



## Now's the time for CFOs to seize the data

It's easy for C-suite executives to get enthusiastic about the value of data. Sustaining that fervor, however, can be challenging.

The prospect of investing in cloud solutions and analytics toolsets capable of storing big data and spinning that data into insights—and thus potentially giving a company a leg up on competitors—sounds enticingly leading-edge. But before a business can launch into this new age of digital enlightenment, a CFO may need to ground fellow executives in a solid understanding of what underlies such an effort. Quite simply, you need good data to extract the kinds of insights that can make the difference in executing

growth strategies and in fending off disruption—a priority for CFOs, as reflected in this year's [CFO Agenda](#), which ranks “Data & technology” among its seven drivers.

Indeed, it can be hard to leverage information to support effective, agile decision-making if that information isn't easily accessible and accurate. And while data management can ultimately transform the finance department—and an entire business—the effort should start with more prosaic aims. Data must be well-defined (with unique identifiers and classifications), well-structured (with a robust hierarchy and well-governed) and with data owners who can drive the drive strategy and maintain the data's integrity.

Of course, few CFOs would likely dispute that data is vitally important. But in a field packed with priorities, some finance executives may overlook the central role data plays in any number of critical functions and processes. In Deloitte's North American 4Q 2022 [CFO Signals™](#) survey, only 10% of the 126 respondents ranked analytics, AI, and/or business intelligence among their top three priorities for 2023.<sup>1</sup>

Beyond making a serious effort to better manage data—ensuring that it aligns to the company's vision and strategy and is understood across the organization—CFOs may need to address the basic challenge of acquiring the appropriate

technologies to process it. They will also likely need to secure talent with the expertise to run these systems—and analyze the information housed in them. In the 1Q 2023 *CFO Signals* survey, more than half of surveyed CFOs pointed to inadequate technologies or systems, immature capabilities, and a lack of experienced talent as their greatest obstacles in driving data to insights.<sup>2</sup>

In this edition of *CFO Insights*, we'll explain why it's now critical for CFOs to take a systematic approach to leveraging data to inform decisions and create value. As is true of any asset, acquiring and managing data carries costs. Getting a return on that investment means taking control of it, from sourcing to cleansing to governance, often across a wide array of legacy systems.

### Data basics

Nearly every concern that crowds a CFO's mind has a data component. The long list includes complying with new regulations (such as the forthcoming requirements for ESG disclosures), meeting stakeholder demands for transparency, and supporting faster decision-making amid an ever-shortening business cycle.

In Deloitte's 4Q 2022 *CFO Signals* survey, 52% of respondents ranked cost management among their top three priorities for this year, followed by financial performance (50%) and organic or inorganic growth (38%).<sup>3</sup> Mastering those challenges, among others, may require chief financial officers to rethink their data strategy.

Some CFOs may think that they are already earnest about data, as evidenced by their company's diligence and commitment to collecting so much of it. But the more terabytes companies accumulate—originating from different sources and arriving in different formats—the more unwieldy it can become to load the data into downstream systems. This lack of standards can severely limit any attempt to obtain additional business value from the information. The usability of data needs to be determined beforehand, adhering to standards that will keep it aligned with both existing and future systems. Without investing early on in data prioritization, finance chiefs may fail to generate full



efficiency from core platforms such as ERP software and data warehouses.

Beyond that, CFOs may want to consider pulling information from a more expansive data universe, not just the finance function. Data extracted from supply chain systems, marketing, and HR can add context to financial data. And by incorporating financial, nonfinancial, and external data into financial planning and forecasts, the finance function can better support enterprise decision-making. Modeling may span a range of business functions, including supply chain, operations, and talent.

A comprehensive approach can also elevate finance to a more strategic role within the organization. That starts by improving data across five dimensions: availability (providing timely information on demand); completeness (telling the whole story); detail (offering sufficient granularity); standardization (adopting consistent formats); and accuracy and credibility (ensuring data is reliable and meaningful to stakeholders).

While not all data is equally important, it should be similar in its usability. The information ought to serve a recognized need—whether financial, operational, or environmental—based on a company's industry and operations. What follows are six specific actions CFOs can take to help boost the utility of the data that piles up with nearly every company interaction:

1. **Define your needs:** Identify what data—and at what level of detail—can help you understand the value drivers of your business and help support

decisions that shape business strategy and performance management.

2. **Establish a data model:** Provide a standardized approach to capturing and reviewing data that fits the many ways it will be used.
3. **Create common standards:** Harmonize information culled from different sources, determining which data matters and dictating how to scrub and prepare it.
4. **Align data:** Determine what downstream processes the data is actually intended to inform.
5. **Adopt robust governance and maintain data quality:** Actively manage data to help meet changing needs in routine tasks such as capturing, storing, securing, controlling, and reporting—as well as address major events like divestiture or changes in the management structure.
6. **Match information requests:** Ensure data is coordinated with any performance management expectations the information is meant to support.

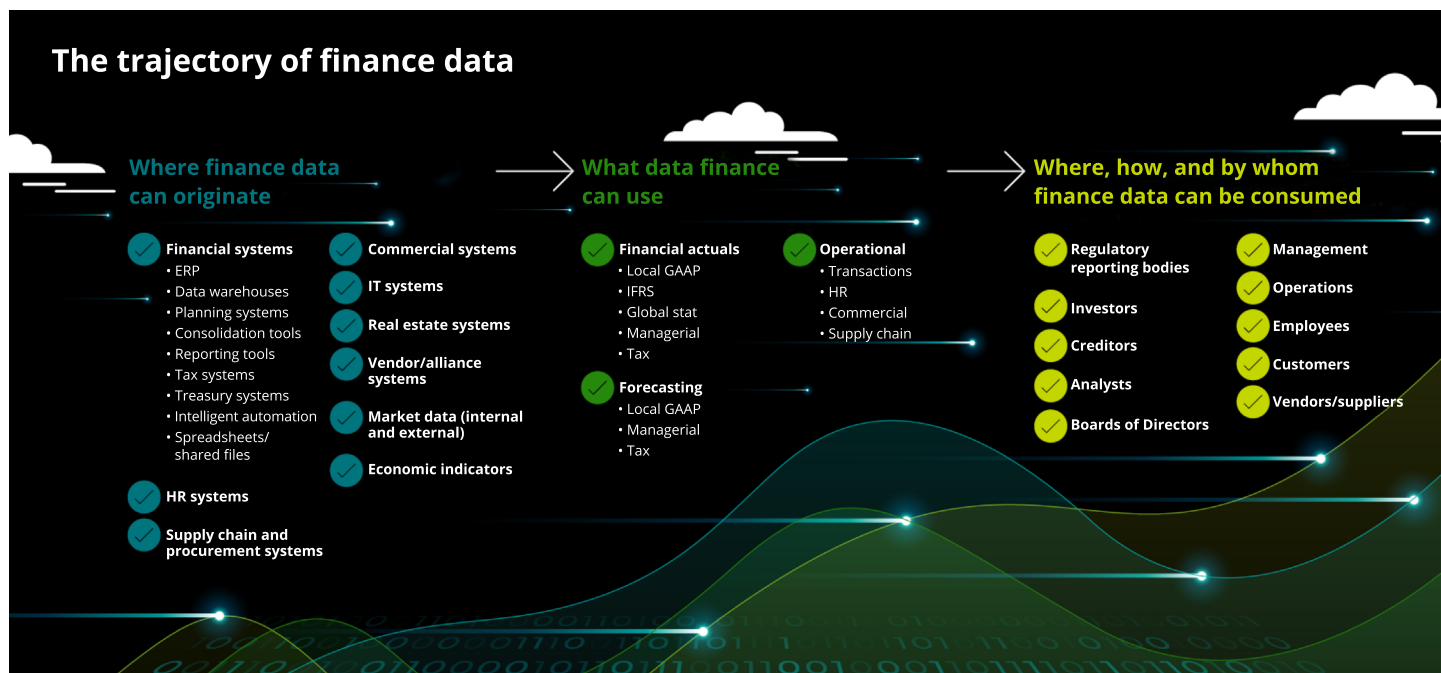
Some executives may not be cognizant of the full range of stakeholders who use data. That's why CFOs must make sure to understand in specific terms where finance data originates and who consumes it (see Figure 1).

### Intelligent automation

No matter how you measure it, the volume of data collected seems to continue to mount. To keep up with scale, companies may consider augmenting their efforts with automation.



Figure 1. Harnessing the power of data requires tracing its path



Source: "Crunch time series: It's time to get serious about data," Deloitte Development LLC, 2023.

Building automation capabilities into how finance manages and uses data may help boost performance. In the 1Q 2023 *CFO Signals* survey, 64% of CFOs chose inadequate technologies/systems as one of their top three challenges in driving data to insights, with nearly as high a proportion (62%) citing immature capabilities as a top-three issue (see Figure 2).<sup>4</sup> (For more on how CFOs assess their own data-management capabilities, see the accompanying story, "Turning data into insights? CFOs offer insights into data.")

In deciding how to begin addressing those top-three challenges, CFOs may need to start by tackling some of the hard questions that follow about aspects of their current data strategy (or lack thereof).

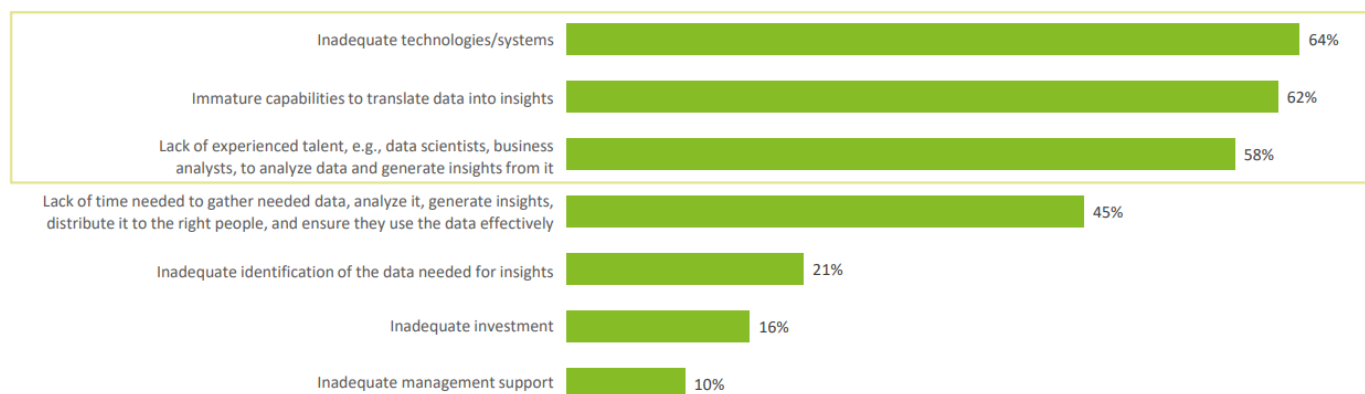
- **Where are the company's systems lagging?** It may seem that existing technology is inadequate for capturing transactional data—which can then be appended for use in managerial decision-making. The root cause, however, could be that finance has yet to consolidate and integrate the data, a step that needs

to be done in collaboration with the business. That foundational work can be labor-intensive and time-consuming—not to mention costly—but it's necessary.

- **What career path does the company offer data-centric employees?** If companies already have employees with the desired technical skills—or have trained homegrown data professionals—it's essential to retain those workers. Is there a recognizable path forward, perhaps into finance or IT, for those with data-analysis expertise?

Figure 2. Ready, willing, but not yet able

As you plan for the remainder of 2023 and 2024, what are your three greatest challenges to driving data to insights? (N=107\*)



\*107 (96%) of respondents across eight industries answered.

Source: *CFO Signals*™ 1Q 2023, US CFO Program, Deloitte LLP.

• **Are there dedicated finance data teams?**

Organizations may need to establish two types of teams: one that sets rules for data governance and another that executes requests for data creation. These teams should have a specific scale, focus, and funding mechanism. The team that oversees data should be able to name all the stakeholders that consume the information and know the sources of truth they use.

• **Is data integrated into the management of the business?**

How data is captured and organized needs to align with how

the organization is run. That requires understanding how data will be utilized throughout the organization and fed into areas such as planning and forecasting. CFOs need to begin with a firm grasp on what they want to use the data to achieve and understand the business case around how it will create value. It will likely be necessary to appoint someone to govern the data lake and serve as the custodian of the company's data management policy.

**CFOs as data champions**

Typically, finance is the business function where operational and financial data meet. CFOs' familiarity with that information ideally

positions them to make the business case for improving a company's data management.

Other needs may also ignite a companywide conversation about data: the demand for more customer-related information to fuel growth, for one, or the lack of sufficient vendor data to execute cost-management plans. With new technologies constantly arriving on the scene, from machine learning to generative AI, CFOs don't have to look far to see the benefits of centralizing, standardizing, and validating data. Executed correctly, the effort could potentially generate some genuine—and sustained—excitement.

## Turning data into insights? CFOs offer insights into data

*In Deloitte's 1Q CFO Signals survey, finance leaders reveal how far they've gotten in managing data—and how far they may have to go.*

One of the pandemic's legacies may be a renewed appreciation by some CFOs of timely information that can uncover trends, deliver insights, and form a more solid foundation for decision-making. Facing an unforeseen and fast-spreading crisis, the finance function's traditional reliance on historical assumptions and data seemed to get old fast (see ["Reinventing FP&A for the COVID-19 pandemic and beyond," CFO Insights](#), August 2020).

This imperative to rethink information sources and strategies has CFOs turning their attention to data standards and quality. Working backward from their business needs, some finance chiefs are investing in infrastructure that can support using data in such forward-looking tools as predictive analytics and machine learning.

Consider Deloitte's 1Q 2023 North American [CFO Signals™](#) survey. In it, CFOs most frequently cited investing in new systems and automation, as well as upgrading existing systems, as the most effective step they've taken to improve the data and insights their finance teams supply to the business. The survey drew responses from 111 CFOs, with the vast majority representing companies with more than \$1 billion in annual revenue (see Figure 3).

Clearly, some CFOs may have more to do on this front—and they seem to know it. Asked how satisfied they are with their company's decision-making related to planning for a downturn/recession, only 12% reported being very satisfied. Likewise, a similar proportion of respondents, 14%, indicated they were very satisfied with decision-making to plan for a recovery/rebound.

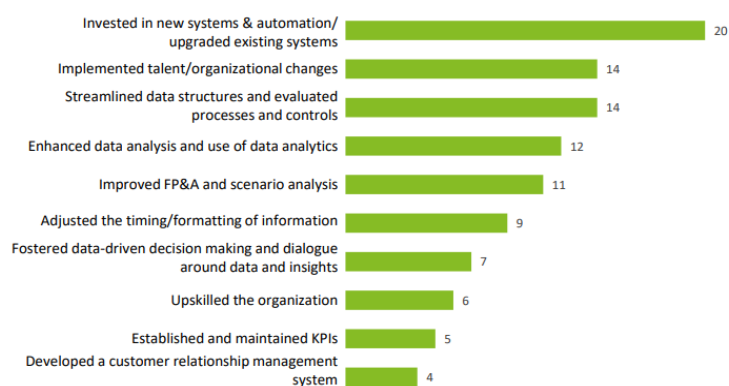
For some companies, the lack of a chief data officer (CDO)—whether in IT or in finance—may be slowing their progress. In the survey, slightly more than half of CFOs said their organization didn't have a CDO or equivalent in the C-suite.

Of course, bringing in a CDO doesn't automatically mean that a company will progress toward its data-management goals. The job description for a chief data officer could be too narrowly defined, focused on compliance and regulatory issues—or generally unclear. Indeed, like data, the CDO role may need to be restructured to try to return full value on the investment.

**Figure 3. Steps surveyed CFOs have taken to deliver better data and insights to the business**

**What's the most effective thing you've done to improve the data and insights your finance team provides to the business? (N=86\*)**

**Most frequently cited comments by category (number of CFOs citing each category)\*\***



\* 85 respondents (77% of total respondents). Total number of comments is more than the total number of respondents because some CFOs cited multiple actions.  
 \*\*Note, these categories were developed based on responses to open-ended text questions.

Source: *CFO Signals* 1Q 2023, US CFO Program, Deloitte LLP.

## End notes

1. [CFO Signals™ 4Q 2022](#), US CFO Program, Deloitte LLP.
2. [CFO Signals™ 1Q 2023](#), US CFO Program, Deloitte LLP.
3. CFO Signals™ 4Q 2022.
4. CFO Signals™ 1Q 2023.

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