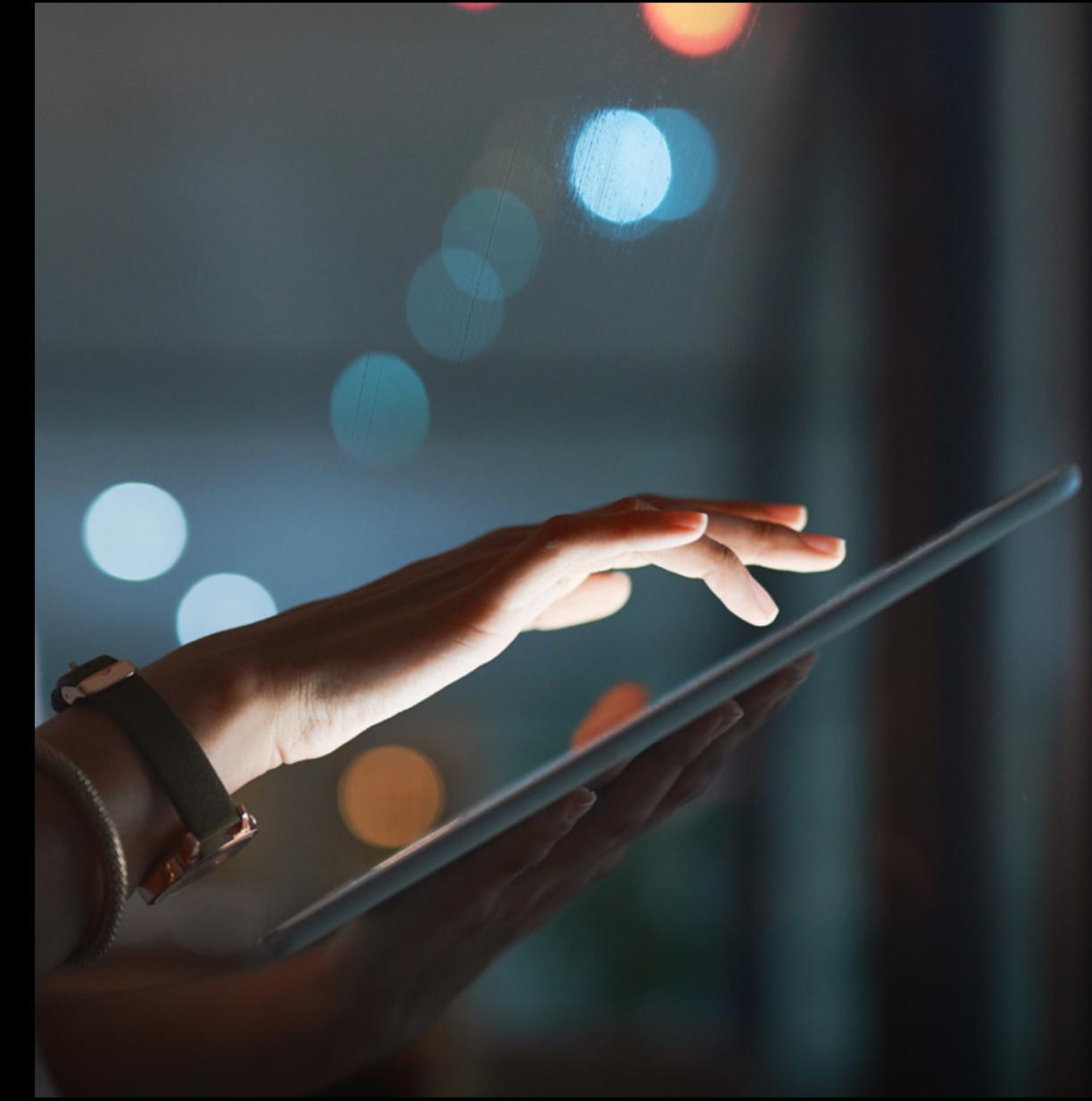




How Strategic CFOs Respond, Recover, and Reimagine



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Who this is for:

Chief Financial Officers and senior decision-makers responsible for the finance function in any organization.

This e-book provides insights from leading CFOs about how they maximize their impact on the business beyond their fiduciary role, especially in times of crisis.

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The year 2020 was full of challenges, change, and learning for businesses of all kinds.

As they respond to, recover from, and reimagine the future beyond the current global health crisis, businesses look to the finance function for solutions. Where can we cut costs? Where should we invest? How do we forecast the future when the past speaks a different language? Which metrics truly matter? And most of all, how can we pivot quickly to face changing customer needs head on?

The CFO is—or should be—at the center of these conversations today. The growth in strategic significance of the role, already much discussed in the business press, has dramatically accelerated. Today, CFOs are tasked with shaping the future as much, if not more, than reporting on the past.

Stepping into this starring role doesn't come naturally to every CFO. In a business environment like this, "knowing the numbers" is necessary, but not enough. Knowing the business, customers, values, and goals of each line of business, internalizing the mission and purpose of the organization as a whole, these are the building blocks of strategic fitness.

Profiles

We spoke to the following CFOs from leading organizations to get their perspectives. In particular, we discussed how they've improved their own strategic fitness and generated the capacity and connections to make a difference. We also focused our discussion on three phases of the post-pandemic journey: respond, recover, and reimagine.

CFO, GoCardless

Catherine Birkett

Catherine Birkett is the CFO of GoCardless, a global leader in recurring payments that takes the pain out of getting paid for 60,000 businesses worldwide. She is currently helping GoCardless continue its international expansion and rapid growth, building on its global bank debit network to rival credit and debit cards. Birkett has spoken widely about how the role of the CFO is as much about ambition as it is about risk management.



VP of Finance, Sakara

Ashley Ma

Ashley Ma has more than 15 years' experience advising growth companies and negotiating mergers, acquisitions, and private capital financings. She heads up the finance function at Sakara, whose Sakara Life organic, plant-based nutrition program, functional snacks, and supplements are based on cutting-edge nutrition science and wisdom from ancient healing practices to help clients achieve optimal health and vitality. They are a powerful example of a company that has succeeded in disrupting a market using a values-driven approach.



CFO and Head of Operations, Thrive Market

Karen Cate

Karen Cate brings more than 25 years of experience in grocery, CPG, beauty, manufacturing, e-commerce, and wholesale to her role as CFO at Thrive Market. Thrive is on a mission to make the world's highest quality natural and organic products available for every American family. Cate has piloted the company through a period of unprecedented growth while dealing with the shift to remote work.



Respond

At the outset of the crisis, finance departments sprang into action to help stabilize the business. They also faced a dramatic shift from in-person to remote work. Pivoting quickly, strategy-minded CFOs sustained essential functions while providing data-driven counsel to leadership teams.



Be a connector

Finance affects every department. Some CFOs choose to stay in the financial silo, but they can be more effective when they move to the center of the action. Especially when making tough decisions, a broader perspective helps them see beyond the bottom line.

By choosing to play the role of communicator and facilitator, they can help keep everyone moving in the same direction. "We operate with a very lean team," says Ashley Ma, whose company, Sakara, is a fast-growing organic meal delivery service. "We are evolving so quickly and our needs are changing so rapidly that the finance function has to sit at the center of decision-making. We're helping people understand decisions and assess the potential impact.

Of course, that means having the data to underlie every initiative that we invest in."

Starting from a pandemic response standup meeting, Karen Cate, CFO and Head of Operations at Thrive Market, translated this kind of transparency into a company-wide initiative over time. "Initially, the meeting was just a small team," she says. "We were making sure everybody was up to speed on how we were working through the issues. It was amazingly effective, so we continued and opened it up to the full company. It's a moment for everyone to step in and hear the business strategies and decisions that are going on, which keeps us connected."

For strategic CFOs, this broad impact is a driver of satisfaction and enjoyment.

"That's what I love about finance," says Cate. "You see the full purview of the company and its performance. That positions you to provide insight and guidance for executives and leaders, as well as the company overall."

Catherine Birkett, CFO of GoCardless, agrees that being in the middle of the action is one of the highlights of her work. "Being in finance is in some ways the best role. You get to see all sides of the business and the difference various actions can make on the numbers, whether it's creating jobs or improving sustainability."



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Catherine Birkett,
CFO, GoCardless

Provide a steady hand in times of crisis

Few people like to see their projects cancelled or their teams shrink, but crisis often makes such painful maneuvers necessary. And the buck often stops at the CFO's office. They're asked to provide both the rationale and the plan for cost cutting.

The strategic CFO looks at this task through the lens of the organization's values and goals. In doing so, they avoid turning short-term pain into a long-term strategic deficit. For example, by understanding which skills are most important to the long-term success of the company, they can place a premium on keeping people who have them. Based on experience, they can help boards and other decision-makers avoid panic-driven decisions that do more harm than good.

Birkett relied on her experience to help guide decisions early in the pandemic. "I lived through the telecoms crash in the early 2000s, as well as the 2007 financial crisis," she recalls. "GoCardless had some moments of uncertainty, but it wasn't at the level of running out of money. That experience helped me stay calm, level-headed, and pragmatic even though we weren't certain what was coming next. It also taught me that no success is risk free. We were able to avoid making decisions based on fear, which in turn helped us be positioned to recognize and take advantage of opportunity when it arose."



Keep an eye on the future

CFOs have always performed projections and assisted with setting share price guidance. As Birkett's comments express, the difference is that the strategic CFO reaches further into the past and looks deeper into the future. They draw from broad experience and are always attuned to the financial upside of change that others might miss.

"We were really clear that whatever measures we took, we didn't want to damage our long-term business at GoCardless," Birkett notes. "That led to some intense discussions with the board about how conservative we should be. In the end, we decided to offer pay cuts instead of reducing headcount because we believed our product would be successful in the long run. If we had slashed the workforce, we would have been in all kinds of pain trying to sustain the business

later. I'm proud of the courage our entire team showed in that moment."

She has also oriented the team toward preparing for the potential of a future slowdown. "In terms of the economy in the UK and around the world, we don't really know. Are we going to see a lot of bankruptcies in areas that have been protected by government support? There's no answer. The way I manage the risk is by ensuring we continue to grow in other areas that are likely to thrive in a post-COVID world."



Recover

As the picture began to resolve, organizations were able to focus on setting up for future success. For strategic CFOs, this is a critical moment when responsibilities shift from short-term measures to long-term plans. How they add value largely depends on how deeply they have embedded themselves in the business.



Broaden your relationships

Because of its quantitative focus and role in making tough decisions, the finance department often seems set apart from the rest of the business. The leaders we spoke with all invest energy toward breaking down this barrier. They engage with people and teams across hierarchy and function. And they set aside blocks of time where they are accessible to others.

The traditional view is that the most important relationship for the CFO is the CEO. This is still true for the CFOs we talked to, but they also emphasized reaching out to leaders across the business, including HR, IT, and line-of-business decision-makers. "I firmly believe in being side by side with each member of the executive team," Cate says. "When you understand their challenges in a deep way, you can help them bring their initiatives to fruition."

To do this, strategic CFOs proactively seek contact with others in the organization, and not just when financials are due. They make themselves as available as their schedules allow and prioritize asking questions and listening.

These are skills that can be learned and intentionally practiced. In a world where work increasingly takes hybrid or remote forms, taking the initiative is especially important. "It's honestly about respect and openness," says Ma. "It can be as simple as taking a week or two in a month and carving out time to meet with people on their schedule. The relationships are valuable in themselves, and you also get the backstory about where data is coming from and how things work. That means you're not trying to build that trust during the moment when things are most challenging. It's there when you really need it."

Cate goes out of her way to go beyond traditional lines of authority and understand the business—and the people who run it—holistically. Getting to know employees at every level provides insight into the impact of decisions that otherwise seem abstract. "I think it's critical to get into the warehouse, the plant, the operational heart of the business," she notes. "Spending time on the floor talking with individuals and understanding what their challenges are, or where there are opportunities to make it easier or faster or better in some way."

Important relationships also exist outside the boundaries of the organization itself, with customers as well as peers in other industries. In a B2B company like GoCardless, understanding how customers make money, what they care about, and what their challenges are all help the CFO make better strategic recommendations.



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Karen Cate,
CFO and Head of Operations,
Thrive Market

Humanize the role

When you're responsible for the bottom line, mistakes can take on outsized importance. But everyone is human, and being human makes you approachable. If people are afraid of the CFO, they will do their best to avoid difficult conversations. If they trust you and know you have their back, they will see you as an advisor and partner. That gives you greater visibility and the ability to step in earlier.

Admitting what you don't know and when you've made mistakes can actually improve your position in the company, says Birkett.

"I don't think you should ever be scared of telling the CEO you miscalculated something or got a financial model wrong," she notes. "We've all done it, and we've all lived through it."

I have open communication with my board, my auditors, and my banks, and it is the foundation of successful partnerships. Keep a sense of balance and perspective, especially if you are a young CFO just



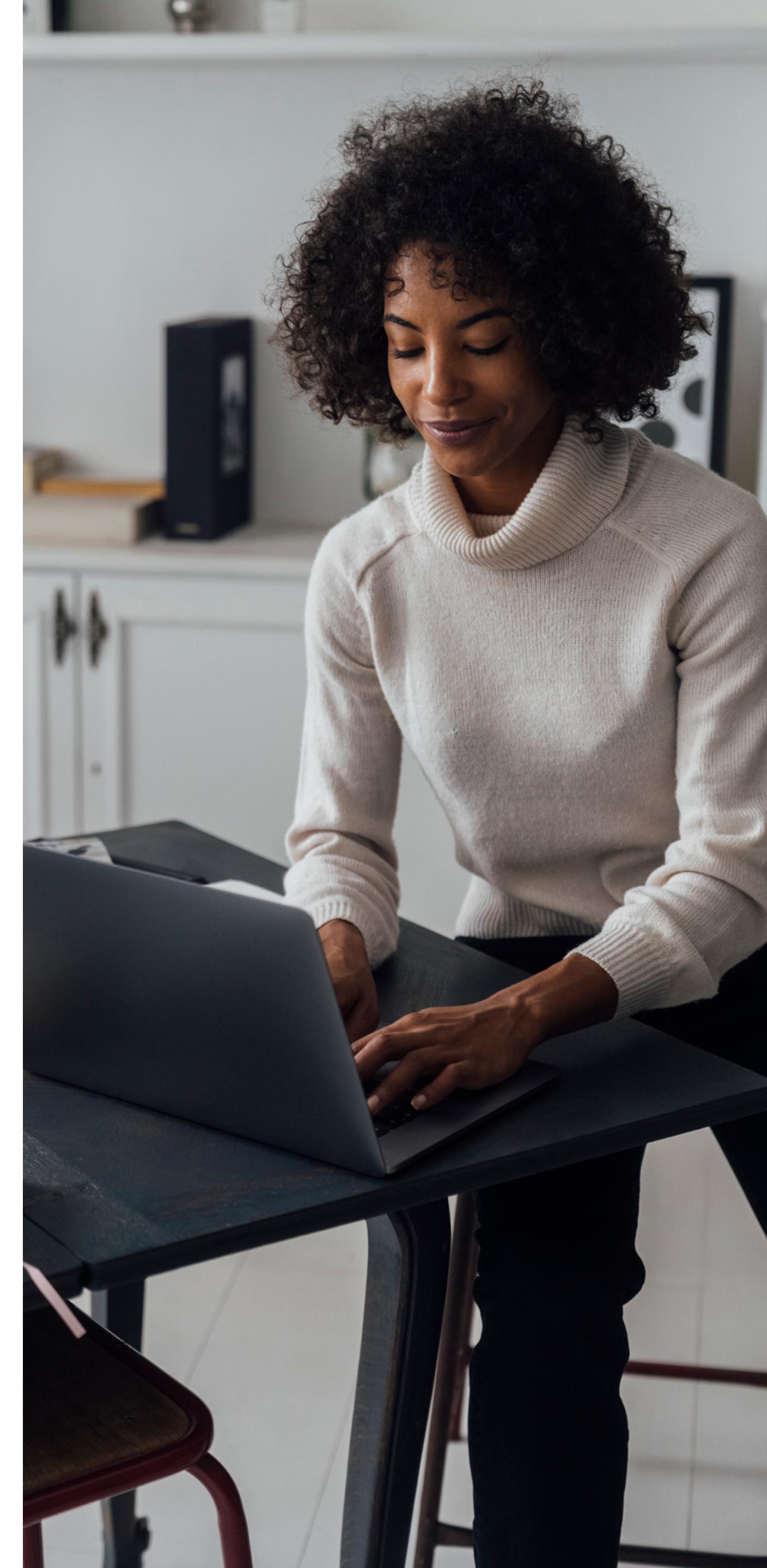
Adopt new work methods with agility

In our interviews, CFOs noted that finance is—or was—a very hands-on department with a lot of in-person collaboration. That changed with the shift to remote work, yet they were remarkably optimistic about the future of work. “We miss each other,” says Ma. “It’s not the same as being in our office in Soho and having the chance to work side by side. Ultimately, however, with the right technology, I think it’s made us stronger. We’ve had to prioritize our work better and use time efficiently given the challenges we are all facing.”

Cate’s experience was similar to Ma’s, with a similar lesson. “We had the same challenges that everyone else did as far as being able to adjust to working from home,” she recalls. “We were trying to solve for emerging operational needs while executing our budget while working from home.

At first, it was difficult to not be able to just lean over and talk to your coworker about an item. But I think it really brought out the team’s tenacity, and we learned to work just as effectively in new ways.”

As finance teams return to work—whether hybrid or fully remote—they can build on what they’ve learned. The strategic CFO will surface these best practices and turn them into repeatable processes for continued resilience.



Reimagine

Predicting the future with certainty remains out of reach. That's why strategic CFOs are laying the groundwork with that in mind. For some, that means building on smart investments they made during the crisis. For others, it's continuing to grow new sources of revenue. Keeping up with expectations while preserving bandwidth to go beyond requires being efficient and focused.



Align decisions with purpose

CFOs tend to be quantitative people who rely on numbers to make decisions. In a purpose-driven business—which describes a growing number of companies across sectors—money isn't the only important factor. At the same time, prioritizing that purpose is often the best course of action for profitability.

Sakara is all about purpose. "We looked at our mission and our values, especially the idea of being one team," says Ma. "That meant it was critical to protect our employees. Downsizing was absolutely the last option on our list. So, we focused on managing demand and making sure we didn't end up in a position of having to disappoint customers or cut staff. Because we are in the business of delivering whole-food, plant-rich nutrition, the market need was there, and we were able to serve our Sakaralites and grow despite all the challenges."

Thrive takes a similar approach. The company actually experienced a significant increase in membership as people sought no-contact ways to shop, as well as products that supported health and wellness. The company had to make a big decision: whether to invest in a new fulfillment center.

Although Cate realized there was some risk of online grocery shopping shifting after the pandemic, the investment would serve the company's mission of making healthy living easy and accessible for all Americans. Staying true to that mission is what Thrive believes will ultimately deliver the greatest success. "It is an honor for us to help members access healthy food and household items without having to stand in line at a grocery store, and we intend to keep fulfilling that promise," says Cate.





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Ashley Ma,
VP of Finance, Sakara

Predictive tools for proactive decisions

As the strategic CFO moves forward to help reimagine the future, they need new tools fit for the purpose. This is especially true when last quarter's results may have little or nothing to say about the current situation. Increasingly, they look to predictive models and AI—now well within reach of almost every organization—to understand the impact of decisions. At the same time, they understand the limits of such technologies and the new demands they make on human judgment.

Being able to work with large amounts of information and new kinds of analytical tools is increasingly critical for the strategic CFO. "We're all dealing with bigger volumes of data," says Birkett. "Using it well is part of your role, the ability to forecast things and

identify trends. That's how you drive the business in the right direction and make the tough decisions. Technology is definitely going to be at the base of everything that finance teams need to do. It can be as basic as an automated billing system, or it can be advanced analytics on top of financial data. When you can see the business health in real time, you can make spending decisions that much faster."

In addition to streamlining everyday processes, Cate believes looking into the future will continue to grow in importance. "It's less about what you did yesterday and more about forward-looking indicators, opportunities, and insights. Review and historical analysis are still important, but the ability to look forward is where the strategic

differentiation comes in. We are always working with our data science team to find new ways to slice the data."

How those insights are delivered is equally important. "We're doing everything we can to provide insight back to decision-makers," Cate continues. "Especially in this new environment where the traditional lines of communication have shifted, we are interested in tools that help people act on the data. Ensuring there is one environment with a single source of truth that has been tested and validated helps everyone stay on the same page."

Choosing your focus: a trusted team makes all the difference

While every CFO needs their finger on the financial pulse of the business, strategic CFOs avoid being obsessed with minutia. Building a trusted team to handle the day-to-day reporting, audit, and accounting responsibilities frees them to focus on relationships, new technology, insights, and strategy.

As Birkett notes, "To be a real strategic partner, you can't be purely about producing numbers. Tax and compliance are critical, of course, and it's not uncommon for organizations to have someone below the CFO who does a lot of that work."

The difference is the value you place on that role. For me, it's 100-percent vital and run by my number-two person. That means I am extremely comfortable in letting them run things so I can focus on the advisory and strategic aspects of the role."



Toward the strategic CFO future

Although they come from different types of businesses and backgrounds, and faced different challenges during the pandemic, all the CFOs we spoke to made it clear that the strategic role is a choice and a mindset.

The specific actions they took—from how they interact with others in the business to the kinds of tools they choose—enabled them to have the greatest impact on the direction of the business. Guided by experience and a forward-looking approach

to analysis, they've helped to steer their organizations through times of great uncertainty. All feel they have emerged with a bright future ahead.

We hope these insights are valuable in your quest to become a more strategic finance leader. Microsoft is committed to providing intelligent tools and guidance to maximize the potential of CFOs to reimagine the future of their businesses.

Discover how Microsoft Dynamics 365 Finance can help you gain a strategic view of your business and integrate data across silos.

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