

## Finance Leaders in EMEA are powering success

### Six Ways CFOs Stay Ahead of the Pack

The business environment in Europe, the Middle East, and Africa (EMEA) is fraught with disruptions. Some, like Brexit and the Mediterranean refugee crisis, are local phenomena. Others, such as the Trump presidency in the U.S. and saber-rattling in North Korea, unsettle the region from afar. Add unexpected crises like the recent ransomware attack on Britain's National Health Service, and there's plenty to keep CFOs in EMEA awake at night.

To stay abreast of such challenges, these executives are showcasing many necessary leadership qualities. **A large majority—87%—are increasingly involved in strategic decisions outside finance** at their company. But in a number of areas, from collaboration to the use of technology, they could be making a bigger impact on their organization's performance.

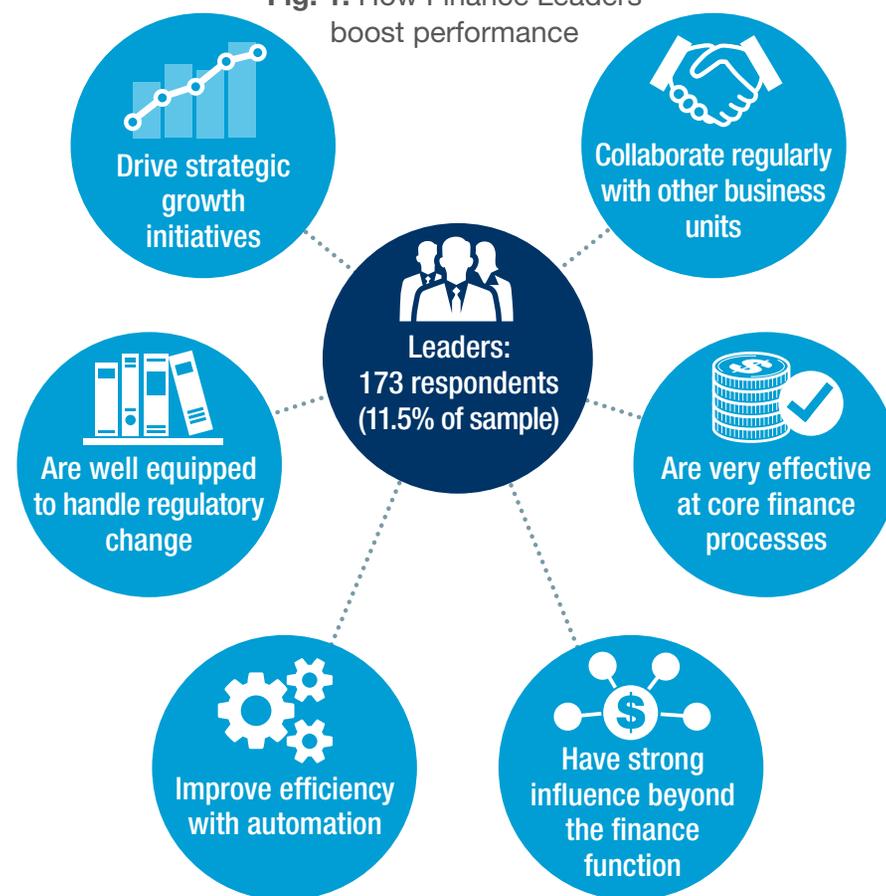
These findings are among the results from a global survey of **1,500 finance executives** across a broad range of industries, conducted by Oxford Economics and SAP in March and April 2017. A third of our respondents came from EMEA countries: the UK, Ireland, France, Germany, Italy, Spain, the Netherlands, Belgium, Luxembourg, Denmark, Sweden, Norway, Switzerland, Russia, South Africa, Qatar, Saudi Arabia, and the United Arab Emirates.

We identified six traits that make a Finance Leader (Fig. 1):

Finance Leaders:

1. Have strong influence beyond the finance function
2. Drive strategic growth initiatives
3. Improve efficiency with automation
4. Are very effective at core finance processes
5. Collaborate regularly with business units across the entire company
6. Work closely with GRC and are well equipped to handle regulatory changes

Fig. 1: How Finance Leaders boost performance



Only a select minority, 11.5% of our survey respondents, qualify as Finance Leaders, and more than a third of Leaders are based in EMEA. When the finance function is proactive in these six areas, the payoffs are clear. **Finance Leaders are almost twice as likely as non-Leaders to report increasing market share over the past year.** They have a significantly tighter grip on costs. And they make the most of innovative technology to improve the finance function's effectiveness.

Survey respondents in EMEA generally outperform total respondents in several of these critical areas.

And although correlation does not prove causality, 24% of finance executives in the region reported revenue growth above 5% last year, compared with just 16% of total respondents.

Our research found that Finance Leaders make the most of technology innovations. They are much less likely than non-Leaders to say outdated systems and poorly integrated technology platforms keep them from achieving their business objectives. **As the CFO role stretches further, digital tools can make all the difference by enhancing core finance effectiveness and facilitating collaboration with other business units.**

"If you think about your FP&A [financial planning and analysis] function, that's traditionally where the analytical capabilities resided," notes Sam Parikh, managing director at Deloitte Consulting LLP. "Now, CFOs can use that capability and the power of information systems to create the insights that can help the organization grow and develop strategy for the future."

## The growth opportunity

Our data show a dramatic correlation between a highly visible, influential finance function and fast revenue and profit growth. Finance executives in EMEA are on the right track here: 81% say their finance function is increasingly visible and influential across the company, compared with 77% of all respondents (and all Finance Leaders). The results suggest that **CFOs in the region are emulating many key qualities of Finance Leaders, but they could do even better.**

For example, close and frequent collaboration between the finance department and other parts of the organization is a hallmark of Finance Leadership. **Collaboration is the magic ingredient that transforms the finance function from bookkeeper to effective strategic partner.** Indeed, our results show that corporate performance improves markedly when finance breaks out of its silo.

**"Collaboration is not a 'nice to have'—it's a requirement,"** says Julian Whitehead, CFO of Airbus Defence and Space. "Clearly, if you want to be in the front end of the business, you've got to have a trusting relationship with sales and marketing, you've got to be involved with the engineering and operations teams, and you have to have some relationship also with the HR team."

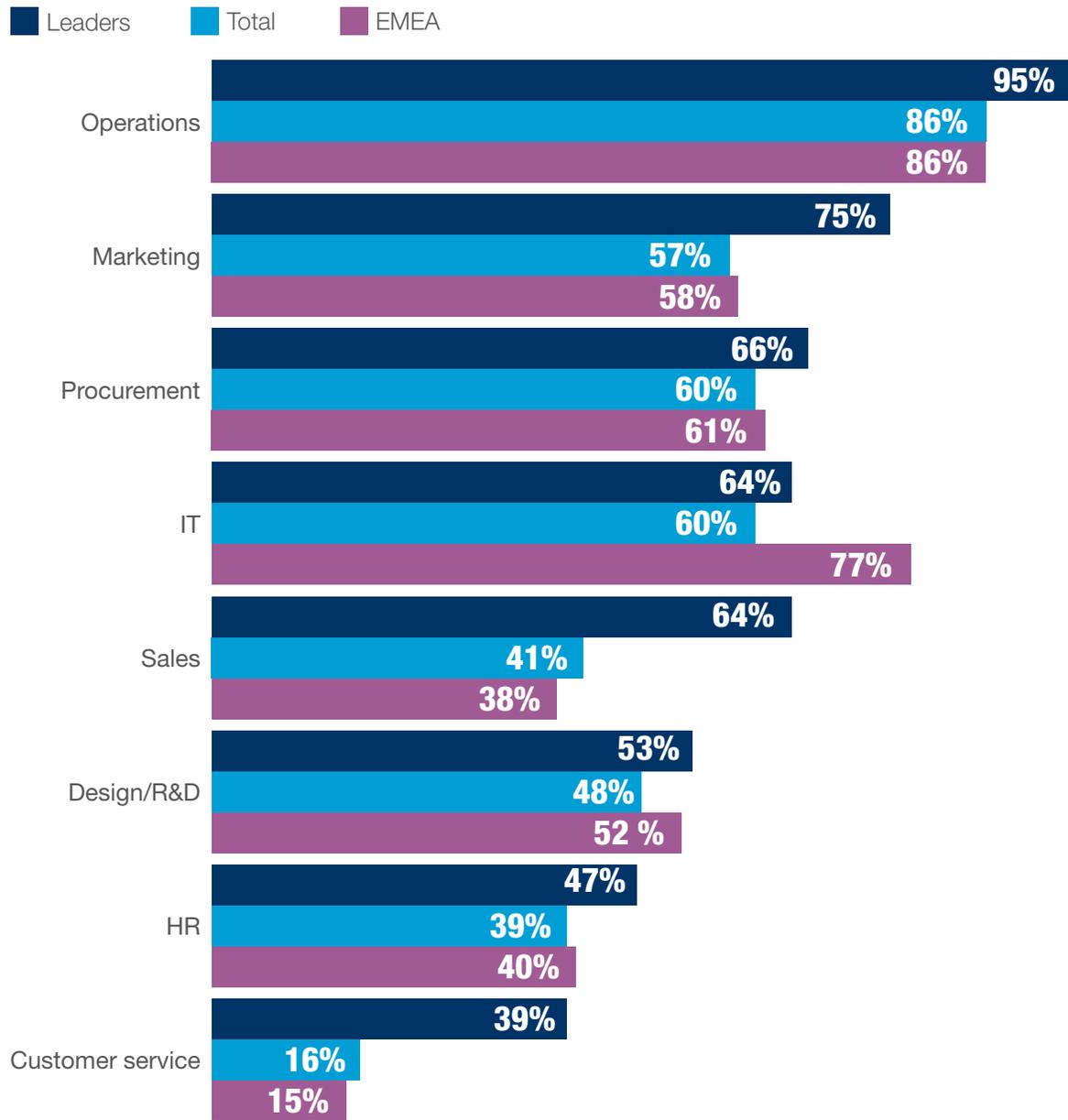
More than three-quarters (77%) of finance executives in EMEA collaborate with IT, outflanking even Finance Leaders. More than half (52%) work with their colleagues in research and design, compared with 48% of the total. But these finance executives are less collaborative than Leaders in customer-facing functions where collaboration has a big potential payoff (Fig. 2). One area is customer service, where 39% of Finance Leaders get involved but only 15% of respondents in EMEA do. Another is sales, where 64% of Leaders collaborate and 38% of EMEA

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*Sam Parikh, managing director,  
Deloitte Consulting LLP*

**Fig 2. EMEA-based finance execs could expand their influence**

Please indicate the level of collaboration, if any, your finance function has with the following other business functions. “Collaborate regularly” and “Working with finance is a vital part of this function” responses



finance executives do. **Our research suggests that the finance function’s engagement in these business areas is one reason Leaders enjoy market share growth.** Finance professionals in the region should expand their collaboration with the functions, where they can provide valuable strategic input that directly affects performance.

## The right tools for the job

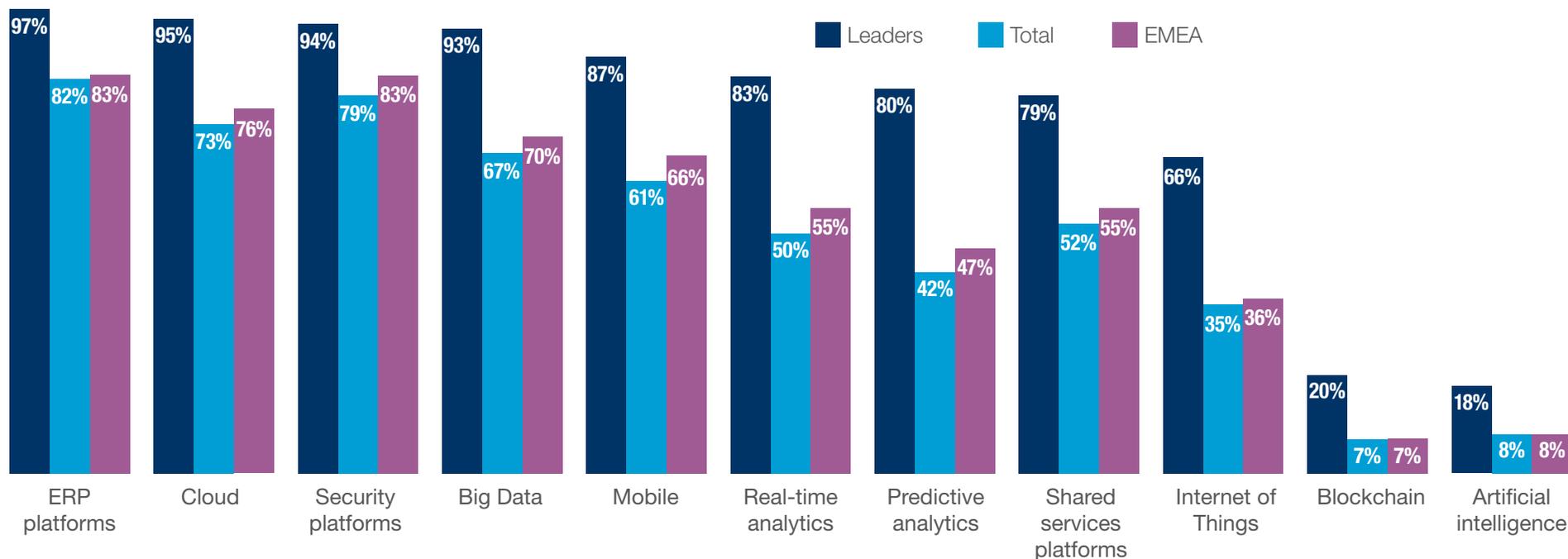
Another trait of Finance Leaders is their reliance on technology. While finance executives in EMEA are slightly more likely than respondents overall to see the importance of technology to their success today, they are less tech-savvy than Finance Leaders, especially when it comes to technologies like analytics and IoT (Fig. 3, page 4).

For Mr. Whitehead at Airbus Defence and Space, keeping up with a rapidly changing industry landscape requires massive amounts of data, significant investment, and tight collaboration with IT. “We’re seeing what we call transformation or disruption in our bit of business, and that comes from different mindsets of how you’re using digital data and speeding up your whole development process,” he says.

Mr. Whitehead’s statement underscores the need for strong collaboration between the finance function and IT—an area where EMEA finance professionals not only collaborate more than others but also make the relationship pay off. **More than three-quarters (76%) of respondents from the region say their collaboration with IT is effective.**

**Fig 3. EMEA finance executives lag Leaders in valuing emerging technology**

Please indicate the level of collaboration, if any, your finance function has with the following other business functions. *“Important” and “Critically important” responses*



However, finance executives in EMEA are far less likely than Finance Leaders—by nearly 30 percentage points—to make use of real-time and predictive analytics today. This might be a blind spot as data complexity increases. CFOs in the region could leverage these tools to help get their arms around the Big Data conundrum.

Technology, of course, isn't the only way to promote collaboration. More Finance Leaders than non-Leaders say **their organization provides business analytics and training programs** to encourage different units to work together productively and efficiently. Companies in EMEA understand this: According to our survey, 66% provide technologies such as data sharing and collaboration platforms to promote cooperation between the finance function and other business units.

What stands in the way of using state-of-the-art technology to streamline and improve finance? Like worldwide respondents, more than two-thirds of finance executives in EMEA say the top challenge to making their finance function more efficient is the difficulty of updating technology without disrupting daily activities.

Mr. Parikh at Deloitte Consulting LLP is well aware of the changing dynamics affecting the role of CFOs. “They will really have to think about revamping finance processes, streamlining the data structures, and changing the culture that is built around [the function] before they can take full advantage of the transformation that is happening,” he says.

### Action points for CFOs in EMEA:

- Our survey shows that **revenue growth, profit margin growth, and market share growth all correlate with a highly visible and influential CFO**. While firms in EMEA are more likely than total respondents to say their CFO is increasingly visible and influential across the company, they should ensure they are taking steps to follow through.
- Finance Leaders are collaborative. Although EMEA firms show some leadership in this area, they should **encourage cooperation between finance and all business units**, particularly in customer-facing functions such as marketing, sales, and customer service, where the CFO's strategic insights can boost company performance.
- Recognize skills gaps and potential blind spots. **Build the right internal teams—and recruit the right external talent—to improve financial planning and analysis.**

- **Enhance core finance effectiveness** with analytics, Big Data, shared platforms, and cloud-based applications that foster collaboration, decrease data complexity, and increase efficiency.
- **Empower the finance function as an organization-wide service** whose expertise supports all other functions as a collaborative and strategic partner.

Interested in reading the full Oxford Economics research? You can get it [here](#).

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