

Rob Dubbeldeman: 'We need to focus on productivity improvement'

## Challenges for Dutch CFOs and for our country as a whole



At first sight, it seems as if we're on the edge of a new era of economic growth. Inflation in the euro zone is currently close to ECB goals and consumer spending has been improving. However, we shouldn't get our hopes up, according to many Dutch CFOs and to Rob Dubbeldeman, partner at Deloitte Consulting Netherlands. It's about time that as a country, we address urgent matters such as productivity, education, human capital, and innovative power. CFOs can play a pivotal role.

### Lagging behind in productivity improvement

After several years of increasing inflation and very prudent consumer behaviour, the general outlook in the euro zone seems to be that of economic growth. But appearances can be deceiving, as we all know. This could very well be why Dutch CFOs are not particularly optimistic, even though they expect their company's KPIs to improve. Rob Dubbeldeman explains why. 'All across Europe, steps have been taken to respond quickly to trends. I'm not sure whether Dutch businesses are able to do so as

well. For years, we have been lagging behind when it comes to improving our productivity.'

### Industrial policy

Also, there is still a significant number of Dutch businesses that would have gone bankrupt years ago if it wasn't for the pandemic. This means that on the one hand there are promising industries in the Netherlands, e.g. around the semiconductor industry, and on the other hand there are sectors with businesses that are about to go obsolete. Rob: 'As a country, we're not doing very well in the field of industrial policy. Will we be able to solve

As a partner at Deloitte Consulting Netherlands, Rob Dubbeldeman is serving many Dutch public sector clients in the field of technology-driven transformation of strategic operations and services. Rob graduated in Economics at Erasmus Universiteit Rotterdam, and holds a CMC and a Postgraduate Degree in Management Consulting. He has been a partner at Deloitte since 2010, in senior roles such as Industry Leader Public Sector and Member of the Executive Committee of Deloitte Netherlands. As an advisor, he has been working for nearly 30 years for a vast amount of cities and government institutions.

the scarcity challenges that successful industries are facing? If we don't focus on productivity improvement, the Dutch

economy will likely fall behind soon.'

### **Cost reduction is not a goal in itself**

Part of the problem is the scarcity of human capital. 'I'm worried about the fact that our government is still intent on higher education cuts, and that our attitude towards migrant

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workers has become so harsh. This is affecting our competitive edge and our innovative power as a country.' Also, cost reduction should never be a goal in itself. 'We are not going to solve a crisis by cutting expenditures. Instead, we need to focus on productivity improvement.'

### **The role of the CFO**

This is where both the CFO and the CIO come in, since both are largely responsible for the financial health of their organisation. CFOs are expected to facilitate and assess corporate strategy. Their role is evolving

from being gatekeepers to business partners. This requires a thorough understanding of their industry and of the competitiveness of their business. Rob: 'A healthy EBITDA is often considered as a short term ambition, but in the longer run, productivity improvement is pivotal. The continued existence of a company depends on value

creation and the evolution that is needed to remain successful in the future.'

### **From gatekeeper to business partner**

The evolution from gatekeeper to business partner has actually been going on for a while, but according to the results of the CFO survey, we're not quite

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there yet. CFOs of the current generation are still very much gatekeepers with a focus on

compliance, although some of them are good examples of the importance of a business background. CFOs with such a background – like those of the next generation, hopefully - could use their strategic and industry expertise to bring their business to the next level.

### **From short term incentives to long term profitability**

Next to economic issues, there is geopolitical instability to consider. This has led to government interventions, making it more difficult for businesses to navigate the economic playing field. Again, CFOs could play a pivotal role. Rob: 'They are able to look beyond short term incentives and focus on long term profitability instead. If done properly, this could lead to a short term loss of additional profitability, but the result will be long term business vitality and stability.'

### **Cyber security**

Where there is geopolitical instability, the risk of cyber

attacks increases. Innovations in the field of technology, and the inherent vulnerability in the field of cyber security, are driven by CIOs. CIOs are pushing innovation, while CFOs should be challengers when it comes to the security of the technology, and the focus on control over business continuity. They are able to assess whether their

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business is innovative enough and whether innovation is performed in a controlled and secure way.

### **Will government expenditure decrease?**

Back to the Dutch economy and to addressing urgent matters to benefit from economic growth. There is one left: government expenditure, which has risen enormously over the years. Rob: ‘Looking back, it seemed as though capital expenditure was considered the solution to every

problem. However, inflation has increased strongly as well, so there probably won’t be much room for expenditure anymore.’

### **A future-proof country**

Even more important than the question of how high government expenditure should be, is the question of how the funds are spent. ‘As a country, where do we want to be in 20 years? What do we need to become future-proof? Again, the shortage of talent in the Netherlands is becoming more and more urgent as our population is aging. It is about time to prioritise productivity improvement and approach this issue in a different way than before.’



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