



THE CFO'S ROLE IN DRIVING COMPETITIVE AGILITY

AUDIO TRANSCRIPT

Q1) BRIAN VABULAS: Hi everyone. Welcome to the Competitive Agility Podcast - a new podcast with Accenture's Senior Management Team, where we try to unravel the mysteries of agile business operations and how companies can identify and pursue new ways to increase margin and fund investments that will drive growth.

I'm your host, Brian Vabulas. And today, we're talking with Ale Bossi, Managing Director and North America Practice Lead for CFO and Enterprise Value. And our focus today is on the importance of competitive agility for CFOs in consumer goods and retail. Ale, welcome to the show.

ALE BOSSI: Thank you, Brian.

Q2) BRIAN VABULAS: Really excited today to talk to you about competitive agility. Could you define it for us? What is competitive agility?

ALE BOSSI: How I like to describe it is there are different techniques that a company can lean their operation and look at different ways of delivering the commitment to the consumer in a much more effective and efficient way. At the end of the day, it's all about understanding how you're allocating your resources, how you can become agile by defining what you want to invest, where to invest it. So it's all really about like a mindset and a series of tools to make sure that every decision that you make, makes you more agile, more competitive and that you invest your dollar where it matters.

Q3) BRIAN VABULAS: So specifically, if we look at consumer goods and retail, are there

certain things that they need to focus on to really start creating the new value?

ALE BOSSI: I like the fact that we're talking about competitive agility in the context of growth. I feel that for many years, CPGs, consumer goods companies, retailers, were really focused on bottom line and be extremely careful on how they spend their money. And I think it was something necessary given the market condition, but I think it's now important that they find their way back to growth.

I think the best example that I have is a lot of the growth in consumer goods and retail has come really from small companies that have been able to drive innovation in either a new experience that you drive with a product or service, a specific complementary product that did not exist before. And all this innovation, if you think about the size of the companies that are driving it, they don't have huge budgets in the millions of dollars like some of the bigger players in the market, but they're able to do so because they're very mindful of how they're spending their money and they're very agile in execution.

And so, I think the big lesson learned for most of my clients is how do I use the concept of competitive agility, to pretty much break the barriers for growth? I can take an idea, bring it to market fast and I can use analytics to realize if this idea is working or not. And if it's working, how do I double down and expand, use the strength of my network and the strength of my skills to accelerate. But if it's not working, how do I kill it fast and go on to the next one?

Q4) BRIAN VABULAS: One of the things that



influencing our experiences and products is technology. Is this as well responsible for then changing the consumer's expectations? You know, how do you react to that as you see it really start to change consumer expectations?

ALE BOSSI: I think there are actually different ways that technology is changing consumer expectation. I think about the fact that many CPGs and retailers, they're not only competing against the traditional peer set, they're competing against the Amazon, the Uber, the Google of the world because the definition of experience that each consumer can get every time that, for example, they open an app and they're expecting that on demand experience, customizable, expect to get data and analytics. So that has defined a new set of expectation from an experience perspective that all the other player that touch the consumer, maybe not in the same product, but in similar experiences need to pay attention to. That's number one.

Then the second element is this concept of harnessing the power of data. And if you think about CFOs, I see them being front and center of driving these different mindsets on how you use data to make better decision.

If you think how these companies, your nontraditional competitors in CPG and retail would have done extremely well is really using data to better know their consumer and make the decision on the type of offering they want to bring on the marketplace.

They need to really double down in the investment on analytics and harnessing the power of the data that they actually already have but they don't know how to utilize and how to interpret them. Then the last one that I want to mention on how technology is disrupting our company and this concept of artificial intelligence and robotics process automation. 10, 15 years ago, whenever you need to bring products and an offering to market, you need a certain scale, you need a certain number of people, you need a certain level of capability to be able to do so. That's not the reality of today. Technology is substituting a lot of the more routinairy processes that sometimes are key to bring these offering to market. So you don't need a certain amount of

people, in order to do so, but using technology to be able to get you there.

At the same time, I think is a big opportunity for traditional bigger players to start to evolve their processes, their operation, start to embrace this technique and become more nimble, agile and faster in how they compete.

Q5) BRIAN VABULAS: What are some of the things that you see that CFOs need to be agile, competitive, in the same way which you're seeing the other end-to-end, the supply chain, all of those types of things continue to evolve? And how has that CFO role changed?

ALE BOSSI: It is absolutely changing. CFOs and finance needs to lead the way for two reasons. I think they have become more front and center on their broader enterprise agenda. I also think that you cannot inspire the rest of the organization unless you take a little bit of your own medicine, right. Finance has always been the steward of the bottom line. So they have to start to embrace the fact that, they got to rethink about how they invest their own money and headcount to better serve the enterprise.

And so, if I look how the role is evolving, I have a very simple, but powerful way to summarize it. I always describe it as the move from reality of yesterday, the reality of CFOs being the accountant, being the steward of the number, and a lot of focus around what we used to call finance excellence.

And then as you look at today I describe it as an evolution to this role of Chief Insights Officer, where the CFO needs to become more the righthand person for the business, kind of the copilot of the enterprise to bring this insight from the marketplace, and bring them inside the organization. So this evolution from accounting and core finance to Chief Insights Officer and steward of the enterprise value.

It's not anymore the day and age of we run our budgeting and our forecast once a year or once a quarter, the dynamic in the marketplace is so fast that you've got to be able to simulate your planning almost on a daily basis, if not a weekly basis and being able to steer the enterprise right or left based on what their planning is.



When it comes to decision support is all about harnessing the power of data. So investing in innovative technique like advanced analytics and forecasting and predictive analytics. And when it comes to the finance operation, that's all about the journey to intelligent automation and intelligent enterprise.

You still want to keep that level of diligence and scrutiny and excellence in running your operation, but you got to do it in a different way. You probably do it with a hundred accountants. You're probably going to have 20% of those. But those 20% are going to look completely different because everything else is going to be replaced by machines, that can probably make better determination and introduce less noise in the system.

And so, if you think about that evolution, how do I reallocate my talent to enterprise planning and to harnessing the power of data and analytics? How do I invest in more capability in those two that are more critical and value added? While I like technology like artificial intelligence and RPA maintaining a strong control on core finance operation? So it's like a simplistic view, but I think is very powerful and has good summary of, I think, everything that CFOs should be thinking about.

Q6) BRIAN VABULAS: I'm going to shift focus to retail. Right now, customers can essentially shop anywhere, anytime, across many channels. How do you think retailers can compete and deliver convenience and experiences that really start to set them apart?

ALE BOSSI: I think it is through a few elements. Number one is this concept of broader experience that retailers can drive. I think it is critical to not think about the consumer just in term of the person that comes and buy product from my shelf or come to my store to execute a transaction. That's really kind of the end game. But it is all the other step in the journey: how do I start to influence this consumer, how do I start to engage him even when he's outside and he's on the way and traveling, using his phone and receiving certain type of messages? How do I carry the right messages to these consumers, so that I'm relevant?

You got to really make certain type of decision

because you don't have infinite resources, right. How do I pick what I want to put my resources and my investment to maximize them?

I think that all goes back to the concept of using data to make better decision. And so, the second element is if I want to really extend the lifecycle of the consumer, I got to really understand where to engage him, how to engage him and how many resources and best where. So I need to have a much better view on data, a much faster way to capture those data and making decision on those data to allocate my resources.

Q7) BRIAN VABULAS: It sounds like we're saying we want to engage the consumer and influence them, but also, we're doing a lot more listening with all that data. So how do we need to change our operating model? What are things that you see specifically retailers or CPG companies need to do to really advance that piece of advice?

ALE BOSSI: I'm always careful to say that changing the operating model is a mean to an end, it's not the end itself. But I think the key question first comes to what's your strategy and how does your strategy inform what you want to be?

And if you want to really inform your strategy based on what the consumer is telling you, you got to go back to being data driven, using analytics to inform where your strategy's going.

Another thing if I think about the rest of the operating model, it's all about execution. It's all about how do I use more intelligence in my processes? How do I start to use artificial intelligence? And a little bit more the tactical layer of analytics, more the day-by-day, the week-by-week to inform my decision-making and make more nimble, more agile decision and react to input from the marketplace.

The last thing that I would add is that we are in a time where there is a blurring of boundaries across the different functions of the enterprise. A lot of the companies that are successful are the one where you don't have a predefined notion of, oh, I am marketing, I am sales, I am customer service, I am logistics, I am finance. You have very small team that accomplish a lot of these tasks more across the board end-to-end.



And so, I think this concept of breaking the barriers across function and start to think about processes with experience in mind is going to be key now to redefine the operating model.

Q8) BRIAN VABULAS: Does that then help you if you talk about breaking the barriers, really redefine the way we think about the talent pool?

ALE BOSSI: Yeah, absolutely. There was a conversation I was recently having with a Chief Financial Officer for one of our big clients and he was asking me what's the path in finance in the future? And what I was describing, he's like is nothing like what it used to be before. Before it was very much within finance, you grow, spend some time in accounting, then you'll go into decision support. You will from analyst to manager or then senior manager, director, VP, etc., but you will also move around functionally to get a well-rounded curriculum within a function.

I don't think that this going to exist anymore. We're going to see more and more talent that has to move across the enterprise. They got to understand the commercial capability and what is needed from a commercial standpoint in the marketplace.

The second thing is high degree of collaboration. I think that being a super specialized person in a function, sometimes comes with not necessarily the talent to start to collaborate across the different area of the enterprise. And I don't think that's something that is going to be allowed anymore. So high level collaboration, high level of flexibility. Even high degree of comfort to work in an environment that is not so well defined. Those are going to be a must.

And then I will say I'm aiding my clients that are trying to look a little bit aside of the typical industry boundaries to attract new talent to help them grow in the marketplace. I think it's more around now attracting the right talent that has the right characteristics rather than skills. And so, people that are comfortable operating in undefined environment, they have agile mindset and, they have a natural tendency to think

through analytics and numbers and making decision based on very precise information. I think those are characteristics that our clients in CPG or retail are looking at.

And, you know, despite the industry where they come from, they might look at someone that is coming from tech or someone that is coming from biotech. But if you had those type of characteristic, it matters more than people that have spent decades in the same industry because they can bring a little bit more the fresh perspective to bear.

Q9) BRIAN VABULAS: So what I'm hearing is the CFO is really a key strategic enabler. Do you have any summary points that you could suggest of how can a CFO be a key strategic enabler?

ALE BOSSI: The first one is helping the organization making rational decision of the investment that also you want to make in technology.

The key role of the CFOs is bringing that rational mindset and ability to drive decision-making even on how you invest in technology. That's number one and then I think the second key element on why the CFO is critical is finance is a little bit of an advantage point because they are the collector of all the data and information that comes from each part of the organization. And so, I think they're uniquely positioned to also identify what's broken.

In this concept of being able to execute without this barrier across function, finance executives are better positioned to understand that process and where the problems are. Where are the barriers and how do we fix them? Sometimes it's not only from a process perspective, but also culturally.

But I think from a pure ability to look at enterprise end-to-end, I think CFOs and finance executives are uniquely positioned and can help the enterprise get there in these cross-functional transformations.



Q10) BRIAN VABULAS: It really sounds like CFOs are the new visionaries in increasing their organization's value creation. That's really great discussion today, Ale. It's been wonderful speaking with you and we appreciate your time and insights today.

Everyone, stay tuned for more leadership podcasts ahead. We'll hear from others on Accenture's Senior Management Team. Thanks for listening.

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