

CGMA[®] REPORT
EXECUTIVE SUMMARY

FROM INSIGHT
TO IMPACT

Unlocking opportunities
in big data

Two of the world's most prestigious accounting bodies, AICPA and CIMA, have formed a joint venture to establish the Chartered Global Management AccountantSM (CGMA[®]) designation to elevate and build recognition of the profession of management accounting. This international designation recognises the most talented and committed management accountants with the discipline and skill to drive strong business performance. CGMA designation holders are either CPAs with qualifying management accounting experience or associate or fellow members of the Chartered Institute of Management Accountants.

KEY FINDINGS

Data has become a key focus for corporate leaders today. It holds the potential to change the way business is done, in the view of nearly nine in ten (87%) of the finance professionals surveyed for this report. Other research highlights that just over half (51%) of corporate leaders now rank big data and analytics as a top ten corporate priority.¹ This is all part of a wider shift towards a data-driven era of business, building on the ongoing IT revolution of recent decades.

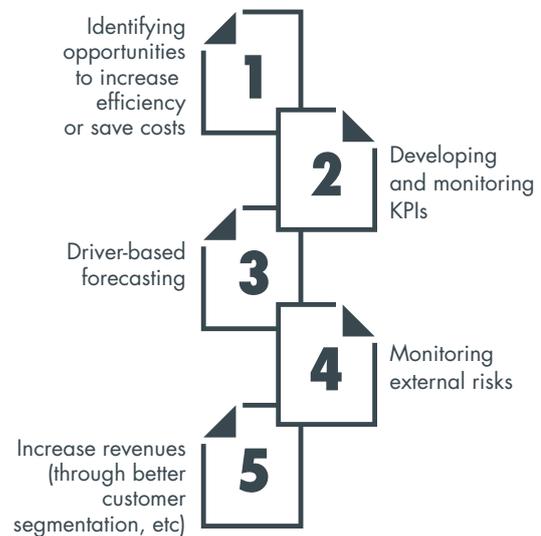
The volume and variety of data available for analysis is expanding exponentially. Meanwhile, increasingly powerful technologies have emerged to enable more sophisticated data management and analytics. The wealth of data sources available today is almost unlimited, and includes call-centre recordings, external data feeds, machine-generated data, customers' social media posts, and a huge amount more. These related trends – popularly summed up by the term ‘big data’ – are combining to enable today's organisations to unlock new sources of insight and value.

Inevitably, taking advantage of these opportunities with data will be challenging for companies, creating the need for new skills, tools and ways of thinking. So what does the data-driven era imply for business leaders, and finance professionals in particular? What benefits are being derived from new approaches to data analytics? And what role should management accountants seek to play in this area? These are some of the core questions that this report seeks to address. It draws on research conducted by CIMA and the AICPA including a survey of over 2000 CFOs and other finance professionals working in a broad range of business sectors across more than 80 countries; and a programme of interviews with senior executives.

Some of our key conclusions include:

- **Data is becoming a core business asset.** Companies of all sizes and types are already generating material value from data in a range of ways. This spans all industries, with examples emerging from social media and internet companies, food and beverage companies, fast food chains, banks, manufacturers and hotels, among many others. Academic research reveals the scope for productivity gains on the back of data-driven decision-making. The finance professionals surveyed for this report agree, pointing to greater efficiencies and better KPIs as some of the benefits they expect from data (see Figure 1).

FIGURE 1: Top five business areas that could benefit from better data quality and analysis



Source: CGMA data survey 2013²

- **Firms face a steep ‘learning curve’ in harnessing their data for commercial benefit.** For most companies, fully adapting to a data driven era of business remains a work in progress. 86% of the finance professionals we surveyed agree that their businesses are struggling to get valuable insight from data, not least due to issues such as organisational data silos, challenges relating to data quality, or the ability to work with unfamiliar non-financial data. To help counter this, the software industry continues to develop a growing range of tools and applications to help companies of all sizes find and extract insights from their data. But this remains challenging because businesses must first determine how they will use data to improve their performance before selecting a technical solution.

- **Finance professionals are well placed to help translate data into commercial insights and value.**

More than 90% of survey respondents agree that finance has an essential role to play in helping their organisations benefit from data-related projects. But there is also often uncertainty as to what that role might be. Advanced types of data analysis will often require the expertise of data scientists, who may hold a PhD in a relevant discipline, and it is rare for finance people to have the specialist skills required in this area. However, where finance can add value is by applying their combined knowledge of finance and the business to help translate new analytical insights into commercial impact – for example, through planning, budgeting, forecasting and performance management.

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It's not our job to go down to the lowest level of data, but to know how to aggregate outcomes so it can be converted into an insightful report,

James Miln, Senior Finance Director,
Global Operations Finance, Yahoo!

CASE STUDY

SECRETS OF SUCCESS FROM DUNNHUMBY, A RENOWNED LEADER IN CUSTOMER ANALYTICS

Leading customer science company dunnhumby uses advanced data analytics to help its clients understand their customers better.

The company has gone on to work with many other leading global brands, but it believes that smaller businesses can also now benefit from better data analysis. However, companies need to start by understanding the data assets they have at their disposal from the outset of any project. “Your own data is the place to start,” says Matthew Keylock, Global Capability Managing Director of Data, dunnhumby. “Buying third party data may be fine for prospecting activity, and can add colour to your own customer records, but it is not the foundation you want to build on.”

For this reason, Keylock recommends that firms initially assess what sources of data they have available (eg customer contact details, organisation details and roles, historical engagement data, including products and services purchased, and so on). It is also important to seek out data owners within the

organisation, and explore how sharing their data sources could create some quick win opportunities for the business.

“Companies should look to create the greatest understanding and value they can from their data sources, but they must also transfer learning about customers across their business,” says Keylock. Firms should also segment their customers and reappraise this data regularly to understand trends and patterns in their customer base, for example to help them identify and address declining client accounts, but also to reward desirable behaviours. “As you develop a more connected data view, insights coming from it will typically challenge accepted ‘norms’ in the business and will tell you many things you didn’t know,” Keylock adds.

Finally, Keylock recommends that companies should implement data projects in phases and build on each success, remarking that “A massive data project with the hope of some future value is a high risk undertaking!”

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- **Delivering on the potential of data will make closer finance/business partnering more important than ever.**

To truly unlock the opportunities in big data, management accountants will need to partner more closely with three sets of key stakeholders: their colleagues in IT who capture much of the data; the data scientists who can perform advanced types of analysis on that data; and finally business leaders who can ensure new ideas are turned into concrete action. This requires financial professionals to have a broader range of management skills: clear communication, the ability to lead and influence, and a strategic understanding of the business – all of which are essential for the business partnering role that many firms want finance to play.

- **Delivering on new data insights is as much an opportunity for small and mid-size companies, as it is for large ones.**

Companies of all sizes see the scope to benefit from building a more data-centric business. Although smaller businesses have fewer resources for data projects, they have less legacy IT complexity to deal with, as compared with their larger counterparts, along with a willingness to move quickly. They can also tap into a growing number of easy-to-use applications and data services, which can help them benefit from data at minimal cost or risk. However, the key to success for small as well as large firms is to develop clear objectives for their data projects, and only then to select the tools or services that are best aligned to their particular goals.

- **Data also holds opportunities for finance professionals to unlock new career openings.**

The data-enabled era creates an opportunity for today's management accountants to develop new skills and competencies. Indeed, 85% of survey respondents believe that increasing their ability to work with big data will enhance their career and employability. Although some will no doubt seek to bolster their data analysis skills, the ability to play a central role in converting the potential of data into real commercial value could act as a boost for those with an aspiration to play a more strategic role in the organisation.

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Organisations are now looking to their finance teams to put rigour and credibility around information.

David Axson, Managing Director of Management Consulting, Accenture

WHAT'S NEXT FOR FINANCE?

The challenges outlined above are substantial, and will certainly stretch finance professionals' skills into unfamiliar areas.

Finance needs to look beyond traditional business metrics and recognise the commercial potential of embracing a wider set of data. In addition to the essential financial and enterprise data they already work with, finance will need to review other non-traditional sources of data in order to gain a more thorough understanding of business performance.

Management accountants have much to gain from and contribute to this new era. They already know how to work with data, they understand the inner workings of the business and they are well placed to help turn new data insights into commercial advantage. Their involvement also adds credibility to the end product. The finance professionals who deliver best on this will be those willing to adapt their focus to include big data, and push to become a more proactive business partner to the rest of the business.

The implications of the shift to data-enabled businesses for finance are far-reaching. Companies need their finance teams to play a pivotal role, working with data specialists to drive meaningful commercial insights from corporate data and, most importantly of all, helping the broader management team to interpret and apply the power of that data to make better strategic decisions.

Inevitably, this will push finance professionals into new and unfamiliar areas, and require them to develop new skills and new ways of thinking. For those who can manage that transition successfully, however, there are clear opportunities to play a decisive role in an area that will become an increasing source of competitive advantage for firms of all types and sizes in the coming years.

Footnotes

1. *“Minding your digital business: McKinsey Global Survey results”*, McKinsey & Company, May 2012
2. The AICPA and CIMA conducted the survey from 15 to 27 August 2013, receiving responses from 2,093 CGMA designation holders in over 80 countries.

Further resources

To read the full report, or for more information and resources, visit cgma.org/data

Rebooting business: valuing the human dimension

Unlocking business intelligence: the role of management accountants

Building resilience: an introduction to business models

Strategy mapping tool

How to develop non-financial KPIs tool

How to manage customer value tool

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