KPMG CFO Real Insights: C-Suite perspectives

Spotlight on CFOs and CSCOs

February 24, 2022

Webcast summary

A close connection between finance and supply chain leaders can improve business performance.

The webcast highlights key considerations to facilitate strong collaboration and build resiliency to stay competitive.

The panelists addressed the following topics:

- The intersection of finance and supply chain has never been more critical
- Enhancing cross-functional planning processes
- Understanding cost economics with supply chain analytics
- Improving supply chain finance visibility

The intersection of finance and supply chain has never been more critical

As the economy recovers, CFOs and CSCOs are constantly challenged by global demand-supply disparities accompanied by rising cost pressures and an unprecedented shift in buying patterns.

To deal with these complexities and build capabilities that steer success, there is an evolving need to align finance and supply chain teams on three levels: visibility, planning, and analytics.

This collaboration would allow organizations to drive strategic growth by:

— Anticipating future issues and the financial impact of real-time decisions across the extended supply chain

— Identifying where and how costs are incurred and predicting revenues in a volatile market

— Making insight-driven decisions aligned to business objectives.

Enhancing cross-functional planning processes

The changing landscape requires business leaders to propel sustainable change. Organizations are moving away from traditional planning models to a faster, integrated, scenario-based planning approach. Collaborating with finance, sales, and operations can help leaders drive a cohesive enterprise plan that will enable effective decision-making, aligned on three major objectives:

— Integrating planning activities across multiple business functions

— Understanding the operational and financial drivers

— Optimizing cross-functional decision-making capabilities.

Together the CFOs and CSCOs can stay on top of changing market conditions and needs, enable greater forecasting accuracy, and drive operational efficiency throughout the supply chain.

Understanding cost economics with supply chain analytics

Organizations are scrambling to deal with rapidly changing consumer demands resulting in increasingly complex supply chains. This further adds stress on core operations—resulting in higher costs and risks. Deep analytics can help finance leaders understand the cost of complexity and true cost to serve, obtain actionable insights, and boost financial performance.

Supply chain analytics can help:

- Identify anomalies and potential disruptions in product and customer portfolios
- Optimize supply channels by identifying demand patterns
- Manage inventory by minimizing demand variability in the supply chain
- Provide visibility into revenues and losses
- Understand overall value erosion from business
- Deliver clear insight into the true profitability of every product and customer.

Improving supply chain finance visibility

Companies are under huge pressure to provide their customers with what they need while optimizing their supply chain operations and achieving cost savings goals. This is especially challenging in times of disruptions, necessitating broad supply chain visibility. Emerging platforms and technologies can enable organizations with strong cross-functional decision-making capabilities.

- Supply chain control towers are a great tool to understand critical data in real time and gain insights for rapid decision-making. They reduce the dependence on personal and non-fact-based decision-making and provide a holistic view across the supply chain.
- Machine learning algorithms drive intelligent and prescriptive decision support for day-to-day operations.
- The control tower operates as a platform that reduces the latency in information exchange across teams and allows leaders to collaborate with all trading partners while accelerating outcomes.

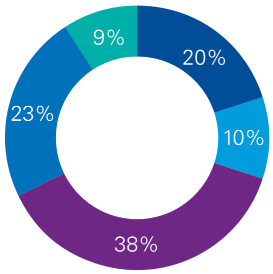
In this digital age, utilizing the data to drive a better outcome for the company as a whole is critical. All operational aspects of the supply chain ultimately impact financial performance, so finance leaders need to be acutely aware of decisions made through the entirety of the supply chain.

Closing comments

- CFOs and CSCOs can drive better partnering between finance and supply chain functions by using technology to enhance communication across the teams. Simulating cross-functional, constraints-based scenarios can help evaluate and prepare for possible financial and operational impacts.
- Sales teams also play an important part in the cross-functional decision framework. They represent the customer's voice and help determine the demand-supply forecasts and understand true financial impact.
- Organizational readiness requires alignment across all the core pillars: people, process, and technology.

Are your planning/analysis tools fully integrated across finance and supply chain, and when was it last updated?

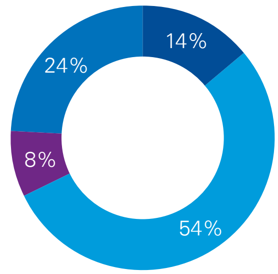
624 responses



- Yes – using integrated tools updated in the last 1-2 years
- Yes – using legacy integrated tools which haven't been updated for over 2 years
- Somewhat – using legacy tools with some automation to reduce manual effort
- No – separate analytic tools used by finance and supply chain with manual offline reconciliations required
- No – fully manual process with no integrated tools

Does your organization have visibility into profitability analysis across your supply chain?

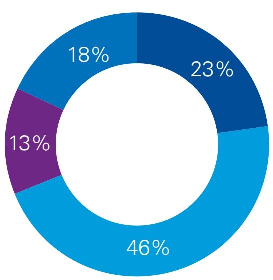
594 responses



- Yes – 100% visibility across the entire supply chain
- Somewhat – only visibility into certain value drivers
- No visibility whatsoever
- I don't know

Do you have a process in place to understand financial impacts of potential scenarios/constraints?

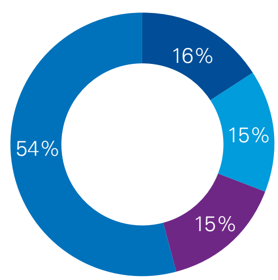
562 responses



- Yes – have processes in place to understand the financial impacts
- Somewhat – have processes for scenario planning but they provide limited visibility into financial impacts
- No – but organization has plans to implement
- No – no current plans to implement

What are your biggest pain points around having visibility across Finance and Supply Chain information flow?

525 responses



- Siloed systems with disjointed reporting
- Lack of common data sets
- Lack of consistent communication/coordination across teams
- All of the above

Note: Percentages may not total 100 percent due to rounding.

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