SAP Concur

CFO Insight Series

In Another Year of Uncertainty, CFOs Become Paragons of Business Resiliency

THE BEST RUN SAP

> **From an economic perspective, companies ultimately focus on their capacity to grow. However, CFOs who open and widen that view to include value and sustainability allow their business to entertain opportunities that they most likely would have missed.**

Carl-Christian von Weyhe,
Chief Financial Officer of the Middle and Eastern European Region, SAP

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With high inflation, rising interest rates, ongoing supply disruptions, persistent talent shortages, and increasing costs across all business areas, no company is the same as it was three years ago. Every challenge so far has created a completely changed environment that includes diverse work arrangements, slimmer organizational charts, and more strategic spending.

But now CFOs are keeping an eye on a new risk emerging on the horizon: **a potential global recession.**

In times like this, decisions that are "good enough for now" leave long-term potential at the table. Risky investments, wasteful spending, or inefficient processes should be, without question, minimized as much as possible. However, organizations – especially finance – cannot afford to disregard opportunities that could strengthen their longstanding position. The answer to balancing both sides of CFO decision-making is an intelligent and sustainable foundation that touches every angle of the business.

CFOs Reassess Digital Investments to Tackle Challenges Ahead

A combination of turbulent market undercurrents and strong economic headwinds are pushing and pulling businesses in various directions. And every shift requires a response that is equal parts strategic, agile, and swift.

Given the current environment, CFOs must simultaneously focus on several key areas, including where business risks and opportunities lie, prioritizing talent recruitment and retention, and digitalizing operations. Accomplishing this expectation with precision and speed requires access to real-time information that provides 360-degree visibility and predictive insight.

While cost reductions and efficiency gains remain top imperatives during times of crisis, finance leaders are also attentive to the adoption and use of technology. Gartner® predicts that 78% of CFOs will increase or maintain enterprise digital investments through 2023, even if inflation persists.[1]

Choosing the right digital investments has tremendous power. Digital tools – such as automation, advanced analytics, artificial intelligence, machine learning, and natural language processing – are increasingly used in finance to increase the finance function's speed, accuracy, and auditability. Furthermore, CFOs can open the door to 2.7x higher customer retention, 1.6x higher customer satisfaction rates, and 1.9x higher average order value for all other lines of business.[2]

Three core focus areas can help finance organizations develop the right strategy for themselves and the rest of the company.

78% of CFOs

Will increase or maintain enterprise digital investments through 2023, even if inflation persists

"Looking forward into the future of the global economy, the stakes for technology investments are only growing higher. Finance teams rely on data and reporting that steer not only financial decisions, but also non-financial strategies and actions."

Gina McNamara, Chief Financial Officer of the Asia-Pacific Region and Japan, SAP

Tackling Inflation with a New Perspective

Persistent inflation is highly troublesome for every business – with or without a recession. In addition to causing unexpected expenses, it complicates decision-making around stabilizing wages, setting product prices, and investing in new areas for growth. Meanwhile, stock and bond prices plummet when alarming inflation data arrives and interest rates increase.

It's time to run leaner, making the reassessment of the strategic objectives highly urgent. With a seat in the boardroom, CFOs can guide thoughtful discussions covering everything from procurement, resource allocation, and manufacturing to the alignment of business purpose with operational tactics and goals.

CFOs must also rethink how their business measure and mitigate risk. Understanding the business' vulnerability, they can add considerable value to their business by identifying risks early and making organizations accountable for mitigating them.

Technology plays a distinctly supportive role in giving CFOs such influence when steering the business through moments of high inflation. The combination of data integration, advanced analytics, and AI helps build resilience in a transparent and efficient manner. Organizations can standardize and automate processes, strengthen compliance with increasingly challenging financial requirements, and deliver insights to the entire enterprise when needed.

"Businesses have the luxury to accept some degree of inefficiency and low productivity during good financial times. But when the economy is no longer comfortable, the math doesn't work anymore. CFOs must keep organizations honest about how business is done and what should be achieved."

Renaud Heyd, Chief Financial Officer of SAP UK and Ireland, SAP

Driving Sustainability That's Good for Business and the Planet

Sustainability can be a leading indicator for saving money and controlling expenses in a challenging environment. As the gatekeepers of environmental, social, and governance (ESG) data and reporting, finance teams are well-positioned to balance financial resilience and ESG accountability that benefits the business and the planet.

CFOs must help the business view sustainability through a lens that goes beyond the environment and society. They need to help every decision-maker understand the relationship between ESG goals and every opportunity and risk. This can be accomplished by measuring sustainability improvement, analyzing predictively the ESG effects of business outcomes, and providing an integrated report of financial and non-financial KPIs.

Although a global standard for sustainability does not yet exist, CFOs can certainly use sustainability data and reporting to help their business widen its impact on the world with technology. They can provide each department with the tools to measure and track non-financial and financial metrics to help the company get ahead of its competitors. Doing so gives shareholders, employees, partners, and customers the peace of mind of being associated with a brand that transparently demonstrates sustainable operations – online, offline, or through a mobile app.

"There are substantial mid- and long-term costs when not running a company intelligently and sustainably – especially given resource limitations. CFOs have to make decisions that add value to not only the brand, but also the environment in which the business operates."

Brian Vance, Chief Operating Officer and Vice President of Market Assessment and Planning, SAP Concur

Attracting and Retaining the Right Talent

Nothing beats a fully aligned partnership between CHROs and CFOs when attracting and retaining talent that truly benefits the business. Together, they can shape the organization to not only appeal to quality candidates, but also supportive to drive high productivity and profitable innovation starting on day one.

- **Are the compensation and benefits offered desirable?**
- **Is the culture relevant to employee needs and expectations?**
- **Are opportunities missed due to a lack of inclusiveness and diversity?**
- **Do organizational managers set reasonable, challenging, and inspiring goals?**
- **Are the right training options available to build up knowledge and skills and enable upward mobility?**
- **How effectively do performance reviews compel employees to improve and elevate their position?**

"Financially speaking, attrition is costly – especially if the business loses talent it would love to keep. So it really pays off when CFOs communicate the link between the bottom line and the employee experience to executives and organizations managers."

Carl-Christian von Weyhe, Chief Financial Officer of the Middle and Eastern European Region, SAP

All these questions and more support business growth. And while it's always good to attract the right people, keeping them engaged with the best tools, training, and well-being support is critical to help ensure they deliver their best selves every day. For example, people are empowered when they have anytime, anywhere access to performance reports that provide meaningful measurements and actionable development plans.

CFOs add value to the employee experience by increasing business agility with real-time transparency and financial and non-financial data. This information enables managers to understand where their organization stands and how to redirect their teams toward the right goals in an updated fashion. But more importantly, employees know the value of their progress and impact on strategic business needs.

Build a Business That's a Model of Resiliency

In every economic condition, what businesses buy, where they buy it, and how they pay for it present both opportunities and risks. For example, getting the right price on the right materials is an opportunity to fuel growth. Yet, the inability to negotiate the right prices and timing for those resources is a risk.

By equipping every organization with the tools to optimize cash flow, minimize costs, and strengthen, CFOs can begin to build business resilience. Here are four ways to get moving:

1. **Simplify confusing processes to gain moments of clarity**
2. **Transform regulatory shifts into opportunities of certainty**
3. **Make spending decisions with data-driven accuracy**
4. **Face operational disruption with efficiency gains confidently**

By acting on these imperatives with rapidly evolving technologies, CFOs can drive comprehensive, resilient, and agile processes and systems that enable their business to thrive and gain a decisive competitive edge.

1-2 "Gartner Says 78% of CFOs Will Increase or Maintain Enterprise Digital Investments Through 2023 Even if Inflation Persists," Gartner, May 25, 2022

To learn how your financial leaders can **help create a more resilient business** with SAP® Concur® solutions, visit us **online**.

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