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# How To Level Up Your Strategic Finance Function



Over the last decade, financial leaders have had to adapt to new expectations of their contribution to business performance and the role of the financial department as a whole. Finance had historically been a reactive function, often seen as a support function rather than a revenue driver. These roles that made up the traditional finance function included accounting, bookkeeping, tax and compliance, capital management, and processing of payables/receivables.

The rise and coalescence of various factors have meant that companies now expect the CFO to oversee an increasingly proactive function. Finance is no longer a department that operates in the background. Instead, it has moved front and center, with an expectation that it can and must be a key driver toward strategic business performance.

This eBook will be highlighting:

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**1. The Transformational Impact of Modern Business Demands on the Finance Function**

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**2. How Do Strategic Finance Initiatives Differ From the Past to the Present?**

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**3. How to Build a Best-in-Class Strategic Finance Function**

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**4. Tools to Improve Your Finance Function**

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**5. Succeeding in Leveling Up the Strategic Finance Function**

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# The Transformational Impact of Modern Business Demands on the *Finance Function*

The convergence of multiple forces is obligating financial departments to reinvent themselves. These changes come from various directions.

They include the following:



## The Unstoppable Rise of Data

Across all business units, data is powering strategy. The financial department is uniquely placed to harness data-driven insights for optimized business value creation, as it is able to understand how data impacts strategic decision-making in regards to financials, such as investment, capital allocation, and fundraising.



## Compliance Changes

Compliance regulations have changed industries, increasing the need for speed of technology adoption, as well as the requisite specialist knowledge and training to be compliant. Companies must stay one step ahead of compliance regulations if they want to ensure that they are operating at the same caliber as their competitors.

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## Seismic Customer Shifts

In every industry, customer expectations have evolved. They are at an all-time high, and buyers are far more demanding than before. To meet these demands, companies are increasingly reliant on the CFO to provide strategy-led solutions.



## Global Economy Volatility

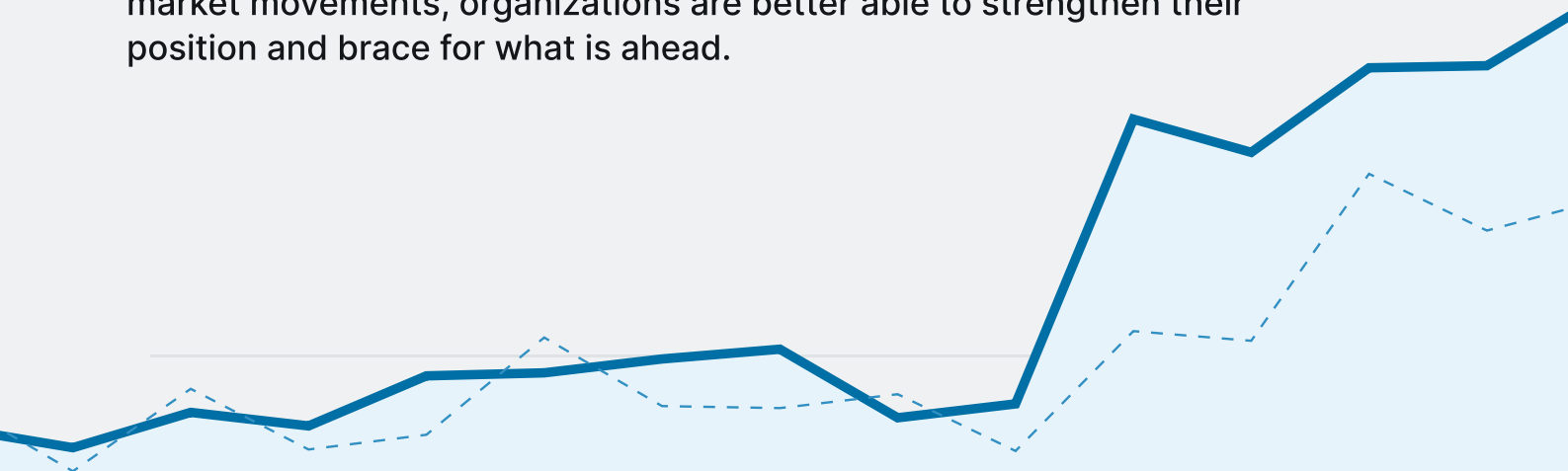
In the last few years alone, the world has experienced a number of events that have created instability in our global economy. From a global pandemic to a worldwide supply chain gridlock, the economy has experienced major disruptions over the past few years that have caused companies to crumble when unprepared.



## Digital Technologies

New technologies in artificial intelligence, communication, cloud-computing, big data, and knowledge engineering have reduced barriers between departments and raised expectations of what financial departments are actually capable of.

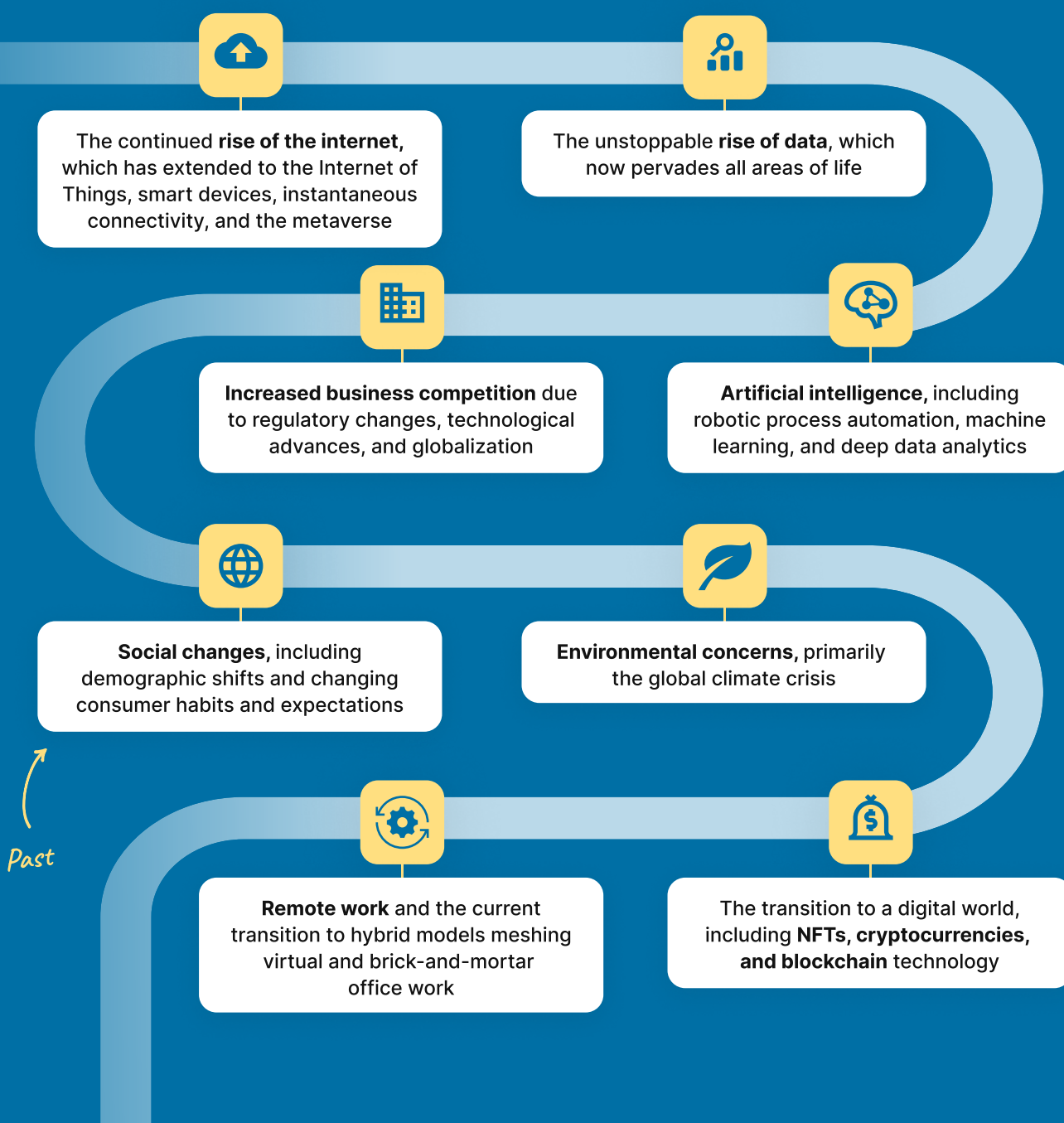
The reality is that companies cannot bypass strategizing for the future. By committing to a forward-thinking strategy and constantly recalibrating to market movements, organizations are better able to strengthen their position and brace for what is ahead.



# How Do Strategic Finance Initiatives Differ From the *Past* to the *Present*?

Modern strategic finance initiatives are a world apart from what they were in the past, largely because they must be.

The world has undergone an expansive shift in all areas of societies in the last decade, including:



*Present*



## An Evolving Financial Landscape

Organizations now have to factor in all of those elements when doing business. In comparison, a typical company in the 1990s or the 2000s faced a less complex, more linear path to success, with very defined, rigid expectations of strategic finance. Moreover, strategic finance generally wasn't expected to play nearly as important of a role as it does now.

Markets and buyer personas are, by and large, more demanding in the modern era. They are also subject to change at a much more rapid pace. What is relevant now may not be so in six months' time, for instance. This offers up another example of just how crucial strategic finance is in today's day and age.

A product department may have an idea for a product, but the organization must ascertain whether or not it has commercial feasibility by the time it goes through development to launch, which can take anywhere from six months to two years. These are financial decisions. This kind of eventuality was few and far between in the past.

*Future*



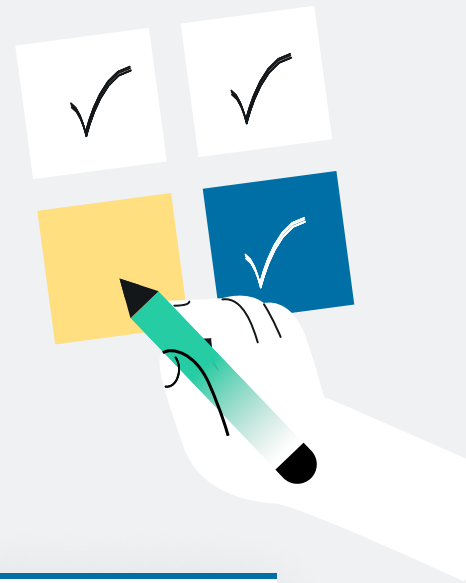
## Bracing for a More Dynamic & Uncertain Market

Markets used to be much more predictable. Companies didn't have the same levels of competition as they do now. Moreover, a one-size-fits-all approach was what market leaders in most industries pursued, with much lower customer expectations of which to tend. Now, customers expect a personalized experience and even for a company to anticipate their needs.

As a result, strategic finance must play a much more involved, meticulous role in all areas of a company. Strategic finance is now expected to lead from the front, whereas in past generations, it was a support function, ready to spring into action when a given department needed help. It has evolved from being a reactive to a proactive function.

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# How to Build a Best-in-Class Strategic Finance Function



## *Define & Plan*



This first step should include short, medium, and long-term goals. The north star main company goal should always be taken into consideration with every strategic decision. For instance, perhaps the company owner wants to exit within a five-year period. This step has to be all-encompassing, taking in every single organizational need and objective, and finance's relationship to each, and how it can enable or and support them. This stage requires significant time and research, as well as the ability for strong communication and cooperation with all pertinent stakeholders.

## *Identify Finance Needs*



At this stage, it should be clear what the organization needs from finance. These insights position financial leaders to understand what kind of funding the company requires. Finance can strategize on how to raise funding, whether through investment, sales, or both, and how to allocate these capital resources.

Step one and two will also help clarify the recruitment and technology needs for the Finance department.

## *Focus on Data*



Data has become one of the most important business assets available. It is uniquely positioned to provide valuable insights into all areas and departments of a business while enabling the finance function to identify patterns and trends. This allows senior management to identify what is working and what is failing. With the right collaborative technologies, the finance function can access all data in an efficient, effective manner.

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## Set Up Periodic Appraisals

Organizations must constantly be on the lookout for changes in the market, technology updates, regulatory changes, and product improvements, among other aspects of the business. This means that strategic finance must also be alert to these changes.

As a result, it is essential to commit to regular assessments of finance department performance and also of collaboration performance with other departments.

## Define Ownership Roles & Collaboration Workflow

There must be clear expectations for each project owner, which apply both to the financial department itself and for representatives from other departments.

- Who are the points of contact?
- How will all stakeholders communicate? Is there a single source of truth that drives collaboration?
- What are the expectations, and how will performance be measured?
- How often should performance reviews take place, and how can interdepartmental pivoting & corrections be implemented?

These are all crucial questions to address.

# Tools to Improve Your Finance Function

Advanced technology can make the strategic finance element of a financial department far less daunting than it may seem. Purpose-built platforms and tools that are designed with artificial intelligence, automation, data management, and cloud computing offer financial departments powerful means to achieve optimal strategic finance performance for the whole company. These include:

Project Management System

Accounting Software

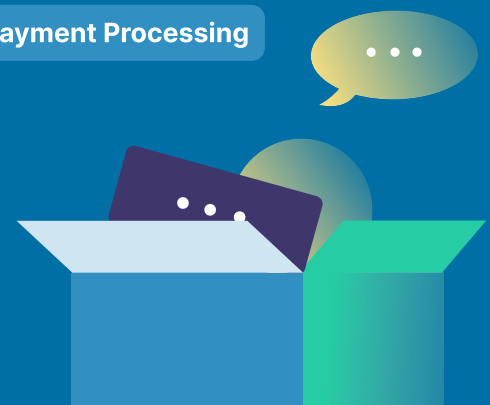
Payment Processing

Enterprise Resource Planning

Business Intelligence

Financial Planning & Analysis Platform

Advanced FP&A capabilities empower the team to execute optimal budgeting, planning, and forecasting initiatives, as well as consolidate data from all departments.







# Succeeding in Leveling Up the Strategic Finance Function

With the shift towards the advent of plug-in-and-play technologies and the digitalization of business as a whole, financial departments have an opportunity to truly lead their organizations and drive them to new levels of success. Now companies face greater threats from heightened market, geopolitical, and economic risks. They simply cannot afford to forego the possibility of modernizing their tech stack or overhauling their processes to streamline strategic finance workflows throughout the organization.

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# Can Help Level Up Your Finance Function

The screenshot shows the Abacum Corporate Performance dashboard for Acme Corp. The interface includes a sidebar with navigation options like Updates, Spaces, Finance Public, Finance Team, Investor Dashboard, Corporate Performance, Design, Finance, Marketing, Product, Tech, Settings, Models, Versions, Mappings, and Datasets. The main content area displays a 'Corporate Performance' overview with tabs for Design, Finance, Marketing, Product, and Tech. Below this is an 'Overview' section with a text summary and a table titled 'PL Consolidated - Anchor Budget - Feb 2022'.

	MTD AUG 2021						
	ACT	FCST	BDGT	ACT VS FCST		ACT VS BDGT	
> Design	46,514	44,617	37,035	(1,897)	-4%	(9,479)	-26%
> Finance	14,275	16,873	13,785	2,598	15%	(490)	-4%
> Marketing	162	2,769	7,857	2,607	94%	7,695	98%
∨ Product	451,588	530,684	402,870	79,107	18%	(48,707)	-11%

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Abacum is a financial planning and analysis software-as-a-service platform designed for optimal organization-wide collaboration. It empowers everyone in an organization to come together to plan, report, analyze, and share. Abacum is already helping scores of the world's leading companies in streamlining their finance initiatives to support growth, align all departments on company financials, and position the organization for maximized success over the short, medium, and long term.

**If your team is looking to revamp its strategic finance processes, talk to one of our FP&A professionals by requesting a consultation today.**

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