

THE HQ COMPANIES BLOG

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The banner features the AICPA logo at the top left. Below it is a circular portrait of Kathleen Graham, a woman with short dark hair and glasses, smiling. To her right, the text reads "15-16 October 2019 The Roosevelt Hotel, New York". The main title "Finance Transformation" is in large white letters, followed by "AICPA & CIMA" in smaller white letters. Below the title, the subtitle "INNOVATION ROUNDTABLE: The DNA of the Future CFO" is displayed in white. At the bottom left, there is a caption: "Kathleen Graham Principal, The HQ Companies, Inc."

NUMBERS: WHEN IS 750+ KPIs TOO MUCH DATA?

by Kathy Graham

The “N” in The DNA of the Future CFO stands for “Numbers” and how they change from Classic CFO to Strategic CFO to Future CFO, the Partner to the CEO. Sam Recenello will be addressing Numbers on Tuesday, October 15th at the AICPA’s Finance Transformation NYC when he facilitates a working group discussing Harnessing the VP for finance in analytics and at an INNOVATION ROUNDTABLE on Digitalization for SMEs.

“Do you remember when numbers were one dimensional, back in the era of the Classic CFO when if there was enough cash in the bank, those numbers were good numbers to have,” posits Sam. “Those days were not so long ago, now fast forward to today.”

“Technology has inundated CFOs with huge volumes of financial and nonfinancial data/numbers offering such a broad scope of insights that are moving at light speed, that it’s hard to know what to cleanse, sort, and analyze and do so quickly enough that the insights aren’t outdated.”

“Less than 25% of companies believe they can harness data insights effectively. This Tuesday, we’re going to discuss some of the best practices to consider applying to your business so that you have a pragmatic analytics framework that works for you, not inundates you,” explains Sam.

The 750+ KPIs in the header above is one example that Sam has seen of an overwhelming amount of numbers, as was another example of a private equity CFO describing almost 200 data points that he used to run a \$30M portfolio company—a bit of a data overkill, don’t you think?

Sam says to start that there’s only 5 KPI numbers that count...and the #1 KPI to track is Total Revenue because it’s what drives your business.

He also says that the LEAST IMPORTANT KPI to track is headcount: “if you follow the top five KPIs and create an action plan to address the data, process will ensure headcount is in line with operations. Now headcount, as a number, becomes more a sense of scale rather than an indicator of too much or perhaps too small a number of people driving your business.”

“Digital transformation of your finance functions enables the Future CFO to see almost instantaneously that total revenue flow,” states Sam. “Using 5 KPIs can drive the top line performance of a business and make the CFO the Partner to the CEO by taking advantage of the data to recommend execution strategies for growing the business significantly in a relatively short period of time.”

Numbers are a critical part of the DNA of the Future CFO and a major component of the answer as to how a Future CFO evolves the organization so the business can “outwit disruptions and disruptors due to their ability to pivot more quickly and accurately to changing situations than companies with Strategic CFOs or Classic CFOs.”¹

Can't attend in person? Special offer: join the Finance Transformation New York online conference for \$147! Avoid the travel and join the conference sessions from the comfort of your home or office. Use discount code FF147 at the checkout and claim your exclusive \$1,148 discount today.

¹ The DNA of the Future CFO, Kathy Graham, 10/8/19, LinkedIn article.