



The CFO's Strategic Role in Helping Lead Growth Initiatives

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The nation's broad economic indicators continue to fluctuate from month to month, sending mixed signals about the direction of the economy. But overall, it appears that the economic environment both nationally and in California has improved markedly from the depths of the Great Recession. This is presenting some Los Angeles and Southern California business owners and entrepreneurs with sound growth opportunities — perhaps for the first time in years for many of them.

Shifting into a growth mode, however, will require a shift in the mindset of owners and senior executives. It starts with the owner, who must cast the overall strategic vision for organizational growth and then articulate this vision to the executive team. How this vision is received, understood and implemented by executives, including the CFO and other key members of the finance team, will be the determining factor in a company's success in achieving its growth objectives.

Strategic Changes Leading to Growth

Research conducted by CFO Research and KPMG contains strong evidence that many U.S. businesses plan to ramp up their growth efforts over the next couple of years, and of the important strategic role CFOs and finance executives should play in this growth. When senior finance executives were asked what kinds of strategic changes are “must do’s” for their organizations to make over the next 24 months:

- 48 percent listed “diversify product and service lines and develop service extensions”
- 44 percent listed “develop new business models”
- 41 percent listed “increase/improve R&D”
- 40 percent listed “increase production capacity”
- 29 percent listed “make acquisitions”

These survey results are evidence that many organizations today are “now pushing into new and different businesses, reinvigorating the opportunity for the CFO to be more strategic,” wrote the authors of the research. “Now, the time for change has come.”

This points to the need for CFOs and finance executives to take a more active role both in helping formulate growth strategies and implementing the tactical execution of these strategies. In short, they need to be able to provide higher quality information and better analytics to help owners and other senior executives make smarter decisions about growth. In fact, more than three-quarters (76 percent) of the survey respondents said that improving the quality of financial and performance information they make available to senior management is a high priority. Taking this a step further by analyzing the information and turning it into actionable insight for decision making was listed as a high-priority task by 75 percent of respondents.

Leading the Growth Charge

The authors of the report concluded that the CFO and finance department are well suited to lead their organizations' growth charge by providing the right information, at the right time. The question they pose is simple: Is your CFO providing senior management with the information they need at the right time to make the most important decisions and to define and execute these growth strategies? Finance and the CFO are uniquely positioned to be "the strategic information leader," they add, based on the information that already resides in finance and because of the discipline inherent in the finance organization.

Sometimes, business owners and senior executives see the need for growth and the opportunities to grow, but they don't have the skills or experience needed to execute growth plans. In other words, they "can't see the forest for the trees." The CFO and other finance executives can help in this situation by taking a more proactive, strategic role in growth initiatives.

An outsourced CFO services provider can also help, serving as the catalyst to help a company make its growth plans a reality. Such a provider — especially one who has served as a previously seated CFO at a high-growth company — will work closely with the owner, finance executives and other department heads and operational personnel to lead the growth charge by helping sort through and prioritize relevant data and processes that can be acted upon to achieve sustained growth.

Concluding Thoughts

With indications that the economic environment both nationally and in California is improving, some Los Angeles and Southern California business owners and entrepreneurs are once again embarking on growth initiatives. In this environment, CFOs and finance executives are well suited to lead their organizations' strategic growth charge by taking a more proactive, strategic role in growth initiatives. This includes providing the right information at the right time. An outsourced CFO services provider can also help by serving as the catalyst to help a company make its growth plans a reality.

About CFO Edge

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