

Per·for·mance ac·cel·er·a·tor

1. A CFO who instills a discipline of performance: using process, control and analytical rigor to drive transformation, innovation and growth

Introduction

The CFO profession is evolving. When the financial crisis of 2008 hit, companies large and small leaned heavily on their finance leaders to shore up balance sheets, manage risk and preserve capital. By and large, CFOs answered the call. The best among them relied on data and analytics to improve finance efficiency and provide business insight throughout their companies. IBM's 2010 CFO study referred to these CFOs as value integrators and their companies continue to outperform all other groupings in the survey in terms of revenue growth, EBITDA and return on invested capital.¹

But as the world changes, the CFO's role continues to evolve. Now, amidst improving economic conditions, many organizations are asking their CFOs to take on a new challenge: take the same core skills and approaches used to manage during the downturn and apply them to growth and innovation. We call this data-driven, rigorous approach to transformation and growth a discipline of performance, and more and more, CFOs are expected to drive change well outside the walls of the finance function. They are expected to continue to bring their trademark sound fiscal reasoning to the table, of course. But they will now have to become partners in change, innovation and vision, too.

"Finance is putting together strategies that help create revenue and we've looked at strategies to drive premium revenue," said Peter Cole, CFO of the Americas, Marriott International. "We've looked at strategies that support our marketing plans, and how best to deploy resources in the hotel. In my opinion, finance is not simply about driving cost out of a business. That's important, but it's not the only thing you can do."

1. IBM Center for Applied Insights
"Accelerating performance:
The evolving role of the CFO,"
(forthcoming).

Step one

Assess readiness

From skill sets to the structure of the finance function itself, a complete and honest assessment of the capabilities of the CFO's office is a necessary first step. Do you have the right relationships across the organization to influence company-wide culture? Does your office have access to the necessary data and information to confidently inform future strategy? Is your staff positioned to succeed in a new, more agile environment?

Step two

Extend your influence

Every organization has different expectations of the CFO. And each CFO has varying levels of influence. To build influence, it's critical to own the facts, achieve small wins and bolster credibility. Through these moves, a CFO can build a compelling case for change.

Step three

Revisit your partnership with the CIO

In a discipline of performance where decisions are based on data, the CIO's importance increases exponentially. It requires constant access to current, relevant and reliable data, and developing a set of processes to match. A tight partnership will be essential to creating the integrated data and processes necessary for success.

Step four

Create a roadmap for change

The strategic vision and tactical rollout of a discipline of performance is nothing less than transformational. First, a CFO should articulate a clear description of the desired end state. Then the approach followed needs to be focused and disciplined, taking into account the organization's current culture and the potential for resistance. The relationships with peers in the c-suite will be crucial, especially the chief information officer (for putting the right technology in place), the chief human resources officer (for changing the culture and hiring new skills) and the chief communications officer (for communicating changes and building consensus).

Step five

Build your base of talent

In addition to the core capabilities the company has come to expect of the finance team, team members should also learn to be more consultative and entrepreneurial. Finance teams that understand the business will shift the perception of themselves from being fiscal gatekeepers to being strategic leaders with broad influence across the enterprise.