

7 Changes Manufacturing CFOs are Making Today

By Joddi Goertzen
Continuous Improvement Leader
and Senior Financial Consultant
Global Shop Solutions



The role of Chief Financial Officer (CFO) has evolved over the years to become a critical player in modern businesses. CFOs are now leading the charge in manufacturing businesses, responsible for ensuring that financial operations run smoothly while also providing insight into the overall health of the business.

The manufacturing industry is undergoing a significant transformation, driven by rapid technological advancements, changing consumer preferences, and evolving regulatory frameworks. Manufacturing businesses are facing unprecedented challenges as they seek to remain competitive, profitable, and sustainable in the face of these changes. CFOs are at the forefront of these changes, playing a critical role in driving strategic decision-making and ensuring financial stability.

This whitepaper examines seven changes that CFOs are making in manufacturing businesses today, highlights the benefits and challenges associated with each change, and provides recommendations for manufacturing businesses looking to implement these strategies.

CHANGE 1

Embracing Automation

CFOs are increasingly turning to automation to simplify financial operations and increase efficiency. Automation tools such as robotic process automation (RPA) and machine learning algorithms can help automate routine tasks such as data entry, invoicing, and payroll processing, freeing up finance teams to focus on higher value-added activities. With the rise of Industry 4.0 and the Internet of Things (IoT), automation is becoming a key driver of productivity, quality, and safety in manufacturing businesses.

BENEFITS: Automation can reduce errors, improve compliance, increase speed and accuracy, and lower costs associated with manual processes.

CHALLENGES: Implementing automation tools requires significant investment in technology and training and may require changes to existing processes and workflows.

RECOMMENDATIONS: CFOs should assess their current financial processes and identify areas where automation can provide the most significant benefits. They should also work closely with IT teams to ensure that automation tools are implemented effectively and securely.

CHANGE 2

Implementing Data Analytics and Artificial Intelligence

CFOs are embracing data analytics and artificial intelligence (AI) to gain deeper insights into financial performance and drive better decision-making. Advanced analytics tools can help CFOs identify trends, patterns, and anomalies in financial data, providing valuable insights into revenue streams, costs, and profitability. AI can help automate data analysis, predict future outcomes, and improve forecasting accuracy.

BENEFITS: Data analytics and AI can provide CFOs with real-time insights into financial performance, improve forecasting accuracy, and drive better decision-making.

CHALLENGES: Implementing data analytics and AI requires significant investment in technology, data management, and education. It may also require changes to existing processes and workflows.

RECOMMENDATIONS: CFOs should develop a comprehensive data strategy that includes data governance, management, and analysis. They should also invest in talent development to ensure that finance teams have the skills needed to leverage data analytics and AI effectively.

CHANGE 3

Adopting Sustainability Initiatives

CFOs are taking a more active role in sustainability initiatives, recognizing the importance of environmental, social, and governance (ESG) factors in driving long-term value creation. Sustainable manufacturing practices can help reduce waste, minimize carbon emissions, and enhance brand reputation, while also improving financial performance.

BENEFITS: Adopting sustainability initiatives can help manufacturing businesses reduce costs, increase efficiency, improve employee engagement, and enhance brand reputation.

CHALLENGES: Implementing sustainability initiatives requires significant investment in processes and talent development. It may also require changes to existing supply chain and operational practices.

RECOMMENDATIONS: CFOs should work closely with sustainability teams to develop a comprehensive sustainability strategy that aligns with business objectives. They should also identify opportunities for investment in renewable energy, waste reduction, and carbon footprint reduction.



CHANGE 4

Enhancing Cybersecurity Measures

CFOs are increasingly focused on enhancing cybersecurity measures to protect financial data and ensure business continuity. Manufacturing businesses are particularly vulnerable to cyber threats due to their reliance on interconnected systems and sensitive financial data. CFOs must work closely with IT teams to implement robust cybersecurity measures that protect against data breaches and other cyber threats.

BENEFITS: Enhancing cybersecurity measures can reduce the risk of data breaches, protect against financial loss, and enhance brand reputation.

CHALLENGES: Implementing robust cybersecurity measures requires significant investment in data and risk management practices.

RECOMMENDATIONS: CFOs should work closely with IT teams to develop a comprehensive cybersecurity strategy that includes risk assessment, vulnerability testing, and incident response planning. They should also invest in employee education to ensure they have the skills needed to identify and mitigate cyber threats.

CHANGE 5

Improving Risk Management Practices

CFOs are taking a more active role in risk management, recognizing the importance of identifying and mitigating financial risks. Effective risk management practices can help manufacturing businesses avoid costly mistakes, respond to emerging threats, and protect against financial loss. CFOs must work closely with other stakeholders to identify and prioritize financial risks, develop risk mitigation strategies, and monitor risk exposure.

BENEFITS: Improving risk management practices can reduce the risk of financial loss, enhance business agility, and improve decision-making.

CHALLENGES: Implementing effective risk management practices requires significant investment in risk management frameworks.

RECOMMENDATIONS: CFOs should identify and prioritize financial risks, establish risk management frameworks, and develop risk mitigation strategies.



CHANGE 6

Investing in Talent Development

CFOs are recognizing the importance of investing in talent development to build a high-performing finance team. As the role of finance becomes more strategic and technology-driven, CFOs must ensure that finance teams have the skills needed to navigate complex financial challenges and leverage emerging technologies. CFOs must work closely with HR teams to identify talent gaps, develop training programs, and recruit top talent.

BENEFITS: Investing in talent development can improve financial performance, enhance decision-making, and increase employee engagement.

CHALLENGES: Investing in talent development requires significant investment in training, recruitment, and talent management practices.

RECOMMENDATIONS: CFOs should work closely with HR to identify top talent and where each can improve and then identify programs and plans to retain and grow their employee base.

CHANGE 7

Integrating Financial and Operational Data

CFOs are recognizing the importance of integrating financial and operational data to gain a comprehensive view of business performance. By integrating data from various sources, CFOs can gain insights into operational efficiency, product quality, and customer satisfaction. This can help drive better decision-making and improve financial performance over the long term.

BENEFITS: Integrating financial and operational data can provide a comprehensive view of business performance, enhance decisions, and drive continuous improvement.

CHALLENGES: Integrating financial and operational data requires significant time to identify where all the data is and how to incorporate it for best use. It may also require changes to existing processes and workflows.

RECOMMENDATIONS: CFOs should work closely with IT teams to develop a comprehensive data management strategy that includes data integration, governance, and analysis. Ensure that finance teams have the skills needed to leverage integrated data effectively.

CFOs must take a more strategic and robust role, driving innovation and growth through initiatives such as automation, data analytics and AI, sustainability, cybersecurity, risk management, talent development, and data integration. By embracing these changes, manufacturing businesses can benefit from improved financial performance, increased efficiency, enhanced sustainability, and reduced risk exposure. If CFOs sit on the sidelines, or worse ignore, these changes, you and your business will be left behind.



INDUSTRY

ABOUT THE AUTHOR

Joddi Goertzen has held the titles of Senior Accountant, Accounting Manager, Controller, Director of Finance & VP of Finance and Business Development during her career. She is now Team Lead and Senior Financial Consultant for Global Shop Solutions' Continuous Improvement Team where she helps customers improve processes and simplify operations.