which was becoming extremely complex and difficult to manage, to being much more empowered.

It's a simple thing, but it's made a huge difference to the way the organization functions. Making this change has drastically decreased bureaucracy and ensured people own their own numbers, and the finance organization needs to develop this further. //

— Head of finance
Global technology company

Get the full CFO Study report now

Different approaches will suit different organizations, but what's critical is that change management initiatives are agreed and put into action as a priority. For more on the challenges and opportunities facing CFOs in this area, read the **TCS CFO 2020 Study**.

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