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THE CFO IN CONSUMER PACKAGED GOODS

See how the new CFO is adapting to a changing financial landscape, utilizing transformative new technology to disrupt, innovate and generate value for the consumer packaged goods sector.

#CFOReimagined

“Our latest research shows that CFOs see themselves as the new value champions and transformation drivers.”

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Consumer packaged goods (CPG) businesses are being rocked by changing consumer expectations, preferences and behaviors. Digital technologies have upended what, where, how and from whom consumers buy.

Witness consumers buying directly from manufacturers' online platforms and using tailored subscription services. Traditional CPGs will need to operate in multiple business models (e.g. sell through multiple channels, subscription and service models, etc.) just to keep their current level of sales and customers. However, operating models that were built to sell products into large retailers are not sufficiently agile or equipped to address the new complexity. CPGs need to inject responsiveness, speed and innovation into their businesses and become modern enterprises. This means harnessing the explosion of data. It requires changes across the entire value chain, including R&D, sales and marketing, and the supply chain.

It increases the need for more effective and timely scenario planning. Decisions about ecosystem partners have never been more important. In essence, CPGs must grow their core businesses while determining how to pivot to new business models.

CFOs are uniquely positioned to help address these challenges and drive their businesses forward. CFOs 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.

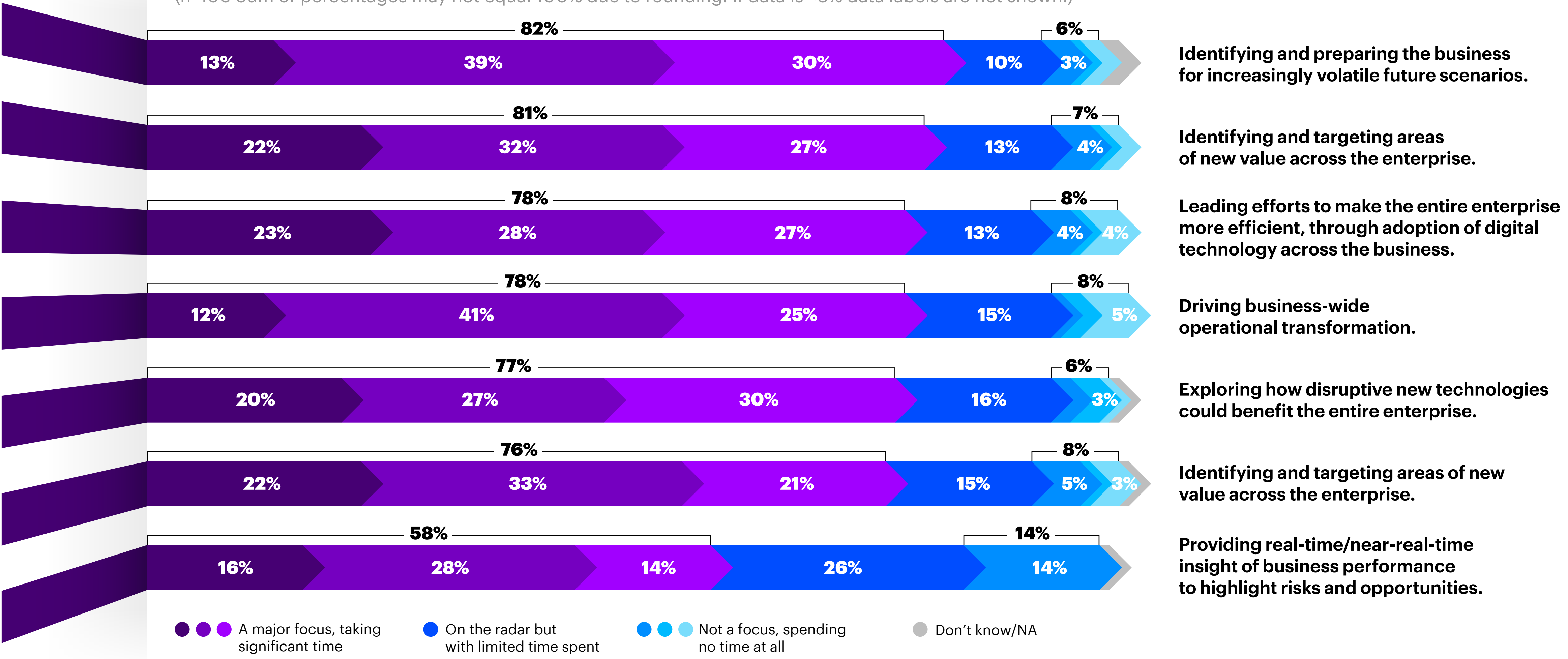
CFOs can help identify investments that will enable increased efficiency as well as differentiation and, ultimately, profitable growth. In fact, our latest research shows that many leading CFOs (80 percent) see themselves as the new value champions and transformation drivers (Figure 1).

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.

FIGURE 1

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

(n=106 Sum of percentages may not equal 100% due to rounding. If data is <3% data labels are not shown.)



Enhancing operational performance

CPG CFOs recognize their businesses must change to meet new requirements.

Seventy seven percent are focused on business-wide operational transformation. They also understand the need for speed. More than half (58 percent) say they are working toward real-time analysis of business performance. This is expected to rise to 89 percent in three years' time—the highest across all industry sectors surveyed.

CFOs in CPG are also the most likely to be improving and ramping up their efforts to apply predictive reporting on supply chain management: 45 percent said improvement is needed in applying advanced financial reporting in supply chain management (more than any other area identified for improvement). CPG companies will likely lean more on the ecosystem given how difficult it is to create by themselves the supply chains necessary for personalization and multiple sales channels. CFOs can help the business to adopt a data-driven, value-based approach when deciding on what partnerships to pursue.

89%

of CPG CFOs say in 3 years time they will be working toward real-time business performance analysis—more than any other industry surveyed.

Going beyond SG&A expenses

Many CPG companies have already streamlined or are in the process of reducing selling, general and administrative expenses (SG&A) costs.

However, to make a deeper impact, organizations need to go after cost of goods sold (COGS). CFOs should lead the charge by applying a zero-based mindset (ZBx) to dramatically shift cost curves. For example, Accenture analysis found that zero-based supply chain (ZBSC) approaches can drive rapid COGS savings of 5% to 10%. With ZBx, companies create visibility and can optimize price and performance. Internal barriers are toppled. Automation, digital and other new technologies accelerate efficiencies across sourcing, supply chain, and manufacturing. As savings are unlocked, CFOs can guide the organization to reinvest savings in new, differentiating capabilities that will help increase both the top- and bottom-line.

Getting control of data

CFOs see that data is, in many ways, the new "currency".

More than CFOs in any other industry, CPG CFOs are trying to take responsibility for data governance across their entire organization. They understand the importance of governing data as a strategic asset instead of a transactional activity. When asked about the greatest challenges they expect to face in the next three years regarding enterprise-wide decisions and investments, their top response was "inconsistent, inaccurate or inaccessible data" (31 percent).

Additionally, difficulty agreeing on a "single version of the truth" is their biggest barrier to embedding the automation technologies needed to free their team for more value-adding tasks.

CPG companies are more likely than companies in some other industries to be evolving their ERP systems, leveraging newer technologies, such as in memory platforms, etc.

84%

of CPG finance departments are responsible for data governance across their organization—more than any other industry surveyed.

Rethinking the talent profile

While the CFO's role is changing, the finance function has not kept pace.

When recruiting junior finance professionals, CFOs say the top skill they want is the ability to innovate (44 percent). An innovation mindset, coupled with business knowledge to support the evolving CPG organization (channels, supply chain, ecosystem partners), can empower finance teams to contribute to good business decisions. Finance professionals will need to get better at understanding and deriving value from data, which goes well beyond their numerical proficiency.

Skills needed for today's CPG CFOs

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

36%
identifying, anticipating and managing risk.

34%
long-term strategic thinking.

33%
insight into, and understanding of new technologies.

31%
ability to identify, hire, develop and place the best talent.

Five actions for CFOs

1

Digitalize finance—then digitalize the company—CPG CFOs are critical advocates for bringing digital into their companies. Many are automating routine accounting, control and compliance tasks as a starting point. Some leading CFOs are bringing other new technologies, such as AI, RPA, Blockchain into their functions to increase efficiency, speed and agility. By using their own departments as pilots, they can offer proof that digitization works and is scalable. CFOs can help the C-suite make decisions about digital investments across the enterprise based on economic value.

2

Harness data for insights—CFOs already recognize the need for data visibility—and consistency—across the enterprise. They need to champion technology and analytics that provide robust information in real-time. CFOs can use their data-expertise to ask—and be prepared to help answer—strategic questions in new ways. They should bring the C-suite together to act on insights gleaned from data analysis.

3

Develop the future finance workforce—to shape a finance function that can support their forward-looking role, CFOs need to plan holistically for their future workforce. As noted above, part of this is using automation and AI. It also involves identifying skill gaps and developing reskilling programs. It requires looking at external talent, which may be new hires or a temporary workforce and/or from ecosystem partners.

4

Drive deep operational transformation—CFOs should use zero-based budgeting approaches to create visibility and change mindsets about spend—not just for SG&A but also COGS. The key to transformation is digital and technology capabilities across the enterprise. As the business frees funds, the CFO needs to provide insights to inform decisions about where to reinvest for the greatest impact.

5

Be the architect of value—as the business model evolves, CFOs—and their finance teams—have a more important role to play in making sure the business is making impactful investments. More than ever before, this includes evaluating and influencing decisions about ecosystem partners. The CFO needs to be the architect of value, ensuring that there is tangible ROI for all business decisions, and positioning the company for future growth.

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Join the conversation

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About Accenture

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About the research

Accenture conducted a quantitative survey of more than 700 CFOs and senior finance executives, including 106 from consumer goods 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 consumer goods and other industries.
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