See how the new CFO is adapting to a changing financial landscape, utilizing transformative new technology to disrupt, innovate and generate value for the retail industry.

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“These technologies have tremendous power to both reduce costs and simultaneously increase personalization and responsiveness, helping retailers create competitive advantage.”

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The retail industry has been completely upended. In the past, offering the right product at the right price was generally sufficient. Now, the world is an integrated marketplace where the number of purchase points has exploded. Customers can shop everywhere at any time and buy on impulse across a variety of channels. And, customers expect retailers and brands to deliver the convenience and differentiated experiences they desire.

In response, agile digital brands and service companies are swooping in quickly to capture their share of the market—selling directly to end consumers instead of via traditional wholesale models. To win over customers who can buy from whomever, whenever, traditional retailers need to have a clearly defined purpose. Once they have determined their purpose, retailers need to go to where the customer is, rather than forcing the customer to come to them. Customers are interacting with retailers through shoppable imagery, pop-ups, augmented reality, virtual reality, social, and watches.

Additionally, the home is becoming a pivotal point of purchase for customers, with smart appliances, devices and services. Retail models built solely on the legacy wholesale definition will not survive.

To survive—and thrive—in the future, traditional retailers must pursue very different offering, selling and operating models. They need to understand their customers’ preferences and deliver (literally and figuratively) on those. They must accelerate responsiveness, speed and innovation into their businesses. They need to find new ways to create value both from internal transformation and external ecosystem relationships. In essence, retailers must grow their core businesses while determining how to pivot to new business models.

Data is critical to this. Retailers need real-time insights gleaned from data about customers, merchandising, supply chain, ecosystem partners—the entire value chain.
Our research of CFOs confirms they are uniquely positioned to help drive their businesses forward. CFOs understand that data is, in many ways, the new currency: They understand the importance of creating “one version of the truth” about customers, for example, they can bring essential insights to CEOs and the C-suite about how to improve operations. They can build business cases for digital and new technologies that help create needed capabilities. CFOs can help identify investments that will enable increased efficiency as well as differentiation and, ultimately, profitable growth. In fact, our latest research shows that many leading CFOs (80 percent) see themselves as the new value champions and transformation drivers (Figure 1).

To fully seize this broader, value-focused role, CFOs need to prioritize several actions. Our research shows that many are trying to do so, with varying degrees of success.
Identifying and targeting areas of new value across the wider business ecosystem.

Identifying and targeting areas of new value across the enterprise.

Identifying and preparing the business for increasingly volatile future scenarios.

Driving business-wide operational transformation.

Exploring how disruptive new technologies could benefit the entire enterprise.

Leading efforts to make entire enterprise more efficient, through adoption of digital technology across the business.

Providing real-time/near-real-time insight of business performance to highlight risks and opportunities.

**FIGURE 1**

To what extent are you currently focused on delivering the following enterprise-wide ambitions?

(n=82 Individual % may not = (net) % due to rounding. If data is <3% data labels are not shown.)
Capitalizing on the new currency: data

More than any other industry surveyed, retail CFOs noted the criticality of data for value creation, i.e. by providing real-time insights and helping develop new business models.

Eighty five percent of retail CFOs say they have achieved new value creation through analysis of financial data.

“The power the CFO holds has increased. There’s a real-time need for data, and that’s in the hands of the CFO,” said the senior finance executive at a global e-commerce brand. “It reflects the speed of new business development and innovation and changes in the market.”

Retail CFOs are using their established capabilities in analysis to look beyond finance data and open new revenue streams. They are also analyzing social media to highlight trending products and build this insight into real-time promotion and pricing strategies.

As technology generates ever more information, it is harder and harder to manage data. “That’s what keeps me awake at night,” says Rubens Batista, CFO of the Brazilian supermarkets group Martins. In addition to their own data, CFOs are increasingly drawing on third-party data, which could be used to support initiatives such as hyper-localization, whereby retailers use analysis of consumer and operational data to stock products that cater to specific local tastes. Already, more than eight in ten CFOs say they are exploring areas of new value across partner, customer and supplier data. As the industry evolves and customers’ expectations increase, the time spent combining internal and external data in pursuit of fresh value will likely only increase.

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The CFO Reimagined: Retail
Nordstrom: reinventing around the omnichannel shopper

Co-President and Director Blake Nordstrom credits this integrated customer focus as creating opportunities for growth:

“We’re bringing all of our digital and physical assets together in a seamless ecosystem. We’re continuing to invest in supply chain, a critical enabler of the customer experience.” Nordstrom adds that when customers engage with us across stores and online, on average they spend 5x more and profitability per customer doubles.

Source: “Nordstrom tackles its ‘last frontier’ with new omnichannel hub”, Emma Cosgrove, 8/18/2018
Harnessing technology to improve the customer experience, and operations

Technology has reshaped every aspect of retail. Technology innovation and the internet of things will exponentially increase the number of points of purchase and interaction.

Leading brands have invested substantially in platforms to support the integrated marketplace with always-on customers. In their operations, they have introduced systems to anticipate bottlenecks and manage returned products more efficiently. And, in their physical stores, a growing number are introducing digital technologies to improve the customer experience—whether through augmented reality, invisible payments or personalized displays.
Many companies urgently need to get digital and emerging technologies embedded throughout their organizations and not just the front office. These technologies have tremendous power to both reduce costs and simultaneously increase personalization and responsiveness, helping retailers create competitive advantage. For example, the director of digital marketing at a major US discount chain points to industry-wide challenges around real-time inventory, which technology can help to address.

Seventy seven percent of our research respondents said they are focused on exploring how disruptive technologies could benefit the entire enterprise (Figure 1). Interestingly, retail CFOs believe they are moving too fast for other functions as they advocate for and explore disruptive new technologies. When they consider using new technologies for their own function, finance executives most frequently cited concern about information security (46 percent), followed by difficulty standardizing enterprise data/agreeing on a single version of the truth (35 percent).

89% of retail CFOs say finance is better at deriving value from investments in technology and digital-related change than other functions.
Skills needed for today’s retail CFOs

CFOs say the top skills/capabilities required to be successful and play a more influential role are:

- **41%** long-term strategic thinking.
- **32%** identifying, anticipating and managing risk.
- **29%** problem solving.
- **28%** insight into, and understanding of, new technologies.
Rethinking the talent profile

To be successful in their more strategic, broader roles, CFOs need to be supported by a function that is pulling in the same direction and shares the same passions and skills.

And yet, there is a substantial disconnect: 79 percent of retail CFOs say that the CFO is carrying out activities that are far removed from those performed by the rest of the function. Much of the finance function is still focusing on traditional finance tasks and isn’t engaging in the new, more strategic roles.

CFOs need to holistically plan for their future workforce. New operating models leveraging next-gen GBS for multifunctional services along with AI, analytics and control towers help create intelligent functions.

This can be a platform to deliver planning, budgeting and reporting. With fewer people needed to do transactional, repetitive tasks, talent is freed and can be reskilled to do more value-adding activities.

New skills and personal characteristics are needed on the team. One in three retail CFOs—the highest proportion of any industry sector—say the skills they are most looking for in junior finance professionals come down to communication and ability to influence.

This is consistent with other Accenture research showing that retail cross-functional leaders (CXOs) believe workers today need skills like resource management (51 percent), communication skills (38 percent) and judgment/decision making skills (32 percent).¹ Finance professionals will need to get better at understanding and deriving value from data, which goes well beyond their numerical proficiency, to impact the business in new ways.

¹. Future Workforce: Reworking the revolution, Accenture, 2018
CFOs can be key strategic enablers in increasing their organization’s value creation. Three steps help them achieve this.

1. **Become the ultimate data authority**—CFOs are already driving new value from data but could substantially enhance this by taking a stronger lead in data governance and becoming the ultimate “owner” of all data across the enterprise. Additionally, they need to incorporate integrated performance management—that integrates merchandising, planning and budgeting—to be more nimble and influence profitability.

2. **Champion investments in digital technologies**—Along with the CEO and other C-suite executives, align the technology investment plan to the business strategy. Identify ways to use technology to reduce operating costs to self-fund further investments. Collaborate with other leaders to help them identify how and where digital can not only reduce costs but also help open new opportunities for growth.

3. **Plan and begin creating the future workforce**—Determine what can be automated and supplemented by AI, freeing people to work on value-adding tasks. Determine the needed skills, the current gaps, and begin to upskill current employees. Explore what skills can be borrowed through the adaptive workforce and ecosystem partners.
About the research

Accenture conducted a quantitative survey with more than 700 CFOs and senior finance executives, including 82 from retail businesses, as well as a separate survey of 200 up-and-coming finance professionals in multiple industries. We also conducted almost 50 qualitative interviews with CFOs, CEOs and CDOs in retail and other industries. Visit us at www.accenture.com/research

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