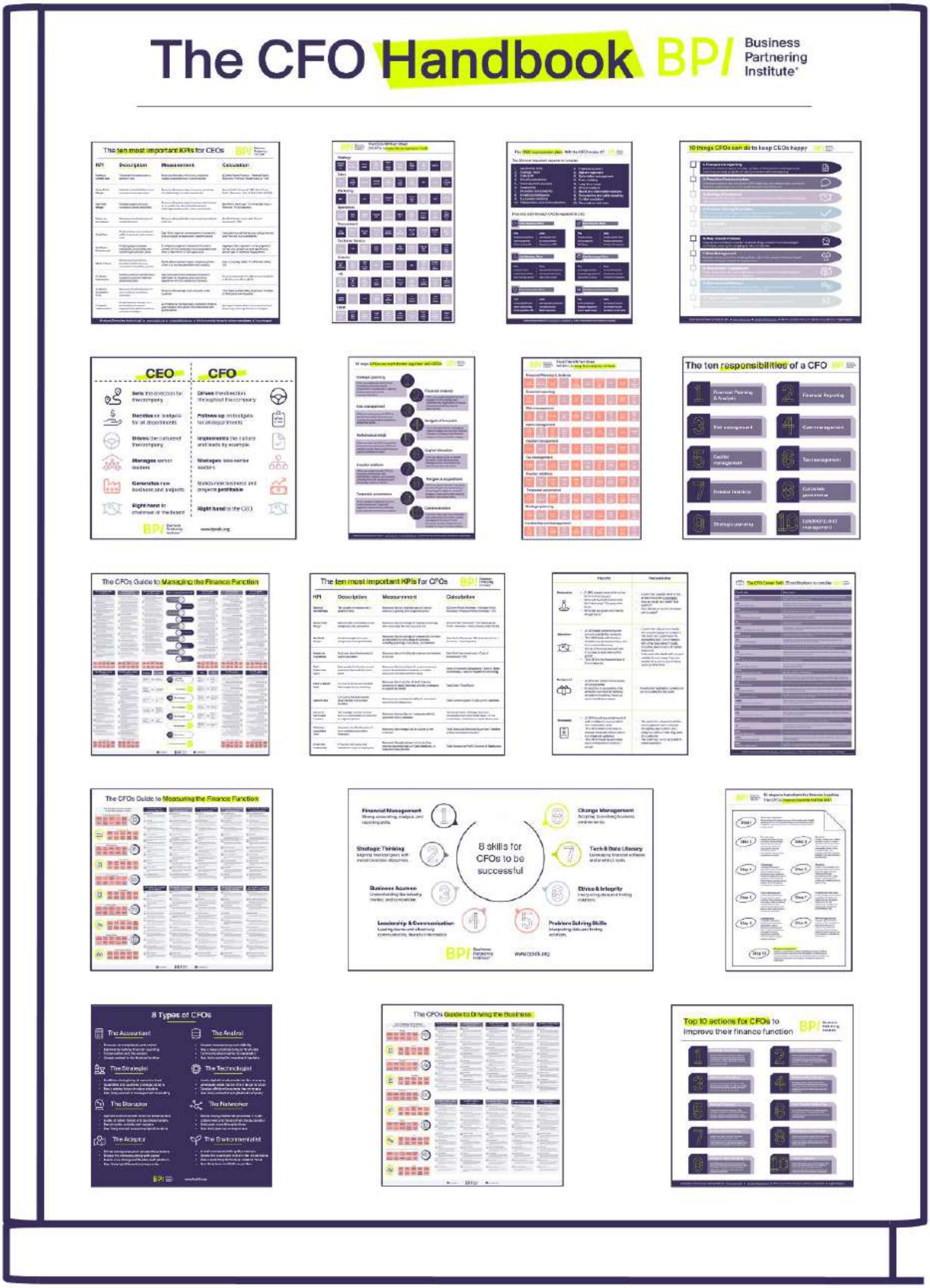
The CFO Handbook

18 resources to help the CFO manage the finance function



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BPI

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6 Tax Management

7 Investor Relations

8 Corporate Governance

9 Strategic Planning

10 Leadership and Management

Eight skills for CFOs to be successful

Skills beyond Finance and Accounting separates good from great CFOs

Financial Management
Strong accounting, analysis, and reporting skills.

Strategic Thinking
Aligning financial goals with overall business objectives

Business Acumen
Understanding the industry, market, and competition.

Leadership & Communication
Leading teams and effectively communicating financial information.

Problem Solving Skills
Interpreting data and finding solutions.

Ethics & Integrity
Maintaining ethical standards and promoting financial integrity

Tech & Data Literacy
Leveraging financial software and analytics tools.

Change Management
Adapting to evolving business environments.

The CFO's KPI Dashboard

The ten most important KPIs for CFOs

BPI

KPI	Description	Measurement	Calculation
Revenue Growth Rate	The growth in revenue over a period of time.	Measures the rate at which your company's revenue is growing over a specific period	((Current Period Revenue - Previous Period Revenue) / Previous Period Revenue) * 100
Gross Profit Margin	Indicates the profitability of your company's core operations	Measures the percentage of revenue remaining after deducting the cost of goods sold	(Gross Profit / Revenue) * 100 where Gross Profit = Revenue - Cost of Goods Sold (COGS)
Net Profit Margin	Provides insights into your company's overall profitability	Measures the percentage of revenue that remains as net profit after deducting all expenses, including operating costs, taxes, and interest.	(Net Profit / Revenue) * 100 where Net Profit = Revenue - Total Expenses
Return on Investment	Evaluates the effectiveness of capital allocation	Measures the profitability of an investment relative to its cost	(Net Profit from Investment / Cost of Investment) * 100
Cash Conversion Cycle	Represents the time to convert resources into cash flow from sales	Measures the time it takes for your company to convert investments in inventory and other resources into cash flow from sales	Days of Inventory Outstanding + Days of Sales Outstanding - Days of Payables Outstanding
Debt-to-Equity Ratio	Compares the amount of debt financing to equity financing	Measures the proportion of debt financing compared to equity financing used by a company to support its assets	Total Debt / Total Equity
Current ratio	Compares the total current assets to the total current liabilities	Measures your company's ability to meet short-term financial obligations.	Total Current Assets / Total Current Liabilities
Accounts Receivable Turnover	The average number of times accounts receivables is collected in a specific period	Measures how quickly your company collects payments from customers.	Net Credit Sales / Average Accounts Receivable where Net Credit Sales = Total Credit Sales - Sales Returns and Allowances
Customer Acquisition Cost	Assesses the effectiveness of your customer acquisition strategies	Measures the average cost to acquire a new customer	Total Sales and Marketing Expenses / Number of New Customers Acquired
Employee Productivity	Evaluates the output and contribution of your employees	Measured through various metrics such as revenue per employee, profit per employee, or output per hour worked	Total Revenue or Profit / Number of Employees

The CFO's KPI Fact Sheet

100 KPIs to manage the finance function

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Financial Planning & Analysis

- Budget variance
- Forecast accuracy
- Financial ratios
- ROI
- Cash flow forecast accuracy
- Cost control
- Financial planning cycle time
- NPS
- Revenue growth
- Risk mngt. effective-ness

Financial reporting

- Reporting accuracy
- Timeliness
- Compliance
- Audit opinion
- User NPS
- Data integrity
- Transparency
- Adherence to guidelines
- Ease of understanding
- Stakeholder feedback

Risk management

- Risk exposure
- Risk reduction
- Maturity
- Process efficiency
- Risk identifycation
- Risk mitigation
- Risk reporting
- Business continuity
- External compliance
- Stakeholder confidence

Cash management

- Cash conversion cycle
- Cash flow forecast accuracy
- Cash flow adequacy
- Cash to current liabilities
- DSO
- DPO
- Cash burn rate
- Cash flow margin
- CFROI
- Liquidity ratios

Capital management

- ROCE
- WACC
- Capital structure ratios
- ROE
- EVA
- Capital efficiency ratio
- Payback period
- CAPM
- Market cap
- Capital allocation quality

Tax management

- Effective tax rate
- Tax compliance rate
- Tax savings
- Effective tax rate vs. statutory
- Audit risk
- Timeliness of filings
- Comms with authorities
- Transfer pricing compliance
- Tax risk mngt.
- Employee taxes

Investor relations

- Investor perception
- Shareholder base
- Investor engagement
- Analyst coverage
- Media coverage
- Earnings call participation
- Investor relations website analytics
- Capital market perception
- Analyst consensus
- Regulatory compliance

Corporate governance

- Board effective-ness
- Board diversity
- Ethical compliance
- Risk mngt. oversight
- Stakeholder engagement
- Financial reporting accuracy
- Transparency & disclosure
- Regulatory compliance
- Stakeholder satisfaction
- Board training & development

Strategic planning

- Goal achievement
- Revenue growth
- Market share
- Customer satisfaction
- Employee engagement
- ROI
- Time-to-market
- Innovation metrics
- Risk mngt.
- Stakeholder perception

Leadership and management

- Employee engagement
- Employee performance
- Talent development
- Employee satisfaction
- Employee turnover
- Customer satisfaction
- Financial performance
- Employee development
- Culture and values
- Collaboration & comms

The CFO's Guide to Manage Finance

10 areas of responsibility and how to do them well

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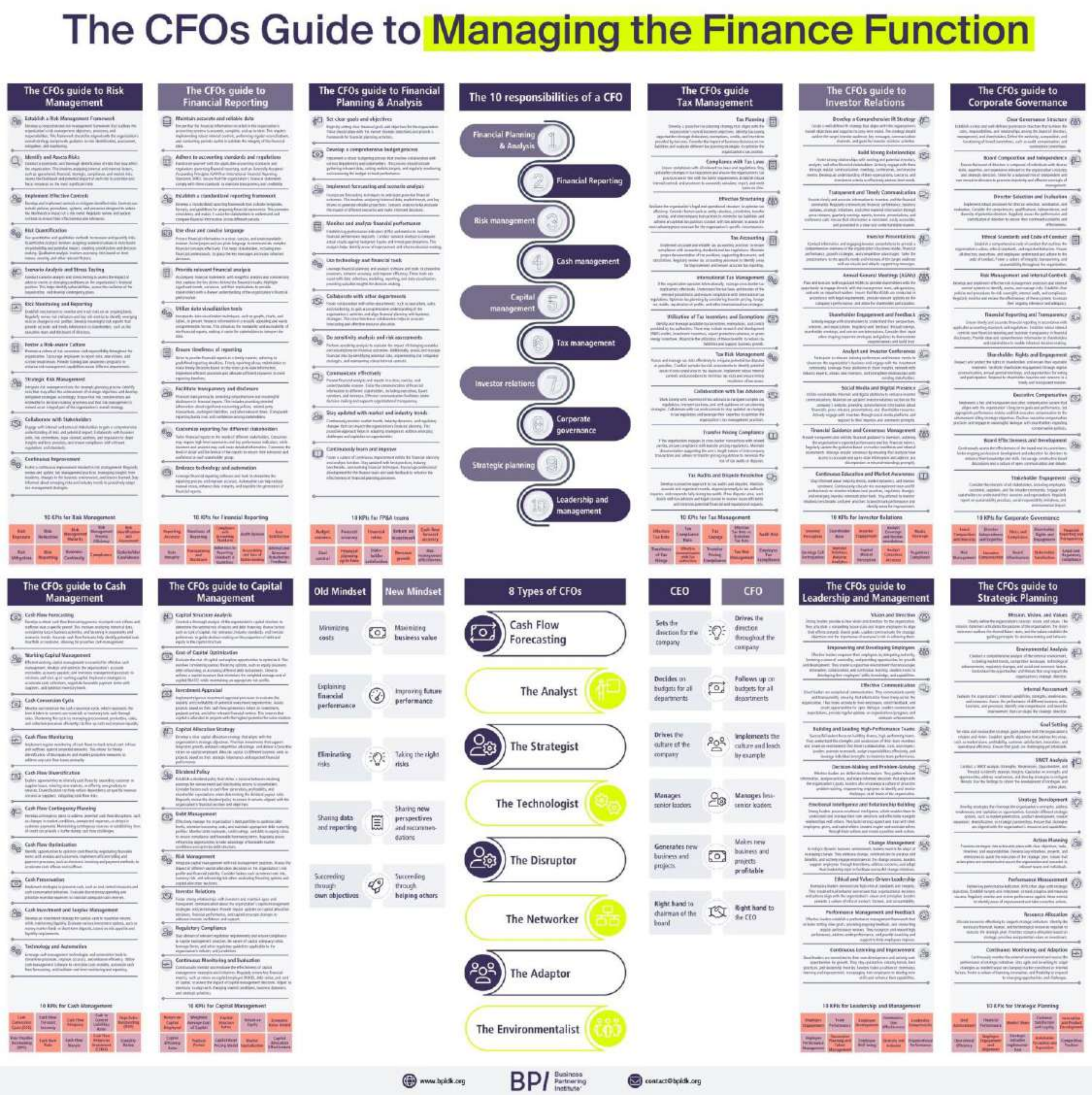

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The CFO's Guide to Measure Finance

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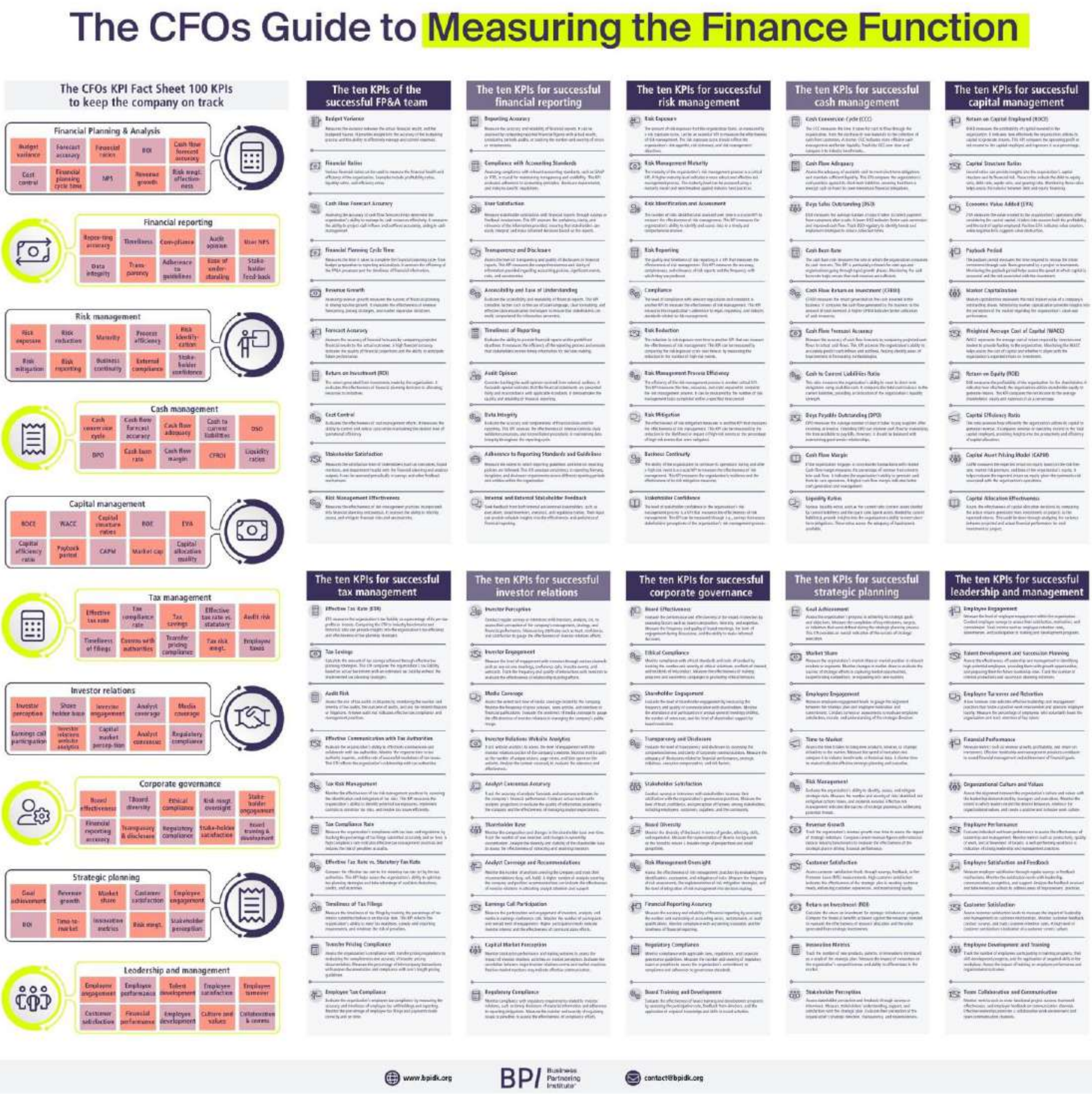
10 areas of responsibility and how to measure their success



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The CFO's Career Path

10 paths that could lead to the CFO role

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Public Accounting

Many CFOs start their careers in public accounting firms, working in roles such as auditor or accountant. This experience provides a strong foundation in financial analysis, reporting, and compliance. After gaining experience, you could move into roles in corporate finance or finance leadership within a company.

Corporate Finance

Starting in roles such as financial analyst, business analyst, or treasury analyst, you can develop a deep understanding of a company's financial operations. As you progress, you might move on to roles like finance manager, director of finance, and eventually CFO.

Investment Banking

While investment banking isn't a direct path to CFO, it can provide valuable financial skills and exposure to high-level decision-making. Many investment bankers later transition to roles in corporate finance or private equity, which can be steppingstones to the CFO position.

FP&A

FP&A professionals are responsible for budgeting, forecasting, and financial analysis. This role allows you to gain insights into a company's financial performance and strategic planning, making it a valuable path toward the CFO role.

Mergers & Acquisitions

Involvement in mergers, acquisitions, and corporate development can provide exposure to strategic decision-making and financial structuring. This experience is highly valuable for CFO candidates who need to navigate complex financial situations.

Treasury Management

Working in treasury roles involves managing a company's financial assets, liquidity, and risk. This experience can be beneficial for understanding financial markets, managing cash flows, and making strategic financial decisions.

Controllership

Progressing through roles in the accounting function, such as controller or accounting manager, provides a strong understanding of financial reporting, compliance, and internal controls—all essential for a CFO.

International Experience

In a globalized economy, having experience working in different regions or countries can be a significant advantage. It demonstrates adaptability, cross-cultural skills, and an understanding of international financial markets.

Operations Manager

Working as a general manager or operations manager exposes you to various aspects of running a business, including sales, marketing, production, supply chain management, and more. This experience helps you understand how different functions interact and impact the financial health of the organization.

Business Unit Manager

Managing a specific business unit or division within a company gives you the opportunity to focus on its financial performance, growth strategies, and operational challenges. This role allows you to make decisions that directly affect the unit's profitability.

CFO vs. Controller

The main differences between these two critical roles

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	The CFO	The Controller
Perspective	• A CFO spends most of his or her time looking forward • What will the next quarter look like? Next year? The year after that? • What are our goals and how do we get there?	• A controller spends most of his or her time looking backward • How do we do last month? Lst quarter? • How did actual results compare with budget?
Interaction	• A CFO deals extensively with people outside the company • The CFO deals with lenders, investors, business partners, and the board of directors • Some CFOs even interact with the press or members of the public • The CFO is the financial face of the enterprise	• A controller interacts primarily with people inside the company • The controller supervises the accounting staff, and interacts with other department heads, including operations and human resources • If the controller deals with people outside the company, they are usually direct service providers, such as CPA firms
Background	• A CFO can come from a variety of backgrounds • In addition to accounting, this includes commercial banking, investment banking, treasury, and other finance areas	• A controller had better come from an accounting background
Personality	• A CFO must have a high level of self-confidence and excellent communication skills • The CFO needs to be able to discuss financial matters with a non-financial audience • The CFO should be articulate and comfortable in front of a crowd	• The controller is less likely to be an exceptional communicator • Discipline, organization, and analytical skills are the long suits of a controller • The controller is not expected to make speeches

Eight types of CFOs

Which type(s) are you?

8 Types of CFOs

The Accountant

- Focuses on compliance and control
- Backwards looking financial reporting
- Conservative and risk-averse
- Always worked in the finance function

The Analyst

- Creates transparency and visibility
- Has a deep understanding of financials
- Communicates insights to leadership
- Has likely worked in investment banking

The Strategist

- Facilities strategizing at executive level
- Quantifies and qualifies strategic options
- Has a strong focus on value creation
- Has likely worked in management consulting

The Technologist

- Leads digital transformation in the company
- Leverages latest tech in the finance function
- Creates efficiencies across the company
- Has likely worked in a digital first company

The Disruptor

- Spends most time with external stakeholders
- Looks at latest trends and business models
- Benchmarks outside own industry
- Has likely worked across multiple functions

The Networker

- Builds strong relationships across C-suite
- Listens well and helps others be successful
- Gets work done through others
- Has likely been an entrepreneur

The Adaptor

- Drives strong execution across the company
- Moves the company along with speed
- Builds on a strong and flexible tech platform
- Has likely led different business units

The Environmentalist

- Is well-connected with policy-makers
- Drives the quadruple bottom-line in decisions
- Has a pure long-term value creation focus
- Has likely been in NGOs or politics

BPI Business Partnering Institute®   www.bpidk.org

Ten actions to improve Finance

Which actions are you currently working on?

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1 Strategic Roadmap

Create a detailed plan outlining the steps and milestones for enhancing the finance function over the next 1-3 years. Align the roadmap with the company's strategic objectives and allocate resources accordingly.

2 Process Automation

Identify repetitive and time-consuming tasks in finance operations, such as data entry or reconciliation. Integrate financial management software or automation tools to streamline these processes and reduce errors.

3 Advanced Analytics

Implement data analytics software to analyze financial data for insights. For instance, use tools to track cash flow patterns, identify cost trends, and forecast revenue more accurately.

4 Enhance Compliance

Strengthen internal controls by conducting regular audits and risk assessments. Implement technology-based solutions like AI-driven fraud detection systems to mitigate risks and ensure compliance.

5 Rolling Forecast

Transition from annual budgeting to rolling forecasts. This allows for more dynamic financial planning, enabling your organization to adapt quickly to changes in the business environment.

6 Zero-Based Budgeting

Adopt ZBB to scrutinize and justify all expenses from the ground up. This approach can help identify unnecessary costs and allocate resources more effectively.

7 Business Partnering

Assign finance team members as business partners to other departments. Foster collaboration by having finance professionals work closely with e.g., operations and sales teams to align financial strategies with business goals.

8 Emerging technologies

Explore emerging technologies like blockchain for secure transactions or machine learning for predictive analytics. Implement pilot projects to assess their viability and potential impact on your finance processes.

9 Invest in skill-building

Identify skill gaps within your finance team and provide training programs to address them. Offer workshops on topics such as advanced Excel skills, data analysis, financial modeling, and regulatory compliance.

10 Track Progress

Define KPIs specific to your finance function, such as accuracy of financial reports, time taken for month-end close, or efficiency of invoice processing. Regularly monitor these metrics and implement improvements based on the results.

The CFO's finance transformation plan

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10 steps to get your finance transformation right

Step 1

Vision and objectives
Clearly articulate the desired outcome of the transformation. Identify specific goals such as improving efficiency, enhancing data analytics capabilities, optimizing processes, or increasing strategic decision-making support.

Step 2

Current state
Evaluate the existing finance function to identify strengths, weaknesses, and areas for improvement. Assess the organization's financial processes, systems, technologies, talent, and data management practices.

Step 3

Roadmap
Create a detailed plan outlining the steps required to achieve the desired future state. Break down the transformation into manageable phases, setting realistic timelines and milestones. Prioritize initiatives based on their potential impact and feasibility.

Step 4

Technology
Leverage technology to streamline finance processes, reduce manual work, and improve accuracy. Implement financial management systems, enterprise resource planning (ERP) software, and cloud-based solutions for enhanced data accessibility and collaboration.

Step 5

Analytics
Invest in robust analytics tools and build a data-driven culture within the finance function. Utilize predictive and prescriptive analytics to gain insights, support decision-making, and identify trends and opportunities.

Step 6

Talent development
Identify skill gaps within the finance team and provide training or hiring strategies to fill those gaps. Develop a learning culture that encourages continuous improvement and keeps up with evolving finance trends and technologies.

Step 7

Controls and risk mngt.
Ensure compliance with relevant regulations, standards, and internal policies. Strengthen internal controls, risk assessment processes, and cybersecurity measures to protect financial data.

Step 8

Collaboration
Encourage collaboration between finance and other departments, such as operations, marketing, and sales. Finance should actively participate in strategic discussions and provide financial insights to support business decisions.

Step 9

Monitoring progress
Establish key performance indicators (KPIs) and metrics to track the success of the transformation initiatives. Regularly evaluate progress, adjust the plan as needed, and communicate achievements to stakeholders.

Step 10

Change management
Prepare a comprehensive change management strategy to address potential resistance and ensure smooth adoption of new processes and technologies. Communicate the transformation plan, benefits, and progress transparently to gain support and alignment across the organization.

The CFO’s Guide for Business

How CFO’s can drive and measure value in the company

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CEO vs. CFO

What are the true differences between the top two roles?

CEO	CFO
Sets the direction for the company	**Drives** the direction throughout the company
Decides on budgets for all departments	**Follows up** on budgets for all departments
Drives the culture of the company	**Implements** the culture and leads by example
Manages senior leaders	**Manages** less-senior leaders
Generates new business and projects	Makes new business and projects **profitable**
Right hand to chairman of the board	**Right hand** to the CEO

The CEO's KPI Dashboard

The ten most important KPIs for CEOs

KPI	Description	Measurement	Calculation
Revenue Growth Rate	The growth in revenue over a period of time.	Measures the rate at which your company's revenue is growing over a specific period	((Current Period Revenue - Previous Period Revenue) / Previous Period Revenue) * 100
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Net Profit Margin	Provides insights into your company's overall profitability	Measures the percentage of revenue that remains as net profit after deducting all expenses, including operating costs, taxes, and interest.	(Net Profit / Revenue) * 100 where Net Profit = Revenue - Total Expenses
Return on Investment	Evaluates the effectiveness of capital allocation	Measures the profitability of an investment relative to its cost	(Net Profit from Investment / Cost of Investment) * 100
Cash Flow	It helps assess your company's ability to generate and manage cash	Cash flow measures the movement of money into and out of your company over a specific period.	Calculate the cash flow by subtracting the total cash from the total cash inflows.
Employee Engagement	It helps gauge employee satisfaction, productivity, and overall organizational culture.	Employee engagement measures the level of commitment and motivation your employees have towards their work and the organization	Aggregate the responses from engagement surveys and calculate an average score or percentage for employee engagement.
Market Share	Monitoring market share provides insights into your company's competitive position	Market share represents your company's portion of the total market sales within your industry.	(Your Company's Sales / Total Market Sales) * 100
Customer Satisfaction	Positive customer satisfaction is crucial for customer retention and brand loyalty.	Customer satisfaction measures the level of satisfaction or happiness your customers experience with your products or services.	It can be measured through surveys, feedback, or Net Promoter Score (NPS).
Customer Acquisition Cost	Assesses the effectiveness of your customer acquisition strategies	Measures the average cost to acquire a new customer	Total Sales and Marketing Expenses / Number of New Customers Acquired
Customer Lifetime Value	It helps assess the long-term profitability of customer segments and guides customer retention strategies.	CLV estimates the total value a customer brings to your company throughout their relationship with your business.	(Average Purchase Value x Average Purchase Frequency) x Average Customer Lifespan

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The CEO's KPI Fact Sheet

100 KPIs for CEOs to run their company

Strategy

- Revenue growth rate
- Customer churn
- Brand equity
- Gross Profit Margin
- Return on investment
- Market share
- Innovation rate
- Free cash flow
- EBITDA
- EVA

Sales

- Sales revenue
- Sales growth rate
- Win rate
- Average deal size
- Sales pipeline value
- Sales cycle length
- Sales activity metrics
- CAC
- CLTV
- Sales-to-Quota ratio

Marketing

- MQL
- Conversion rate
- CPL
- ROAS
- Website traffic
- SoMe engagement
- Email open rate
- Brand awareness
- CAC
- Marketing ROI

Operations

- On-time delivery
- Cycle time
- Quality control
- Cost per unit
- Inventory accuracy
- Utilization
- Order fulfillment time
- Supplier performance
- Safety incidents
- Complaint resolution

Procurement

- Cost savings
- Supplier performance
- PO cycle time
- Contract compliance
- Supplier diversity
- PO accuracy
- Procurement cost %
- Contract renewal rate
- Supplier evaluation
- Requisition to order rate

Customer Service

- CSAT
- FCR
- AVG response time
- Escalation rate
- NPS
- AVG handling time
- Customer retention rate
- Cost per interaction
- Quality metrics
- AVG resolution time

Finance

- Reporting accuracy
- Close cycle time
- Cash flow management
- BVA
- AR & AP turnover
- Cost control
- ROI
- Stakeholder satisfaction
- Compliance to regulations
- Cash conversion cycle

HR

- Employee turnover rate
- Time to fill vacancies
- Employee engagement
- L&D participation
- DEI metrics
- Time to onboard-ing
- Employee performance
- HR budget variance
- Absenteeism rate
- HR Service delivery metrics

IT

- System uptime
- MTTR
- FCR
- IT project delivery time
- Incident response time
- Stakeholder satisfaction
- IT budget variance
- App performance metrics
- SLA performance
- Employee tech adoption

Legal

- Contract cycle time
- Compliance adherence
- Litigation success rate
- Legal cost control
- Risk management
- Legal research analysis
- IP management
- Regulatory reporting
- External counsel management
- Client satisfaction

BP/

How CFOs keep CEOs happy

10 things CFOs can do to make CEOs happy

1. Transparent reporting
Ensure that financial reports are clear, concise, and transparent. CEOs appreciate when they can easily grasp the company's financial health and trajectory.

2. Proactive Communication
Anticipate questions and concerns the CEO might have and address them proactively. Regularly update them about both good news and potential issues.

3. Strategic Partnership
Work closely with the CEO in the strategic planning process, providing financial insights that can shape the company's direction.

4. Problem-Solving Orientation
When presenting a challenge or issue, come prepared with potential solutions. CEOs appreciate CFOs who are proactive problem solvers.

5. Adaptability
The business world is full of surprises. Demonstrate flexibility in the face of unexpected challenges and show willingness to pivot when necessary.

6. Stay ahead of trends
Keep abreast of industry financial trends and bring innovative financial strategies to the table, ensuring the company remains competitive.

7. Risk Management
Regularly review and communicate potential risks to the company's financial health and have strategies in place to mitigate them.

8. Stakeholder Engagement
Foster relationships with other stakeholders, such as investors or board members, to ensure a unified message and approach.

9. Operational Efficiency
Continuously look for ways to optimize operations, reduce costs, and improve financial performance, demonstrating value to the CEO.

10. Team Development
Build a strong finance team that operates seamlessly, ensuring that the CEO can trust the financial operations are in good hands.

How CEOs and CFOs work together

10 ways for CEOs and CFOs to work better together

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1 Strategic planning

CFOs can collaborate with CEOs in formulating and executing the organization's strategic plans, aligning financial goals with overall business objectives.

2 Financial analysis

CFOs can provide insightful financial analysis to CEOs, helping them understand the implications of various decisions and identify areas for improvement.

3 Risk management

CFOs can work closely with CEOs to identify and mitigate financial risks, ensuring the organization maintains a healthy risk profile.

4 Budgets & forecasts

CFOs can assist CEOs in developing realistic budgets and accurate financial forecasts, providing crucial financial insights to support decision-making.

5 Performance mngt.

CFOs can work with CEOs to establish key performance indicators (KPIs) and regularly monitor financial performance against established targets.

6 Capital allocation

CFOs can advise CEOs on optimal allocation of financial resources, helping prioritize investments and capital expenditure decisions.

7 Investor relations

CFOs can collaborate with CEOs in managing relationships with shareholders, analysts, and investors, providing financial transparency and addressing investor concerns.

8 Mergers & acquisitions

CFOs can support CEOs in evaluating potential mergers or acquisitions by conducting due diligence, financial modeling, and assessing the financial viability of such opportunities.

9 Corporate governance

CFOs can work closely with CEOs to ensure adherence to legal and regulatory requirements, promoting good corporate governance practices.

10 Communication

CFOs can foster open communication and collaboration with CEOs, actively participating in executive-level discussions and providing financial insights to support decision-making.

The CEO's Succession Plan

Who is the heir apparent to the CEO?

BPI

The 20 most important aspects to consider

1. Leadership skills
2. Strategic vision
3. Cultural fit
4. Industry experience
5. Track record of success
6. Adaptability
7. Innovation and creativity
8. Emotional intelligence
9. Succession planning
10. Collaboration and communication
11. Financial acumen
12. Risk management
13. Stakeholder management
14. Team building
15. Long-term focus
16. Ethical conduct
17. Board and shareholder relations
18. Presentation and public speaking
19. Conflict resolution
20. Personal commitment

Pros and cons for each CXO to replace the CEO

Chief Operations Officer

Pros	Cons
Operational experience	Lack strategic vision
Team management	No external relations
Problem solving skills	Dependency on CEO

Chief Financial Officer

Pros	Cons
Financial acumen	Limited customer focus
Risk management	Potential conservatism
Data-driven	Non-financial experience

Chief Marketing Officer

Pros	Cons
Customer-centric	Lack operational experience
Creative and innovative	Less documented impact
Brand-building expertise	High market volatility

Chief Technology Officer

Pros	Cons
Technology innovation	No financial expertise
Tech & strategy alignment	Lack business acumen
Adaptability to changes	Potential technology bias

Chief Commercial Officer

Pros	Cons
Revenue growth focus	Lack operational experience
Market understanding	Too topline focused
Strong negotiation skills	Market dependency

Chief Human Resources Officer

Pros	Cons
Talent management	Lack business acumen
Employee engagement	Too internally focused
Human capital strategy	Perceived as a cost center

Contact us to become a more effective CFO at contact@bpidk.org