



2023 Finance Leaders Survey

How Finance Leaders Can Spark Change



Introduction

2023 presents an opportunity for finance leaders to bridge the gap between ambition and reality. But what will it take to elevate the finance function to new heights? This was the big question driving our recent survey of over 700 finance leaders in diverse industries all around the world.

The survey explored how the finance function is evolving and adapting to meet this particular moment—and how finance leaders are preparing for whatever comes next.

But beyond looking at just the best practices, processes, and technology, we wanted to uncover the **leadership approaches** that are helping the most successful finance teams adapt and thrive.

In our **2023 Finance Leaders Survey**, we shared three leadership approaches and observed which one finance leaders identified with the most, depending on their company's needs. Call them archetypes, mindsets, or roles—each of the three has its place in finance leadership, and each leader may adopt one or more for any specific problem.



The three primary leadership approaches that finance leaders identify with:



The Visionary

This approach is focused on a grand plan for the future of finance and the organization. Leaders in this mindset need the ability to share their vision effectively—and the data to back it up.



The Innovator

This approach looks at current processes and technology to find new ways of boosting efficiency and efficacy. Leaders in this mindset can spark a culture of experimentation and agility.



The Realist

This approach is focused on practical next steps to guide a team through the next few years. While it's more grounded in the here-and-now than the other two, the Realist approach is still concerned with improving and adapting the finance function.

Finance teams are facing some daunting challenges right now, and the future may be uncertain. But our respondents are meeting the moment as Visionaries looking to the future, Innovators who optimize what they already have to work with, and Realists planning their next moves.

Read on to hear from over 700 finance leaders on what they are prioritizing, modernizing, and changing in 2023.



Finance leaders are focused on *innovation* to prepare for challenges ahead



Let's start with some good news: the majority of our respondents (60 percent) said they performed above their financial performance targets for 2022. Only seven percent said they were below target.

Given the turbulence of the past three years, these numbers are promising: they indicate a level of resilience and adaptability that will serve finance teams well in the year to come.

Yet there is still uncertainty around what 2023 might bring. **The top four challenges weighing on our respondents worldwide were inflation, rising energy prices, the ongoing recession, and industry talent shortages.**

These concerns mirror a recent study from Frost & Sullivan, which identified economic slowdown, supply chain issues, and the worsening energy crisis to be top areas of concern.¹

In a January 2023 interview, International Monetary Fund Managing Director Kristalina Georgieva predicted that a third of the world's economies will stay in recession throughout the year, resulting in slower global growth year-over-year.²

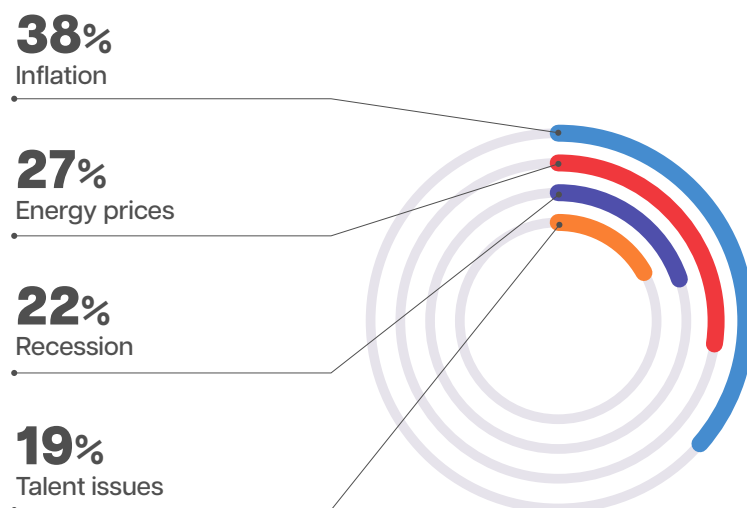
In order to meet these external challenges, **finance leaders are focused on finding innovative ways to increase efficiency and generate insights.**

Forty-three percent of respondents said this was the main focus of their finance department.

However, nearly a third of respondents took a Visionary approach, rating "elevating the finance department to be a strategic contributor to the business" as a top priority. Even considering the current challenges, leaders are still seeking to elevate finance and take on a larger role in guiding the organization.

What are your top external pressures for 2023 and beyond?

Percent of respondents who ranked each in the top two:



Analysis

Necessity is the mother of invention, and businesses are clearly feeling the need to innovate their way through the challenges ahead. At the heart of it, **innovation in finance is about finding new ways to work with existing resources:** increasing efficiency, boosting effectiveness, and discovering new ways to analyze and leverage insights from data.

There is a clear opportunity for finance leaders to help guide the organization in all three approaches:

Visionaries can share their vision for the future of the organization and a more strategic role for the finance team.

Innovators can apply their creative brains to solving current challenges with available resources, through more efficient processes and automation.

Realists can take looming challenges head-on, focused on finding the next steps that will have an immediate impact.

Increased efficiency is key for accomplishing any and all of the above. A finance department bogged down in manual, low-value tasks will be ill-equipped for leadership in any of the three roles: innovating, trailblazing, or meeting immediate challenges.

It's important to note that technology is just one part of the equation, however. People can either embrace or resist change, and processes can either make the best or worst use of your technology.

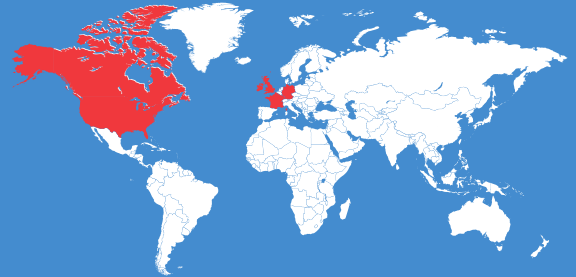


External pressures by region

While the top five external pressures are similar for all regions, the order of concern varies.

In **North America**, recession and inflation are the top concerns, due to economic uncertainty in that region

In the **United Kingdom, France, and Germany**, rising energy prices are the top concern, due at least in part to the war in Ukraine

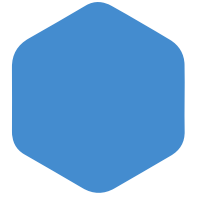


External pressures by industry

Construction businesses are mainly impacted by energy prices, while Business/Professional Services face pressure from competition.

59%
of **Business/Professional Services** list competition as a top concern

66%
of the **Construction industry** list energy prices as their top concern



What best describes the *main focus* of your finance department?



What best describes *your role* in your finance department?



Leaders look to automation as part of their *vision* for the future



Automation is essential for the future of finance. Many of the tasks that keep finance teams occupied with busywork can be at least mostly automated, freeing the team to pursue more of the analysis and projection that can help guide the business forward.

Our respondents agreed that **automation is a key part of transforming not just finance, but the entire organization**, with 41 percent saying transformation was a top goal of automation. Ranking second, 35 percent said their top goal was freeing the team to focus on more high-value tasks—which rolls up to the first priority.

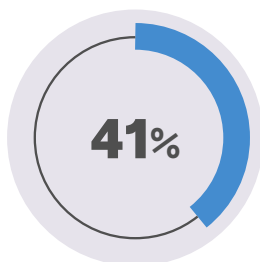
When it comes to the implementation of automation, finance teams have their work cut out for them.

A mere 27 percent of respondents said half or more of their business processes are already automated. Leaders however have plans to change that, with 65 percent of them planning to automate more than half of their processes by the end of 2023.

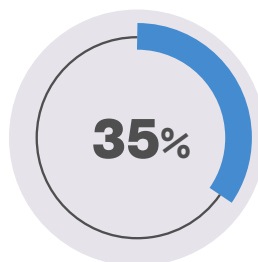
Surprisingly, even given the current economic climate, funding for technology is not the number one obstacle to automation. Respondents said **skills and training** were a bigger barrier, with funding in second place, and time to implement and learn in third.

Here we see a dilemma: automation can free up more time, but it takes time to implement and train up the skills to make the best use of automation. This helps explain why leaders are looking at innovating their existing processes—as observed in the last section—in addition to pursuing new technology.

How do finance leaders hope to use automation in 2023?



Enable transformation



Free up time to focus more on high-value tasks



65%

of finance leaders are planning to automate more than half of their processes by the end of 2023.

Analysis

It's clear that automation is, and should be, a top priority for the near future. Finance teams can't innovate, address anticipated challenges, or realize a grand vision for the future without handing off manual tasks to intelligent software.

In a recent article, Moss CFO Christian Müller puts it this way: "Acceleration of automation is a safe bet in 2023... In a nutshell, automation increases productivity, frees employees from manual tasks, and allows them to concentrate on strategy and innovation. Automated spend management processes empower teams to add more value to the bottom line instead of wasting days pulling together spending data."³

In addition to freeing up time for analysis, **automation can also help finance teams fulfill a more strategic role.** Automated forecasting and reporting can keep the rest of the C-suite informed without the need to manually generate reports.

Collaboration and communication between departments will be essential for future success. Automation has a central role to play in facilitating communication and collaboration while minimizing human error.

In the journey to adopt and implement more automation:

Visionaries can outline their plans for best-in-class automation using artificial intelligence, challenging the finance function to stretch beyond their current capabilities.

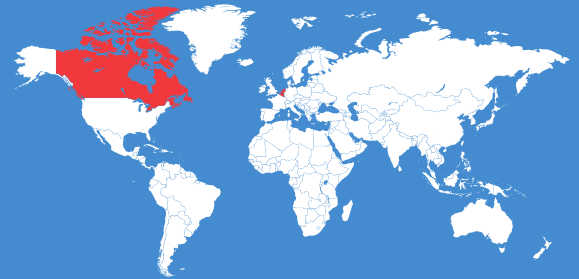
Innovators can find new opportunities and technologies to automate processes.

Realists can lay out a map for implementation, onboarding, and change management.

Automation by region

Canada is well above the average (35% vs 25%) for having over half of their processes automated

Benelux (Belgium, Netherlands and Luxembourg) is the least automated, with 40% reporting 25% or fewer automated processes



Automation by industry

16%

of **Healthcare** and **Senior Living** businesses expect little to no automation by the end of 2023

31%

of **Manufacturing** and **Business/Professional Services** plan to be almost or fully automated by the end of 2023

Agility is key for a *realistic* approach to uncertainty



In order to meet the challenges we identified in section one, **finance leaders are seeking out greater agility.** This means more frequent and accurate forecasting, scenario planning and modeling, as well as developing the capability to pivot quickly when needed.

It's notable that 96 percent of respondents agreed that agility is important. And they're putting that belief into action: 84 percent say they are either "very" or "quite" agile.

The challenges to further increasing agility are similar to those finance teams face when implementing automation: securing internal alignment, implementing new technology, collaboration, and upskilling or finding new talent.

Agility by industry

Business/Professional Services and **Manufacturing** were more likely to cite aligning people, processes, and technology as their top concern

Construction and **Education** both had higher-than-average concern about implementing new technology

96%

of finance leaders agreed that agility is important



Analysis

An agile finance function should combine both modern automation and artificial intelligence (AI) technologies with a team that knows how to use them—and how to share their findings with their colleagues in a way that directly informs business decisions.

In order to achieve these goals, the finance team needs a strong collaborative relationship with the rest of the organization, as well as centralized access to current data.

The right technology can be the foundation for aligning people, processes, and systems to increase agility. **But technology is only as useful as the corporate culture around it. An agile mindset is essential as well.** In a recent survey, executives listed “resistance to change” in the top five risks for 2023, ranking it higher than supply chain uncertainty and a lack of skilled labor in the talent pool.⁴

In the pursuit of a more agile finance team:

Visionaries can keep the team energized by reminding everyone what they’re working towards and what the best case scenario can be.

Innovators can seek out new opportunities for the team to be more agile within the organization and less bogged down with menial tasks.

Realists can champion regular updates to forecasts, which can help the organization anticipate and react to change.

Investments for 2023 and beyond



Most of our respondents said their finance technology budgets were expected to increase this year. A majority (52 percent) expect a slight increase, while 24 percent expect a significant one. Only four percent said they expect their budget to decrease.

This is a promising trend for finance leaders: they appear to have **organizational support in making the technology investments that will expand their capabilities.**

We also asked for respondents' top investment priorities this year and in the next few years to come. We found that right now, top areas of investment include:

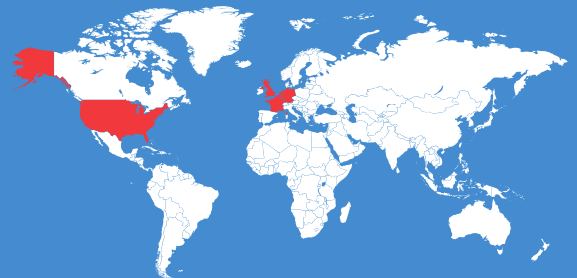
- **Cybersecurity**
- **Planning, budgeting and forecasting (PBF) solutions**
- **Risk management**

According to a Gartner press release “72 percent of respondents planned to invest in automated machine learning (ML), and 57 percent planned to invest in Extended Planning & Analysis (xP&A). Further, to help finance functions achieve greater planning confidence in 2022 and beyond, Gartner experts have six core recommendations one of which is “Develop baseline AI skill sets in the finance staff to enable effective use of AI in forecasting and planning.”

Budget highlights by region

Respondents in the **United States** were most likely to expect a significant increase in budget, followed closely by **Benelux** and the **United Kingdom**

France and **Germany** were most likely to report a decrease in budget, with 8% of French respondents expecting a slight decrease, and 1% (the highest) of German respondents expecting a significant one





The trends for the next few years are striking. All three of this year's top areas of investments will be less prioritized, while planned investment in AI will rise steadily year over year.

Investments in AI and machine learning technologies, in fact, are a top concern for the next three years. Twenty percent of respondents rate it their highest priority for 2024 and beyond, the largest percent in any of the investment categories.

Analysis

It's clear that AI and machine learning will play a central role in the future of finance. Not only will intelligent automation free up finance teams to focus on more high-value tasks, but intelligent analytics can also help process massive amounts of data to generate more useful insights.

While most of our respondents listed these technologies as a near future investment, it's important to note that **this technology is ready now**. It's not a matter of waiting for it to be commercially available or financially viable; these solutions are already at work, to the benefit of finance teams that adopt them.

All three leadership approaches can benefit from technology that reduces errors, increases efficiency, promotes collaboration, and leads to greater insight from analytics:

Visionaries can use intelligent analytics to surface insights to develop and support their vision for the future of the organization.

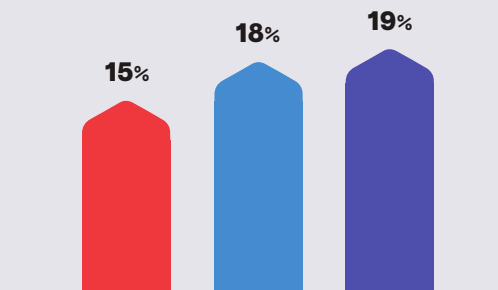
Innovators can put AI and machine learning to use in new ways to increase efficiency, accuracy, and speed.

Realists can leverage short-term gains in efficiency to address pressing concerns and build consensus for long-term planning.

Investment in AI is set to increase

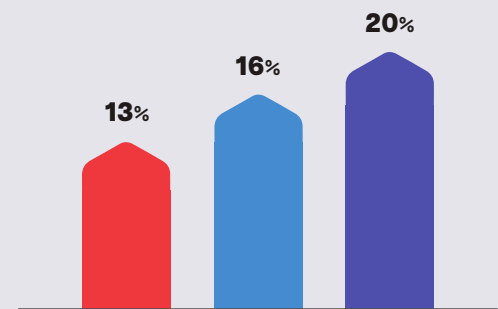
What are your top areas of technology investment?

2023 2024 Beyond



AI technologies

What is the top priority for your finance department?



Investment in new technologies such as AI and machine learning



It's your time to be brilliant

Businesses need finance leaders with a clear vision who can forge a new path toward a brighter future.

Each approach to leadership we identified in our survey highlights the need for trailblazers who can navigate risks, move with confidence, and dream bigger. Visionaries can champion a grand plan for the future, Innovators can advocate for thoughtful new solutions, and Realists can plan for the next few steps down the path. In some cases, all three mindsets may be needed at once.

Our survey shows that finance leaders are more than ready to meet this challenge:

- Most have prioritized innovation and transformation
- Most see the value of automation and plan to automate more this year
- Virtually all agree that agility is key
- Most expect budgets to increase
- Most plan to invest in smart technology in the next three years

These are all signs that finance is well positioned to let their brilliance shine by taking on a more strategic, agile role in the organization.

Here are the next steps you can take to position yourself for success in 2023:

- 1. Embrace automation.** Automating manual tasks will free up time and resources to pursue further innovation and transformation.
- 2. Communicate and collaborate.** Finance teams need to democratize data and facilitate communication throughout the organization in order to make data more accessible to decision-makers.
- 3. Develop an agile mindset.** Your team's capacity to handle change and uncertainty plays a major role in the ability to be agile.
- 4. Explore AI.** Artificial intelligence can help surface deeper insights from your data, improve forecast speed and accuracy, drive automated reporting, and much more.
- 5. Train and hire for data skills.** You don't have to stack your team with data scientists. Empower your team to ask questions and get answers using smart technology to uncover actionable insights.



Methodology:

The survey was administered via a 10-minute online questionnaire, collected between December 2022 and January 2023.

There were 722 respondents in total, located throughout the United Kingdom, United States, Canada, France, Germany, and the Benelux region (Belgium, Netherlands, Luxembourg).

The majority of respondents work for companies with over \$100 million in annual revenue. All are senior-level finance professionals.

Industries represented include: Business/Professional Services, Education, Healthcare/Senior Living, Construction, Manufacturing, and Real Estate.

Margin of error:

Total sample (N=722): maximum of +/-3%

Subgroups (N<100): maximum of +/-10%

Sources:

1. *2023 Top Trends - Growth Opportunities*. Frost & Sullivan.
2. *Interview with IMF managing director Kristalina Georgieva*. CBS. Jan 1, 2023.
3. *Finance Trends 2023: Looking into the Lens of the Year Ahead*.
4. *Executive Perspectives on Top Risks for 2023 and 2032*. Protiviti.
5. *2022 Finance Technology Bullseye Report*. Sep 2022. Gartner.

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