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A guide for high-growth CFOs

Steering a course to success in a fast-moving company

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It's a new business world out there on the high seas. It's fast moving, global and loaded with data. The pace is blistering. As a consequence, CFOs of high-growth companies have special challenges in their efforts to both stay ahead and build winning businesses. They need to focus their organizations on specific goals with positive impact, act decisively and pivot on a dime. They can't go it alone. They also must empower their hyper-efficient finance dream team. A step in the right direction for CFOs is to create a winning finance team that moves in tandem as a cohesive unit, with a strong sense of collaboration, shared goals and solid technology underpinnings.

Pivot quickly

There's an old saying, "When something better comes along, you can finally let go of the past." In today's fast-changing business environment, the CEO, CFO and others in the C-suite need to be able to make decisions rapidly, sometimes changing direction altogether, while relying on accurate financials, real-time information and the savvy analysis of their team for navigation purposes. Nowadays, with the right systems and processes, financial data can be accessed and analyzed as it's happening, leading to more accurate projections and the ability to roll out new products, plans and business models faster than ever. Real-time data gives the CFO and other leaders in the company an informational advantage to pivot in new directions and respond to customers, markets and competitors quickly.

Instead of steering the organization using maps based on last quarter's performance data (or worse, last year's), the financial team can now rely on up-to-the-minute data and produce accurate reporting and intelligent analysis ahead of the competition. Access to this kind of information has been difficult in the past but is less so today due to advances in technology.

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Social media, mobility, Big Data analytics and the cloud have changed the paradigm. Armed with a tablet and a business intelligence software app, a salesperson, for instance, can alert management that a key client plans to pull back on the volume of business it provides the organization. This information flows to finance and is immediately disseminated to relevant internal decisions-makers, such as the supply chain team, which may decrease the flow of materials in the pipeline to increase working capital. Similarly, grumblings on social media about a new product can quickly make a company aware of a problem it previously wouldn't have realized until many months of disappointing sales numbers later. Rapid responses are assisted by the cloud, which connects everyone in the organization to enterprise performance data and business intelligence apps, during and after work hours.

In this new predictive business environment, CFOs, as the stewards of financial information and enterprise intelligence, stand at the helm of the ship, navigating towards business opportunities, steering clear of business risks and managing obstacles as they arise. They are the uber-source of information that allows for better and faster decision-making that can assist, for example, in determining whether to hit the brakes or accelerate on plans for a particular product or service in a specific geography or market.

CFOs are not the only decision-makers, however. They need a dream team supporting them with experience in all of the necessary financial roles—controllership, treasury, planning, tax and other roles. Because of its place within the information stream, the finance team has more of a voice and has a greater impact on the fast-growing company.

Why? Because modern CFOs are expected to partner with all aspects of operations on top of their everyday responsibilities in finance, HR, facilities, legal and more. They must delegate to experienced players and empower this team to push things forward since they can't be in all places at once. Responsible not only for accurate financials, the modern finance team has become a decision-maker at the table in all essential strategic and tactical decisions—product strategy, geographic expansion, partner management. In short, the team has a say on all the go/no-go decisions that keep the business on course and growing.

Indeed, the new financial environment is an "all hands on deck" model, in which everyone closely collaborates towards achieving shared goals. To bring this philosophy to life, CFOs must have the right players on their team, give them the technology tools to perform their best, empower them to make impactful business decisions quickly, hold them accountable for their actions, and lastly, measure their results. If specialized financial expertise is needed, or if the company simply needs additional manpower for new projects, then part-time or expert consultants are a good, cost-effective and flexible way to fill the gaps. It's best if the consultants have the same access to technology, vision, goals and measurements as the rest of the crew, to ensure a high-functioning team effort. This way, everyone is pulling their oars in the same direction and in unison.

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Empower the crew

Entrusting employees in a mid-sized or large organization to make decisions based on their assessments of real-time data is a relatively new concept, due to fairly recent advances in technology and software that make this change possible. Like all things new, a term has arisen to describe it—"rank marginality." In a recent CFO magazine article, rank marginality was defined as the "people at the middle and lower rungs of the organizational ladder who often know more about business performance than the C-suite."

A good analogy is a supermarket. Who knows better about customer needs and issues—the store manager or the cashiers? Not surprisingly, the latter, as they are in constant communication with customers. By empowering individuals at the customer-facing edges of the enterprise with the tools to transform their encounters with people—the truest performance data—into actionable information that steers the business forward, "the future becomes clearer for finance, loosening more confident, bolder decisions," CFO reported.

Obviously, no one wants cashiers running the business. And that's where technology comes in. By putting everyone on the same page with business intelligence apps that are integrated with performance data in the cloud, decisions from below pulse to the CFO to ensure the ultimate go-aheads are in line with strategic plans. This is not the situation at many organizations today, however. Companies lacking this ability trip over themselves, with far-flung teams and outmoded silos of legacy processes and legacy systems. Trust us, the last thing anyone wants is a legacy business. Managing these outmoded labyrinths is not for the faint of heart. A step in the right direction for CFOs is to create a winning finance team that moves in tandem as a cohesive unit, with a strong sense of collaboration, shared goals and solid technology underpinnings.

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Unfortunately, many companies still keep data in silos or move it to small, specialized teams because of system complexities, and "that's how we've always done it" attitudes. In many larger companies, data is funneled to just a few people within FP&A (financial planning and analysis) tasked with turning it into insightful information to create accurate forecasts and support internal-planning efforts. FP&A gathers the data, analyzes it and essentially tells the story in reports to the management team and the board. Based on this info, the CFO and others make important decisions. Good stuff, but imagine how much better this setup would be if everyone in the organization had the ability to access real-time performance data instantly and make vital decisions right then and there when appropriate.

Today's cloud-enabled financial systems do make data, dashboards, reports and insights instantly visible to multiple stakeholders across the company and at the top. The numbers can quickly and accurately tell the true tale of where the business is heading and why—but only if the walls separating those at the perimeter of the organization from the ivory tower are torn down.

The cloud, business apps, data analytics and mobility are rapidly replacing legacy systems to provide the interconnectedness we're describing. When these solutions are integrated, the company's dispersed teams are effectively fused together to share information from a single source. It thus becomes quicker and easier for the CFO and other leaders at the helm to see what lies ahead and make more informed decisions on where best to invest resources and guide actions.

To achieve this extraordinary nimbleness, companies need the will to shed old thinking, eliminate manual processes and adopt current technologies. Only then can the finance team reach the ideal of truly managing the enterprise in real time. They need to insist on having well-integrated technology systems with the right level of internal controls to ensure that financial transactions are handled correctly. Otherwise, there is risk in having piecemeal technology tools or outdated manual processes, which can slow the time it takes to make decisions. A stalled ship will end up watching the competition sail ahead.

Collaboration is the wind in your sails

If companies promote the "all hands on deck" philosophy, the hands need to be working in unison. Collaboration is crucial for ensuring the organization moves in the right direction. To achieve such unity, the CFO and C-suite should live the values of teamwork (no pirate ships!) while leaving egos behind. It's the team effort that counts, and the message should be that the team will either succeed or fail together.

What this team effort also needs is a laser-like focus on a manageable number of goals that will have clear impact on the business. Fast-growing companies sometimes feel ambitious and craft too many objectives for themselves, losing focus on what really matters. Best not to get too carried away with more tasks than the team or resources can handle, or else confusion and, ultimately, failure will ensue. Having well-defined goals and metrics that can be used to measure success will provide valuable motivation for the team.

After all, CFOs cannot merely delegate important business decisions; they also need to hold team members accountable for the results. Tying compensation, including rewards and other forms of recognition, to measurable results both at the individual and corporate level will go a long way towards ensuring that employees' actions align with the overall business strategy and objectives.

Another key point is to hire the right people with the right skill sets, individuals who share the organization's culture, work attitudes and goals, and are eager to join in a shared purpose (you should also look for these same qualities in the consultants you bring on board, too). To power the business forward, employees must feel inspired by the company's vision and value proposition. As they experience the power of successful teamwork, they are bound to act in the best interests of the organization, as long as they're given opportunities to learn, grow and feel like a meaningful contributor to winning in the marketplace.

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How important is effective collaboration toward a shared purpose? It makes quite a difference. Check out these stats: According to a 2013 study by Aberdeen Group involving 629 companies, those using business processes, technologies and services designed to foster collaboration achieved higher business performance. Notable improvements in on-time project delivery (74% of companies that have a collaboration process versus 49% of those who do not), frequency of successful time-to-information (73% to 57%), operational efficiency (70% to 41%) and customer retention (65% to 50%) make a strong case.

With cloud-enabled systems and mobility, real collaboration becomes more than a lofty goal; everyone is connected to enterprise data and business apps at any time and any place. In turn, organizations are more agile and better prepared for quick, smart decision-making. Companies that fail to realize the accelerating power of collaboration and teamwork will likely sail off course or worse—hit the rocks.

Build a growth culture

When people in a company are entrusted to participate in decisions that contribute to the organization's competitiveness, revenue growth and margin expansion, their feelings of engagement with the enterprise increase—with extremely positive outcomes.

Gallup analyzed 1.4 million employees and found that an engaged workforce produces nine beneficial outcomes, including 27% lower absenteeism, 48% fewer safety incidents, 21% higher productivity and 22% higher profitability. "Companies with more engaged employees have better odds of achieving the outcomes their organizations desire, such as revenue, profit, customer engagement, safety, quality work and employee retention," the study authors noted.

Unfortunately, the same report noted that seven out of ten US workers currently feel disengaged from the work they perform—intellectually and emotionally disconnected and unsure of the value they contribute. Since disaffected people tend to spread their malaise, the risks to an organization are substantial.

Companies that 1) move quickly; 2) embrace open and honest communication, collaboration, constructive feedback and teamwork; 3) hold a constant focus on quality and performance excellence (while allowing for honorable failures) have the right formula for success. When employees understand and are emboldened by the organization's core value proposition and feel connected to the outcomes they are managing, they will go the extra mile, knowing their work has meaning.

Having the ability to act quickly and decisively is paramount. No second-guessing or putting the ship in irons. That wastes precious time and energy.

First, fast-growing companies see the need for speed. Successful leaders from meteoric companies advocate the wisdom to make decisions quickly—even with less than perfect but still accurate information—rather than getting bogged down from "analysis paralysis." Having the ability to act quickly and decisively is paramount. No second-guessing or putting the ship in irons. That wastes precious time and energy.

Another major way to preserve time and energy is open and honest communication. Misunderstandings breed stalemates. But fast-flowing communications about direction to the right team at the right time will result in speedy implementations. Companies have stumbled by not keeping key players in the know. While face-to-face conversations are optimal but not always possible, group emails and social media tools baked into enterprise apps (to foster communications among particular teams of people) are helpful here.

Third, a focus on quality is an important cornerstone for the corporate culture, and hopefully pervades all functional areas: products, service, finance, legal, manufacturing, operations, sales and marketing, etc. Your financial processes need to be a high-quality operation. No ifs, ands or buts. This means having a focused and efficient budgeting and planning process, the ability to publish accurate and reliable financial statements, creating thoughtful forecasts, conducting suitable tax planning, setting up appropriate internal controls and more. If these processes are carefully set in place with a strong focus on quality, you will stay on course even in the midst of the gale-force winds of growth.

Conclusion: No need to go it alone

The CFOs with the most timely, accurate business information at their disposal will have a winning chance at success. They can make confident, bolder decisions to help drive the business forward. The company should also have a dependable financial infrastructure that can scale with its growth. Integrated financial, CRM, performance management, business intelligence and other enterprise systems assist these aims, as does well-managed data analytics. A strong focus on a small number of impactful goals and the matching KPI's can drive alignment across the entire team. A collaborative culture and trust building can help speed decision-making and increase employee engagement when it's time for decisions and change to occur.

The CFO who is bold enough to say, "Let it go!" to outdated models, technologies and processes, and commits to gathering the right team, supported by the right types of financial systems and external partners, and maintains a laser beam focus on quality and high-impact goals will emerge as a winner in today's fast-paced environment.

About the author

Jason Barker is a member of the RoseRyan dream team and provides consulting services to companies in and around Silicon Valley. His areas of expertise include providing CFO services, financial planning and analysis, public-company financial reporting, IPO preparation, and acting as a strategic partner in helping businesses achieve successful outcomes. Jason has been working as a specialist in finance and accounting for more than 20 years. He has worked and consulted for companies ranging from small entrepreneurial start-ups to Fortune 500 corporations in a span of industries, including Internet, software, telecommunications and life sciences.

About RoseRyan

RoseRyan takes dynamic companies further, faster, by delivering specialized finance and accounting solutions at every stage of your company's growth. Versed in Silicon Valley's rapid pace and unique business environment, our consulting firm has helped 800+ companies achieve success since 1993. No matter the size of your company or the scale of your next endeavor, RoseRyan has the wide-ranging skills and services you require to accelerate growth.

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More than
800
companies

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4.7
out of 5 stars by clients

Nearly
25
years