

Achieving 'systems thinking'

A comment to the IFAC Discussion Paper: *The Role and Expectations of a CFO: A Global Debate on Preparing Accountants for Finance Leadership*

From [Christian Gheorghe](#)

This is a paper of vision, and nowhere is this more evident than in Principle C: “The CFO should act as the integrator and navigator for the organization.” Here we see the emerging job description for CFOs – a C-level executive responsible for tying together an organization’s “strategic objectives, opportunities and threats, business model, and critical success factors.”

All this sounds familiar because I’ve spent the past five years working with dozens of CFOs from companies of all sizes. Their experiences hew closely to the concepts laid out in the paper.

More and more, the critical paths of a business meet in the F&A function. This makes the “systems thinking” prescribed here that much more critical. Understanding the relationships between different aspects of the business – and how they all impact one another – offers an enormously powerful way for CFOs to think and act strategically, uncover new profit opportunities, better align resources with anticipated demand, and create a more agile engine for growth.

Here’s what I’ve observed from transformative CFOs: They’re always looking ahead. So when this paper recognizes, as it does on Page 23, that knowledge of information technology and systems is relevant to aspiring CFOs, then I’d argue that these future financial leaders must understand and embrace the fundamental trends that are shaping the emerging landscape of [enterprise performance management](#) (EPM) and [financial planning](#) and analysis (FP&A) platforms. They too need to look ahead at how tomorrow’s F&A groups will operate, not how they operated in the past.

When successful CFOs assess their technology options, they generally look for four traits:

1. **Agility.** Aspiring CFOs probably don’t expect to run a growing enterprise with a stack of 150 spreadsheets. Good thing, too, since nothing kills an organization’s agility like a static plan or forecast that’s obsolete the moment it’s finalized. A responsive, nimble organization requires continuous forecasting based on real-time data.
2. **Ubiquity.** You can’t be agile if a small handful of financial analysts are manually feeding the plan with information they’ve painstakingly collected from the edges of the organization. The latest financial planning solutions are intuitive enough so any stakeholder in the company can input forecasts or actuals for sales orders, headcount, or capital and operating expenses – or run what-if scenarios to analyze the potential implications of their actions. This creates a state of collaborative planning, per the IFAC principle of the CFO acting as integrator and facilitator. And it produces plans that are relevant in the near term or years from now.

3. **Mobility.** CFOs naturally want to ensure their plans, budgets and forecasts include the latest, more accurate information. To do this, key stakeholders need convenient, always-on ways to input that data the moment it's available. So CFOs need to make sure their FP&A platform works with the mobile devices their employees carry all day, every day.
4. **Scalability.** Platforms designed expressly to be delivered from the cloud – I call them *cloud-first* applications – can easily scale as organizations increase their sources of structured and unstructured data, or as they broaden the use of their planning platform to more users. Cloud-first applications also reduce IT cap ex costs because in most cases, the cloud application provider owns and maintains the servers, storage and other hard IT assets that organizations once had to buy, maintain and depreciate.

For aspiring CFOs to really achieve “systems thinking,” they’ll need to become acquainted with the disparate forms of information that will inform their thinking – and, just as importantly, the new technologies emerging to help them marshal that data and then make sense of it. They can’t afford to ignore either if they hope to become the strategic asset IFAC has in mind.