



## National Executive Development Webinar Series

# The New Value Integrator: Insights from The 2010 IBM Global Chief Financial Officer Study

Presented in partnership with:



April 13, 2010



**Moderated by:**

**Michael Conway**

Chief Executive and National President, FEI Canada

**Featuring:**

**Todd Genton**

Partner, Strategic & Transformation,  
IBM Canada Ltd.

**Gregory Scott**

Chief Financial Officer,  
Maple Lodge Farms Ltd.

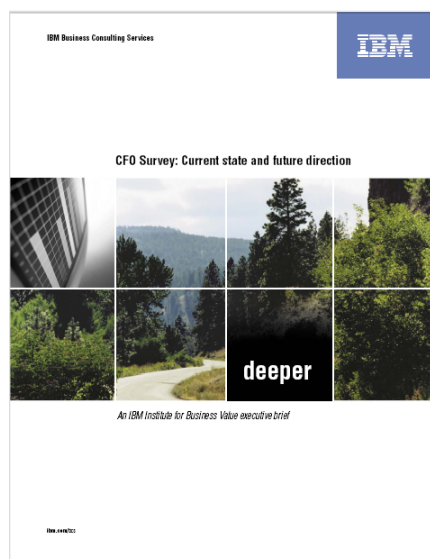


# The New Value *Integrator*

*Insights from the  
Global Chief Financial  
Officer Study*

The 2010 IBM CFO Study is the fourth edition since 2003, and builds upon our past primary research from 2005 and 2008

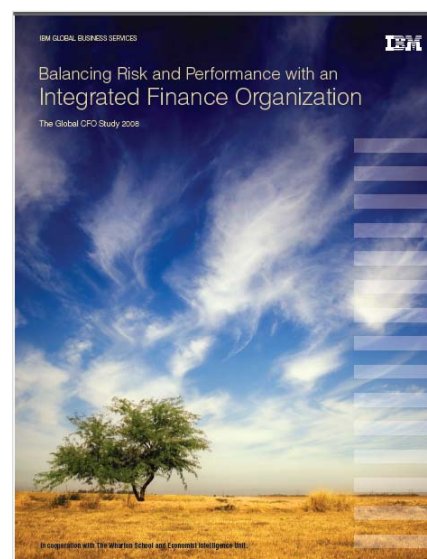
## CFO Studies



2003



2005



2008

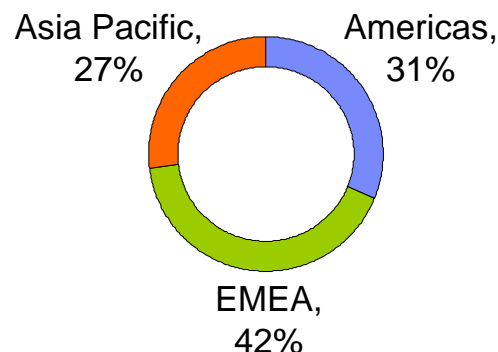


2010

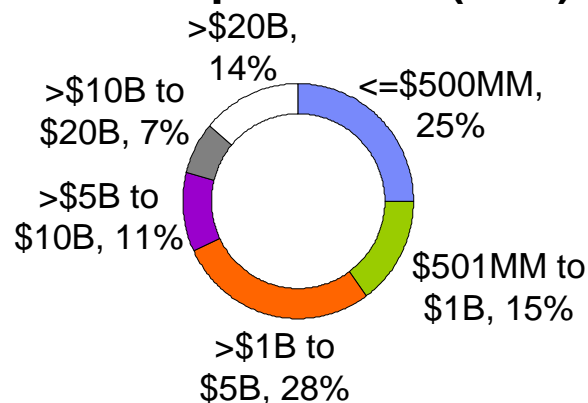
The Global CFO Study 2010 is the largest known study of its kind, with over 1,900 participants

## CFO Study 2010 Firmographics

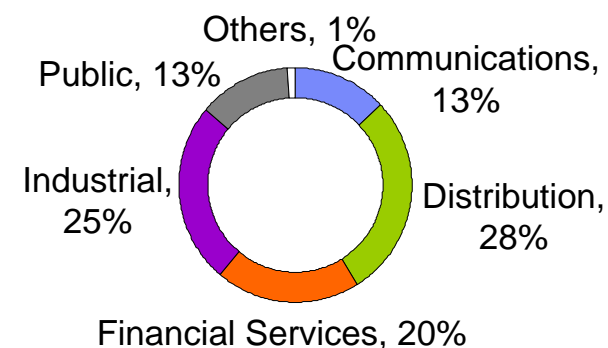
### Geography



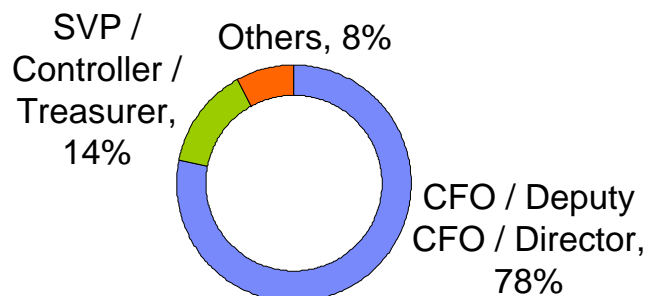
### Enterprise Size (US\$)



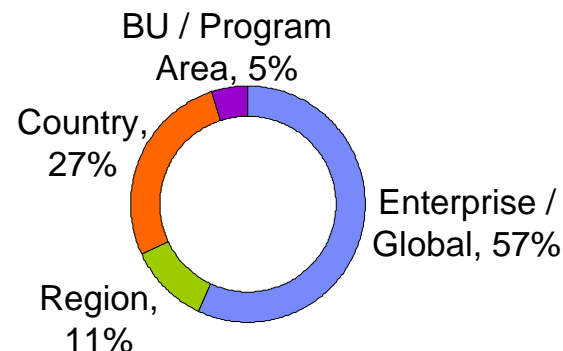
### Sector



### Title



### Scope of Role



N = 1,910

Source: IBM Institute for Business Value, The Global CFO Study 2010

Geography = Country of Company Headquarters

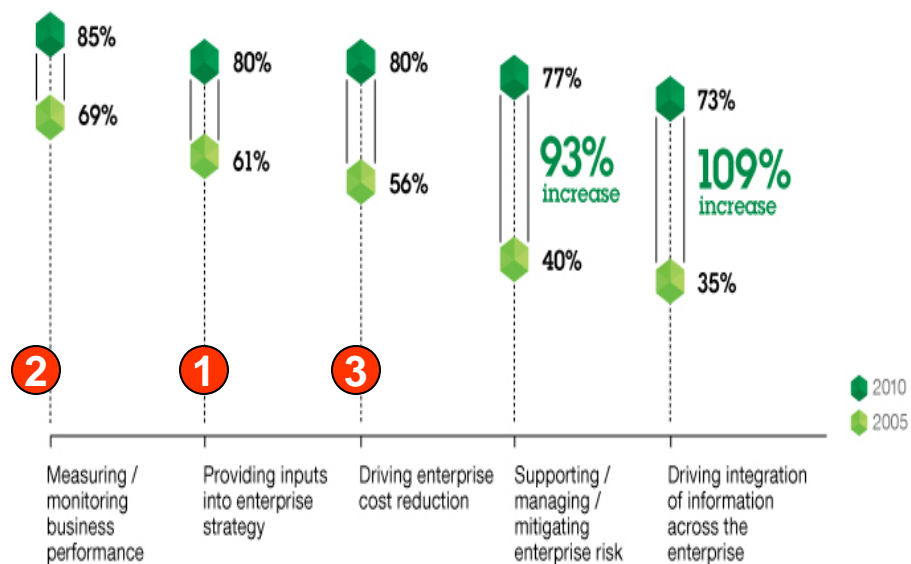
# CFOs are emerging with far more influence at the enterprise level. Importance of Enterprise focused activities has increased in 5 years

## Elevated Role of Finance

### Role of Finance in Driving Decisions Across the Enterprise

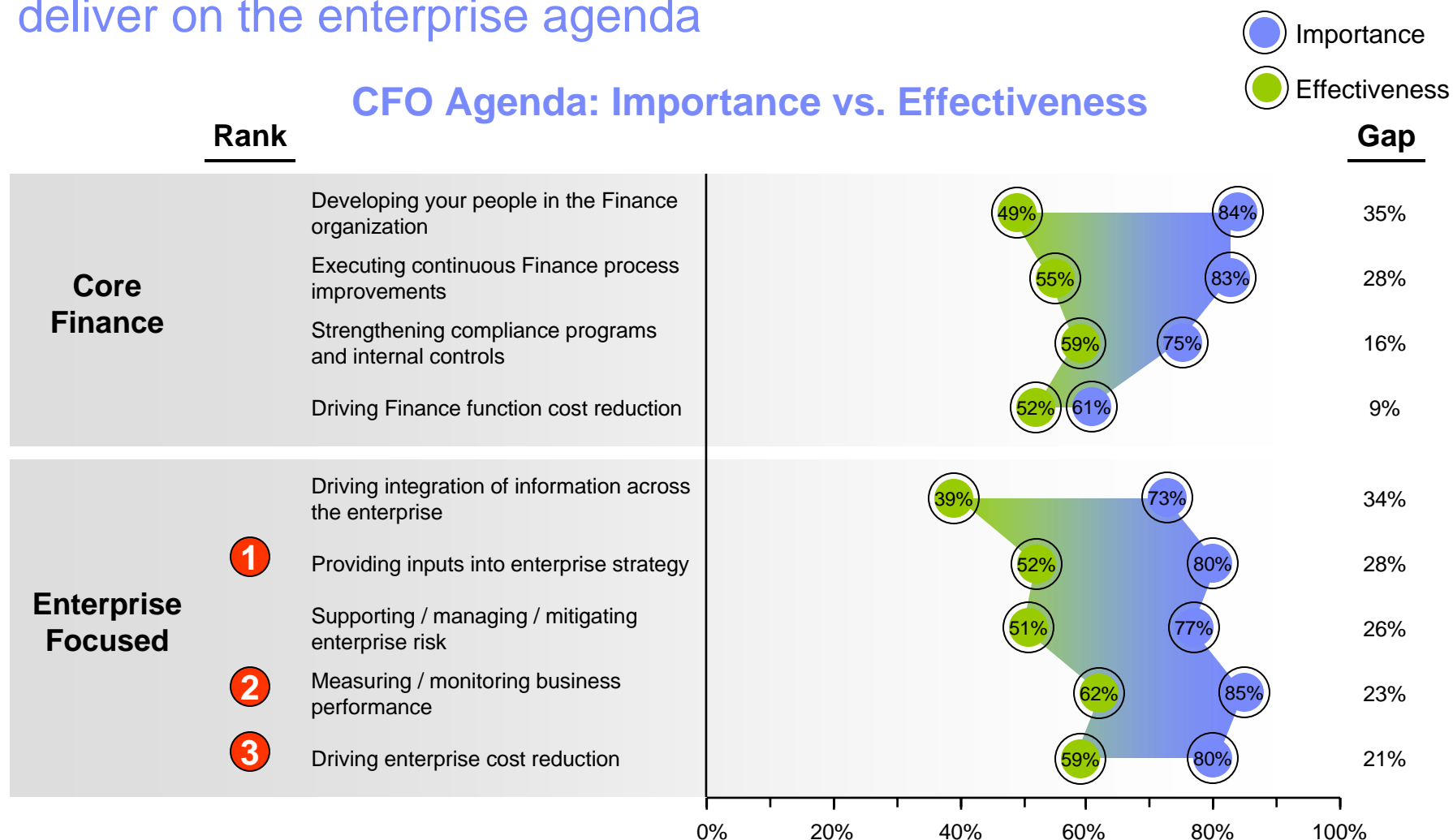


### Importance of Finance's Enterprise Focused Activities Over Time



However, Finance needs to improve its effectiveness in order to deliver on the enterprise agenda

## CFO Agenda: Importance vs. Effectiveness



N = 1,834 Note: Executives asked: How important to your Finance organization are each of following areas of responsibility? and How effectively do you think your Finance organization is performing in each of those areas? And Please rank your top 3. Importance defined as enterprises selecting [5] Critical and [4] on a 5-point scale where [5] Critical and [1] Unimportant. Effectiveness defined as enterprises selecting [5] Very Effective Critical and [4] on a 5-point scale where [5] Very Effective and [1] Ineffective  
Source: IBM Institute for Business Value, The Global CFO Study 2010

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Finance continues to struggle with structural complexity due to issues related to automation and standards

### Finance Efficiency Challenges / Opportunities

**Nearly 40% of Enterprises produce financial metrics manually (50% in Canada)**

**Finance continues to spend 50% of time on transactional activities**

**Over 35% lack a common reporting platform**

**Over 25% lack the necessary common data definitions and processes**



The majority of enterprises are not able to effectively deliver business insights

### Business Insight Challenges / Opportunities

**Almost 50% lack a  
common planning platform  
(61% in Canada)**

**53% manually producing  
operational metrics  
(67% in Canada)**

**55% not satisfied with their  
operational planning and  
forecasting analytical capability  
(60% in Canada)**

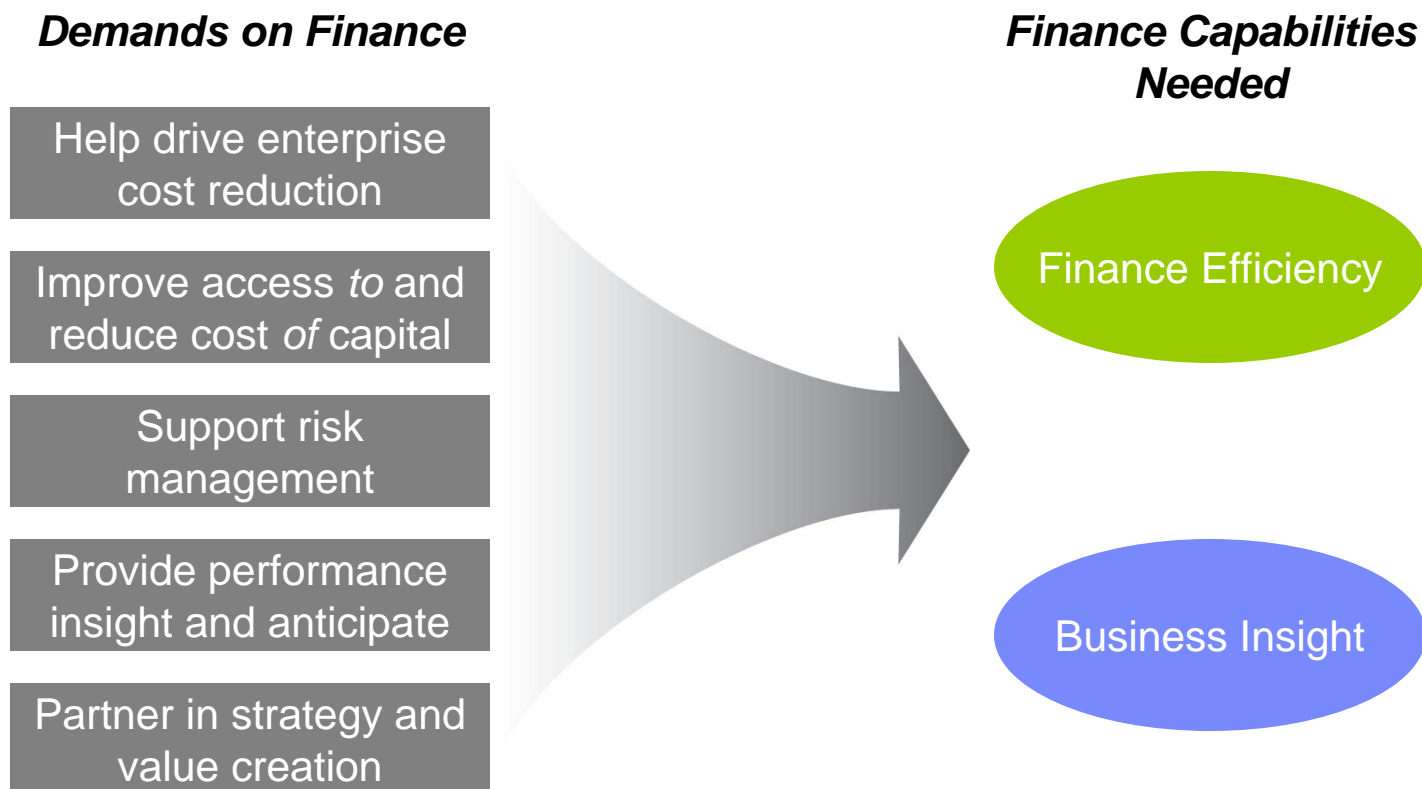
**44% are poor to average  
at anticipating external  
forces (55% in Canada)**

*“I live in a data-free zone.”*

*CFO, Canadian Healthcare Provider*

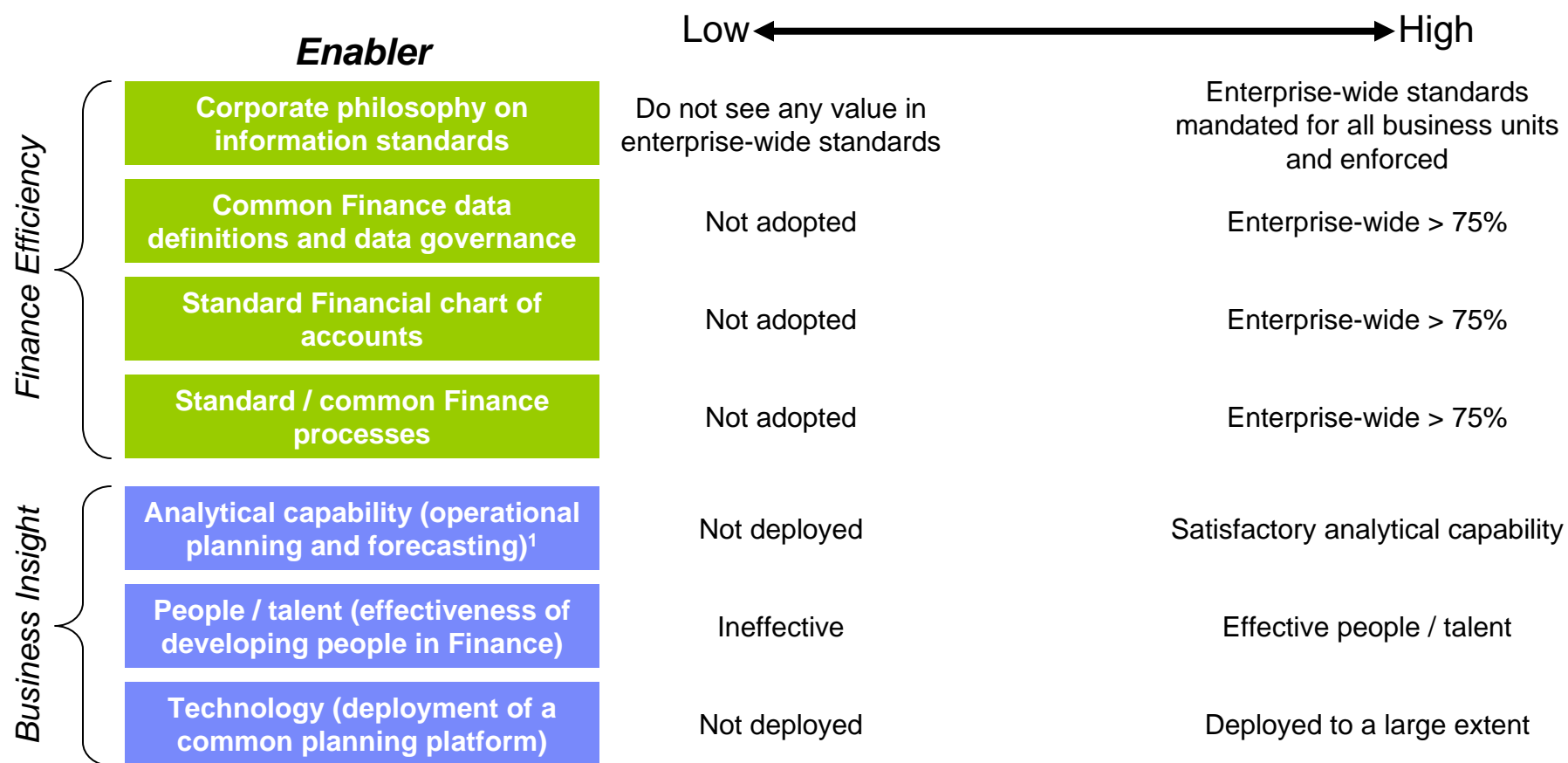
A broader enterprise focused role requires core Finance efficiency be in place to reliably support business insight and decision making

### Addressing the Broader Enterprise Focused Role of Finance



# Analysis of CFO responses against financial performance measures identified correlations with enablers of efficiency and business insight

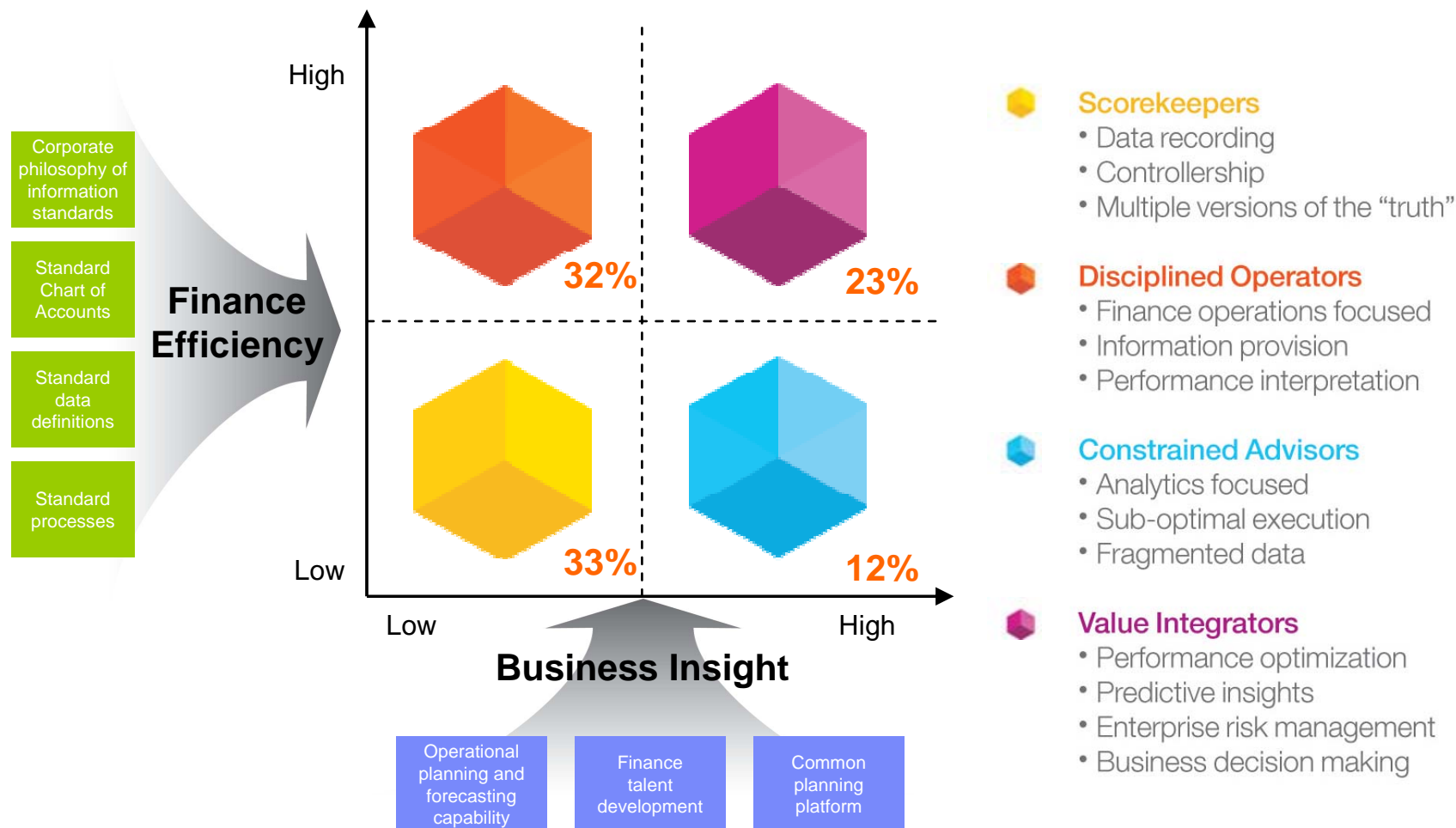
## Finance Efficiency and Business Insight Enablers



<sup>1</sup> Also analyzed Scenario Planning, Predictive Analytics  
Source: IBM Institute for Business Value, The Global CFO Study 2010

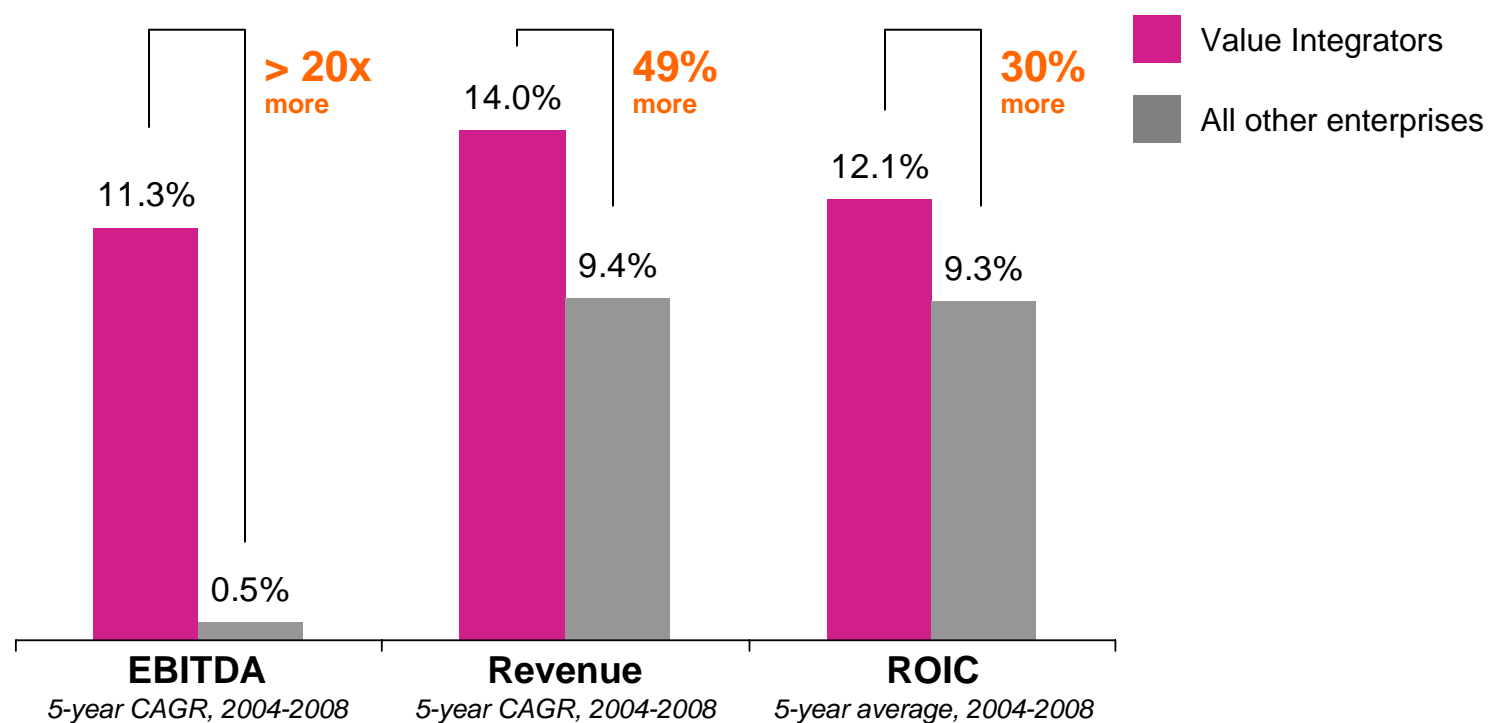
The Study framework builds upon past primary research and explores two dimensions in greater depth

## Finance Efficiency and Business Insight



Value Integrators excel in both efficiency and business insight, which is correlated to financial outperformance

## Efficiency + Business Insight Contributes to Outperformance

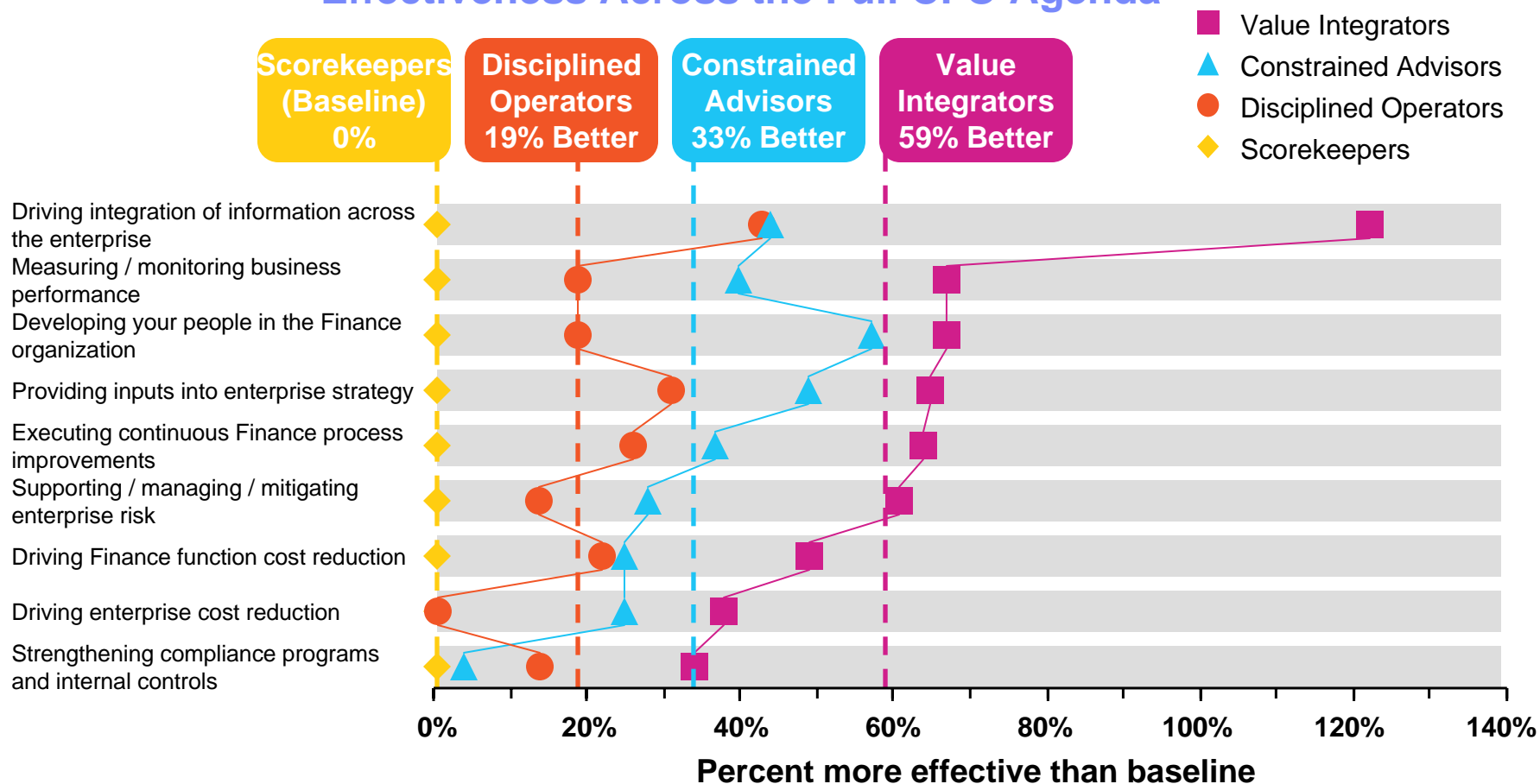


Value Integrators also have an almost 20% better operating efficiency ratio than all other companies examined.

Revenue Growth: N = 580; EBITDA: N = 531; ROIC: N = 501;  
Source: IBM Institute for Business Value, The Global CFO Study 2010

Those that excel in both efficiency and business insight are more effective than those who excel in only one dimension

## Effectiveness Across the Full CFO Agenda

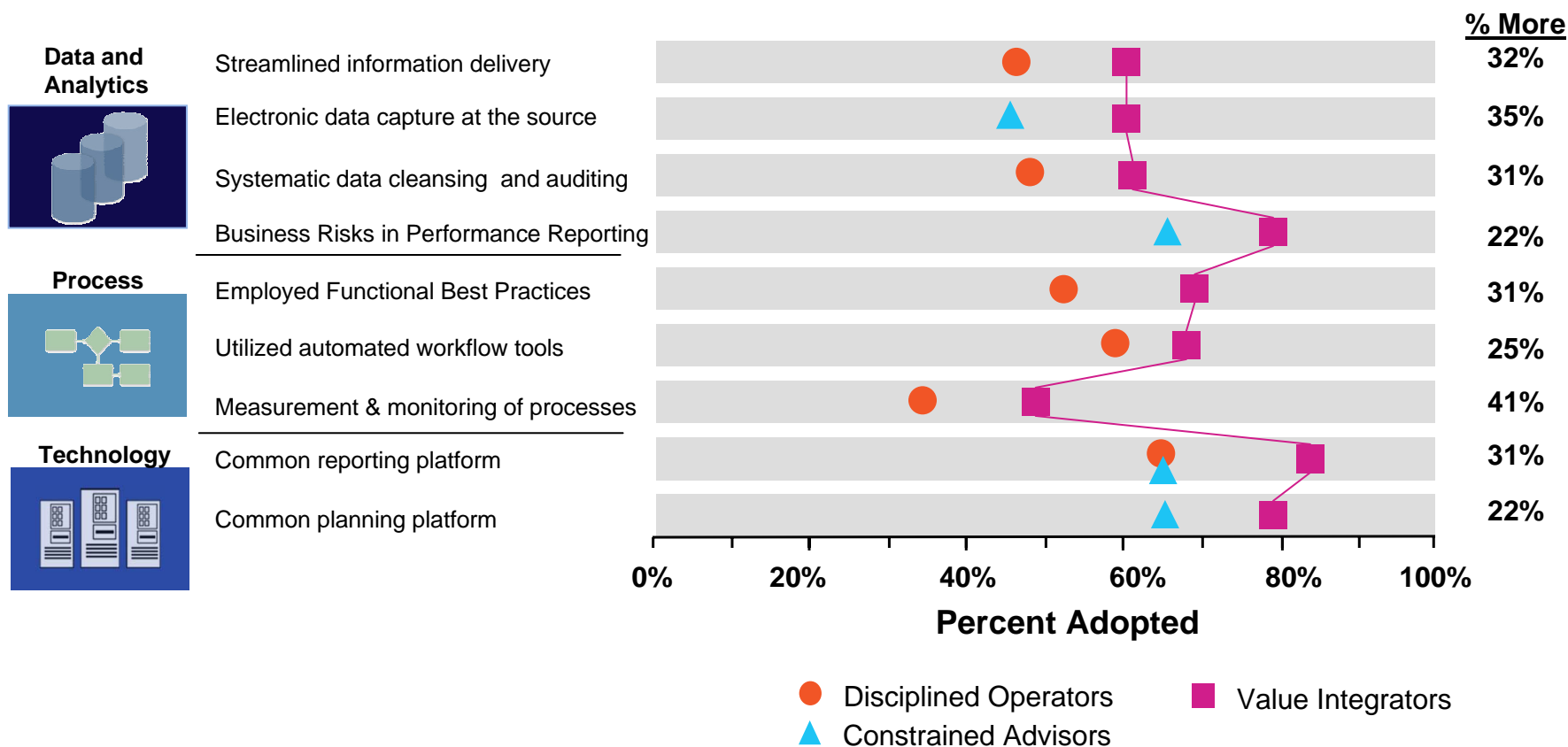


N = 1,454 to 1,469

Source: IBM Institute for Business Value, The Global CFO Study 2008, 2010

## Value Integrators drive broader improvements in data and analytics, process, and technology

### What do Value Integrators do differently?

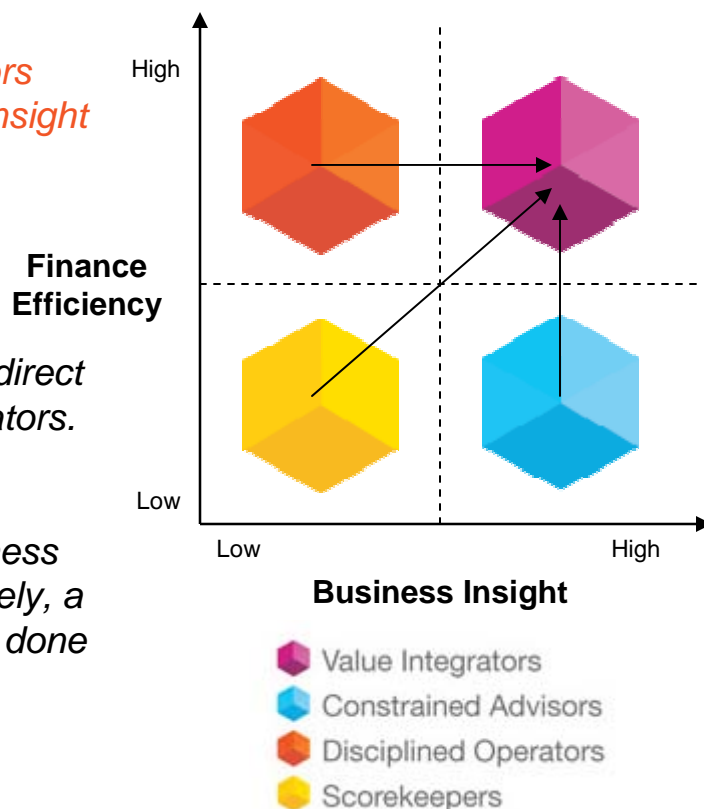


To evolve your Finance profile to higher capability, we recommend that you identify and address performance gaps

## The Path Forward

*High efficiency enabled by process and Finance data standards suggests Disciplined Operators focus on maturing business insight and partnering capabilities*

*Scorekeepers can attempt a direct path to become Value Integrators. This will involve establishing Finance efficiency while simultaneously building business insight capabilities. Alternatively, a staged approach can also be done*



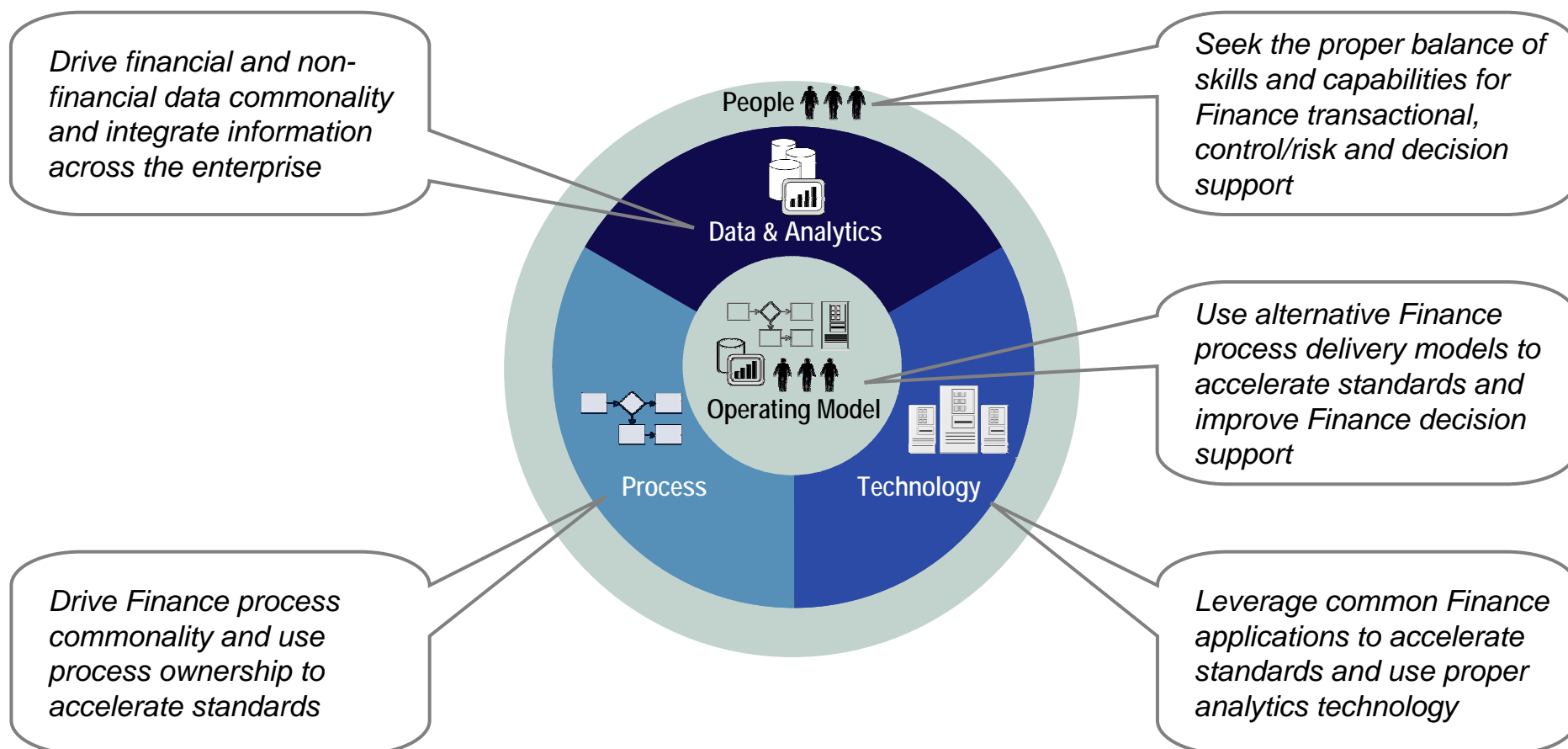
*Value Integrators can maintain their advantage through a program of continuous improvement to sustain capabilities and value*

*Constrained Advisors have good business insight, constrained by structural complexity, therefore address process and data standards to improve efficiency, accuracy and speed*



To identify the gaps, you need to ask if you are leveraging the enablers and accelerators to become a Value Integrator

## Becoming a Value Integrator



Source: IBM Institute for Business Value, The Global CFO Study 2010

Specifically, what is your enterprise culture and how does your Finance organization address the five transformation categories?

## Identifying Performance Gaps

### Enterprise Culture / Governance

What is the optimal pace of change for your organization?  
Are there any change inhibitors / change issues to Finance transformation?

#### Data & Analytics

How do you drive the integration of information across the enterprise?

Do you have the insight to drive performance improvement beyond Finance?

#### Process

Have you optimized your Finance processes?

How can you increase efficiency, control costs and improve productivity?

#### Technology

Have you simplified your enabling systems?

Do you have the necessary technology to drive insight?

#### Operating Model

Have you used alternative delivery models for transactional activities? Control / risk activities? Decision support activities?

#### People

Does your Finance organization have the talent to provide forward-looking insight?

**IBM's Finance Healthcheck is an assessment for defining where to start and what direction to go to become a Value Integrator**

## Questions and Answers

