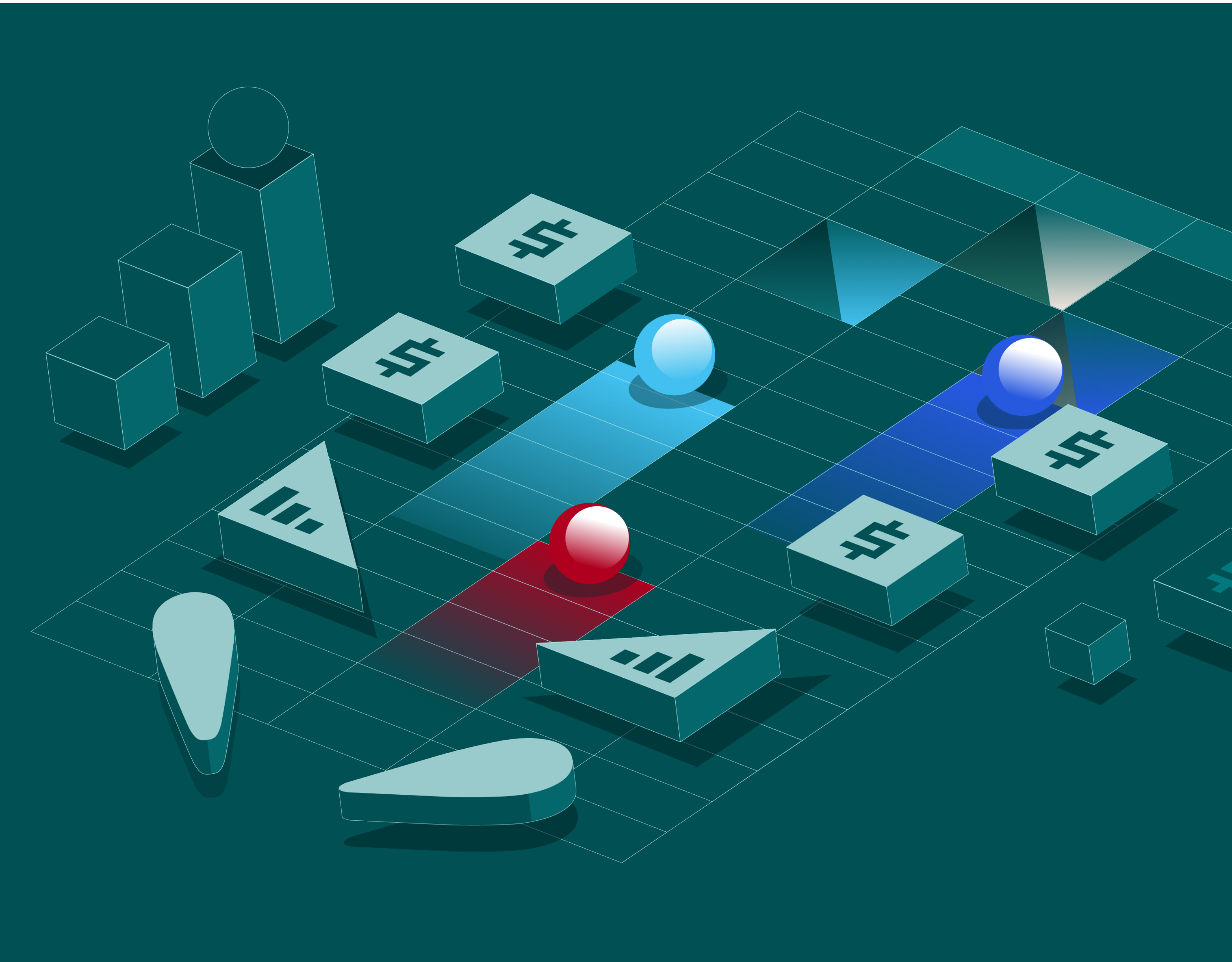
Outcome-Based Reporting

The CFO's Path to a Strategic Seat at the Table



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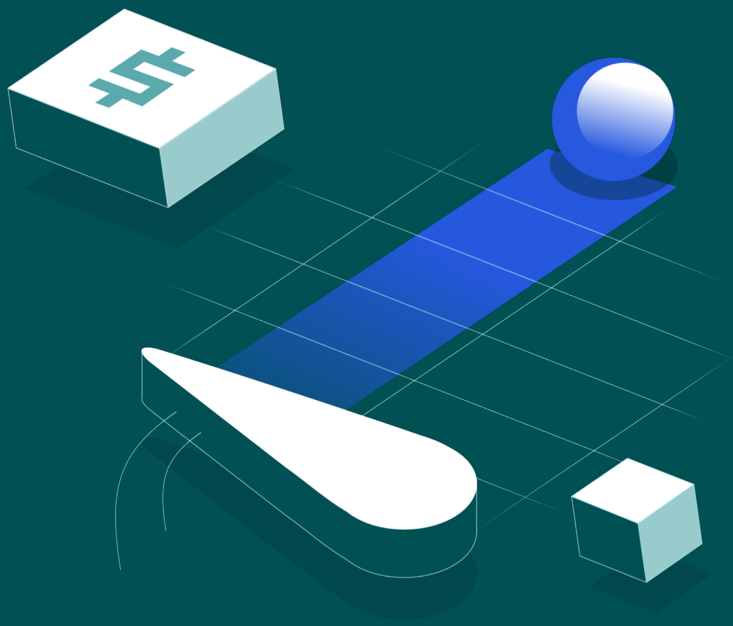
The Room Where It Happens

As CFO, you sit in a unique position within your business. Where other business leaders may only have visibility into one department, you're the neutral party that connects data from all corners of the organization. It's the perfect vantage point to identify insights that bring strategic value.

And yet, CFOs have been fighting for years to earn legitimacy as strategic partners. You want to be in the room where it happens. But too often, you're stuck in the role of after-the-fact CFO—delivering backward-looking reports that the rest of the business pushes aside.

The key to becoming a value-add CFO is to embrace outcome-based reporting, a philosophy that enables real-time budgeting and planning. Here, you'll learn how to go from after-the-fact reporting that the business ignores to more agile planning processes that help your organization make profitable decisions.



What Is Outcome-Based Reporting?

Outcome-based reporting is a philosophy that asks: what is the intent of your report and measurement? What outcomes are you looking for? Then focuses on the reports and metrics that monitor, measure, and help ensure those desired outcomes.

If you're looking to measure your forecast accuracy or keep people to a budget, then reporting performance vs. budgets is important. But if you're looking to drive business results beyond budget keeping, you need to think of the outcomes your business wants (e.g., higher sales, increased gross profit, successful new product line launched), and start measuring and monitoring accordingly.

This approach to reporting is a departure from classic methods like budget comparisons, which rely heavily on annual planning processes that don't keep pace with business change. Instead, outcome-based reporting helps finance and the rest of the business work together in an agile way. When done well, outcome-based reporting aligns the entire organization on operational metrics that matter most and helps finance surface strategic insights that can drive greater performance and growth.

Traditional budget comparisons, while extremely valuable and necessary for fiscal responsibility, can be a detriment to the business if CFOs use them in isolation. They'll show you whether or not you hit your revenue and expense targets. But all that reveals is how effectively you predicted the future when you set your original budget.

When you're managing strictly to numbers in a spreadsheet, your partners across the business start managing to the budget—spending more or less based on where they are compared to old targets. If "what is measured is managed," then measuring budget variances means you're only managing to the budget, not to business needs.