THE MOVE FROM REACTIVE TO PROACTIVE:
Five ways today’s top CFOs and Chief Tax Officers are moving out of a reactive stance to become proactive leaders

This content was developed in collaboration with CPA.com. CPA.com is a subsidiary of the AICPA and its core mission is to empower the accounting profession for the digital age.
Roles within the entire C-suite have shifted in a number of important, fundamental ways in recent years – especially those of the CFO and Chief Tax Officer.

For virtually anyone working in the finance, accounting, and tax departments, that’s not news. More than ever, their peers in the business rely on them as strategic partners who can bring valuable cross-enterprise insights to decisions large and small.

That’s a good thing. After all, these leaders have been advocating for their seat at the strategy table for years. But it also requires CFOs and Chief Tax Officers to find a new footing – they’re being asked to move out of the standard reactive position, and into a proactive stance. When the company is considering a new acquisition, for example, the CFO and Chief Tax Officer snap into action. Did the organization lose a huge customer? These leaders had to figure out how to handle the financial dimensions of the fallout. You get the idea. Scenarios like these are part of the job – but the job is growing and expanding. To succeed today, CFOs and Chief Tax Officers need their organizations to have the ability to anticipate and actively prepare for what’s coming next.

Ultimately, this important shift isn’t just about the CFO or Chief Tax Officer. It’s about the organizations they lead. The good news is there are more tools available than ever before to help these leaders and their organizations make the transition to becoming truly proactive. Here are five ways they can become more proactive, making use of these new capabilities.

1. **Lean Even More Heavily on Technology**

Your organization is already relying on technology tools and software packages in ways you may not have imagined only a few years ago. But if you’re like most, you are probably still only scratching the surface of what’s possible with technology – and in doing so your organization could be missing the boat on some tremendous advantages, especially in terms of efficiency. Ultimately, this has a direct impact on your team’s ability to be proactive because they are routinely having to drop everything in order to respond to requests for reports and insights, taking valuable time away from more strategic tasks.

One of the most significant opportunities to gain efficiency in ways that your people actually see and feel every day is in the area of workflow status updates. How many times over the last quarter did people in your organization have to pause their work on an important project so that they could generate a report on the fly to help executives identify which projects were over budget? Or which were behind schedule? Or whether projects were properly staffed?

Commercial solutions that are custom-made to align with the workflow processes already in place...
Solutions such as XCMworkflow® give users 360-degree visibility into project resources, deliverables, and status – all in real time.

However, in a large number of businesses today this type of project workflow data is still tracked in spreadsheets that are managed by a handful of individuals. Those who have made the move to digital workflow management solutions such as XCMworkflow® are able to generate custom reports at a moment’s notice, while also giving their leaders forward-looking insights to manage more effectively. For example, is everyone leaning on a single star employee – someone who may be at risk of being overloaded and ultimately becoming burned out? This is the type of specific insight that often arrives only after it’s too late. Real-time visibility into workloads and a host of other project status issues can make all the difference.

2. USE ANALYTICS TOOLS TO HELP A WIDER RANGE OF DECISION MAKERS INTERPRET AND ACT ON DATA

It’s one thing for a handful of tax and finance leaders to have ready access to the data they need to make decisions. But how well prepared are they to make sense of that data – and act on it? What about others in the organization who could benefit from the insights derived from the data? There’s a difference between developing the capacity to gather critical data in real time and interpreting that data. It’s not enough to be able to simply say “we have the data!” The real question is what you’re doing with it. That’s where analytics enters the picture: Once you’ve refined your organization’s ability to gather data by relying more heavily on advanced technologies, you have the ability to multiply the value of that data by using analytics tools to extract actionable insight. For example, XCManalytics as a Service® lets tax and finance
leaders measure their data against their own key performance indicators (as well as those of their peers), or build robust historical and future-oriented views of their businesses. Data-driven capabilities like these are critical for proactively identifying and addressing potential business obstacles.

The value of analytics-driven insights can and should be extended more broadly across the organization, in ways that make it easy for those who aren’t data scientists to understand what the data may be telling them. Today, this primarily happens by way of dashboards – highly visual presentations of data that are automatically generated and shared by analytics tools. Does everyone have access to the same dashboards? No. But tax and finance leaders increasingly report the value of distributing data-driven insights more broadly throughout their organizations.

“Future-looking businesses can no longer afford to just look at what has happened,” said XCM CEO Mike Sabbatis. “Without understanding why it happened, C-suite leadership analysis is limited and frankly less relevant for accurate forecasts, investment, or strategic planning.”

3. PUT PROACTIVE PLANNING ON THE AGENDA

Imagine a scenario in which your organization is using the latest software tools to track data in real time. Even better, you’re starting to derive actionable insights from that data by using analytics tools. Congratulations – that’s real progress that can have a huge impact. But it’s not as effective if you haven’t updated your management approach to seize on the benefits of greater efficiency and more data. One big reason you’ve made all these improvements is to become more proactive, but if each day’s agenda looks exactly as it did before you made those improvements, you’re operating in an environment built for a reactive approach to finance.

That’s a mistake – one that leaves a lot of value on the table. Fortunately, one of the most important remedies is also among the simplest: Put proactive planning on the agenda. Not in some theoretical way, either. Literally build it into your daily or weekly schedule. For example, for two hours every Wednesday, you could have dedicated time to assess what’s likely around the corner and what your organization should be doing about it. Similarly, “What does this mean and what should we be doing about it?” could show up as a routine item on individual meeting agendas. These may seem like rudimentary tools, but they tend to have a bigger impact than you might suspect. These are the small nudges your organization may need to begin reshaping itself around a proactive agenda.

Access to these types of insights can have a profound impact on tax and finance teams’ ability to anticipate needs and issues before they manifest. At a minimum, analytics capabilities can help the organization make sense of what happened over the last month, quarter, or year. But after observing these patterns month after month, tax and finance leaders develop the capacity to see recurring trends and act on them in a proactive manner.
4. FOCUS ON PROCESS-LEVEL CHANGE

With advanced data and analytics capabilities in place, you will start seeing patterns. Lots of patterns. For many executives across industries, this introduces not only powerful new opportunities, but also an unexpected challenge: With newfound abilities to examine any facet of their business where there’s data, they often don’t know where to focus first, or what to do in terms of acting on those insights.

For many leaders, the answer is usually to focus on processes first. That’s where the problems are typically most clear, and where the impact on the organization is most significant.

When it comes to issues like these, if there are problems, processes are likely the underlying culprit. Once you identify pockets of inefficiency, plan on making the process-level changes that will remediate or eliminate them. Solutions such as XCMworkflow can play an important role in bringing consistency and best practices to processes throughout tax and finance organizations, building on a wealth of experiences encountered by organizations facing similar issues.

5. CONSIDER ALTERNATIVE SOLUTIONS TO PERSISTENT PROBLEMS – NOT JUST INCREMENTAL IMPROVEMENTS

In many cases, the insights your organization derives from its data will point directly to incremental changes that can improve its proactive footing. But what if there are opportunities to replace entire processes or ways of doing business? Too often, these types of changes are overlooked simply because leaders are locked into traditional ways of getting the work done. They may also not be aware of the possibilities that have been introduced by recent advances in technology.
For example, automation capabilities are being used more frequently today to replace the manual, repetitive tasks that are holding teams back from taking on more sophisticated, proactive work. Not only are these tasks time-consuming, but they are highly susceptible to human error, introducing unnecessary, avoidable risks to tax and finance projects. There are many routine weekly, quarterly, or annual reports required by the business that can be generated automatically and accurately by advanced systems equipped with automation or machine learning capabilities. Even in cases where human intervention is required, the level of their involvement can be reduced by half – or more. Working with your team, create a map of all the routine, repetitive, manual tasks being undertaken every day in your organization. In some cases, it may make sense to implement incremental improvements. But in others, entire tasks can be replaced through productivity enablement solutions like XCMworkflow without having a negative disruptive effect – which can free up valuable time for employees to apply their skills elsewhere.

IS YOUR ORGANIZATION BUILT TO LOOK BACKWARD?

Most finance and tax departments were structured to look backward – for reasons that are perfectly understandable. After all, the primary purpose of tax and finance in the past was to take a snapshot of what just happened in the business, share it with business leaders, regulators, shareholders, and other stakeholders, and then do it all over again the next quarter.

Today, the demands being placed on tax and finance departments call for an entirely different approach. Even for leaders who were quick to realize that the ground beneath their feet was shifting, updating their organizations to become proactive remained an elusive goal for many because infrastructure, existing technology assets, and entrenched processes are difficult to change.

Fortunately, recent advances in commercial solutions built specifically for the challenges of today’s tax and finance departments are making it easier than ever to implement transformative capabilities that put these departments on a proactive footing, while generating minimal disruption among existing resources.
That's why future-looking CFOs and Chief Tax Officers are implementing XCMworkflow, XCManalytics as a Service, and other solutions in their organizations today, benefiting from built-in best practices and using data in innovative new ways to better anticipate what's next, in addition to understanding what just happened.

XCManalytics as a Service offers highly visual presentations of data. (Images © 2020 XCM® Solutions)

If your organization is built to look backward, but the C-Suite expects you to see around corners, it's time to evaluate the potential benefits that XCM solutions could bring. For more information, call 781.356.5152 or visit xcmsolutions.com today.