

The Anatomy of a Strategic Finance Function

A CFO's Guide to Creating a Forward-Looking Operation

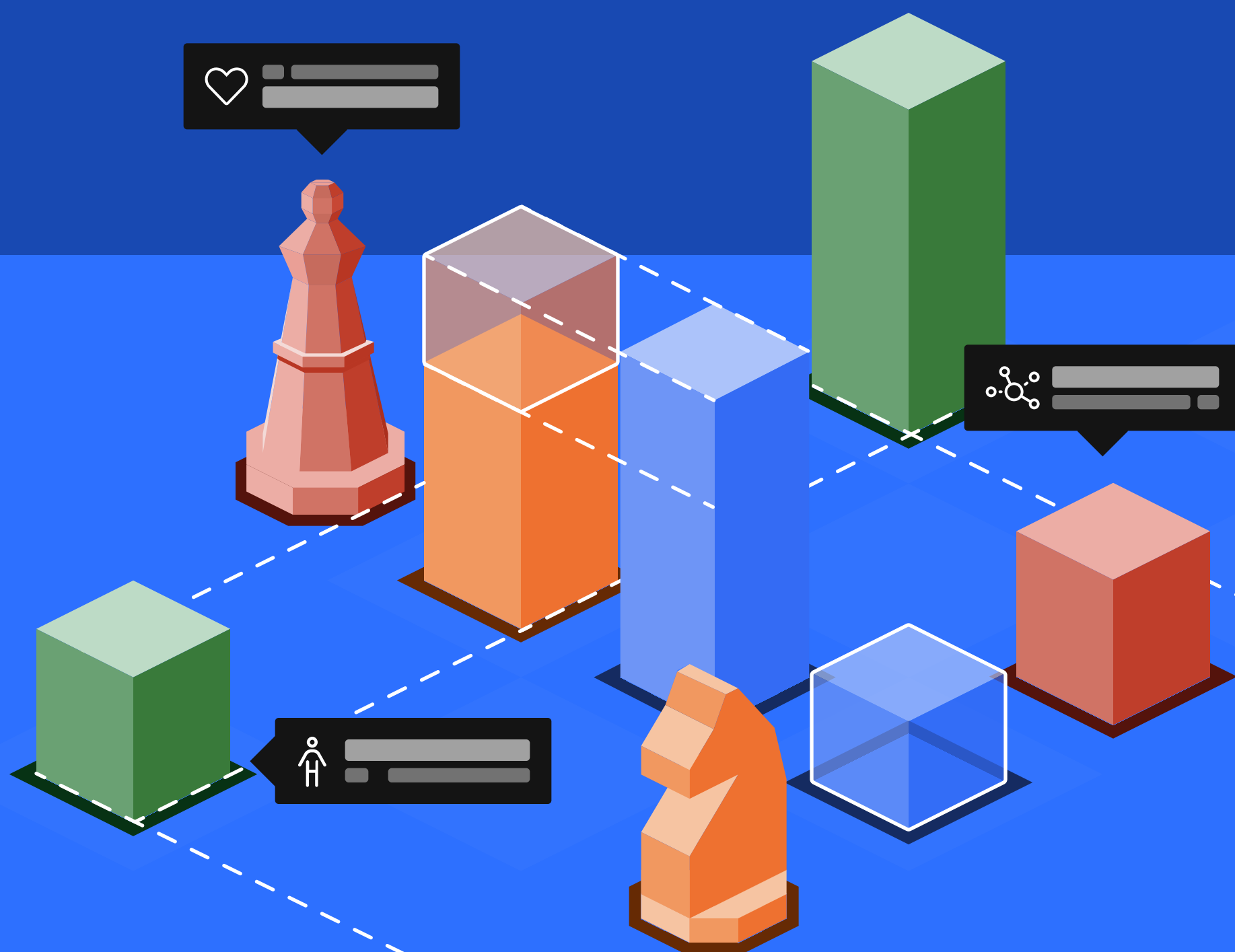


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Introduction

After decades of fighting for a seat at the strategic table, finance is finally starting to get the recognition it deserves. Now, executives and business unit leaders are turning to finance as a partner in strategic decision making.

But are you set up to meet the demand?

“A great finance team isn’t about just doing the basics (payroll, tracking expenses, and cash). They also do much more strategic things like helping define and track the right KPIs...assess the company’s finite resources...and they figure out how to create enough time to get from one milestone to the next.”

”

Caroline Moon ♦ Head of Strategic Finance at Broad Institute and former Partner at Andreessen Horowitz

Finance has to break the mold of its traditional backward-looking reporting role to become a strategic business partner.

Whether you’re just starting to build out a team or you’re transforming an existing department, there are core components that every strategic finance function has. Bring all of the following elements together into one cohesive unit, and you’ll be in the best position to act as a true strategic partner for your business.

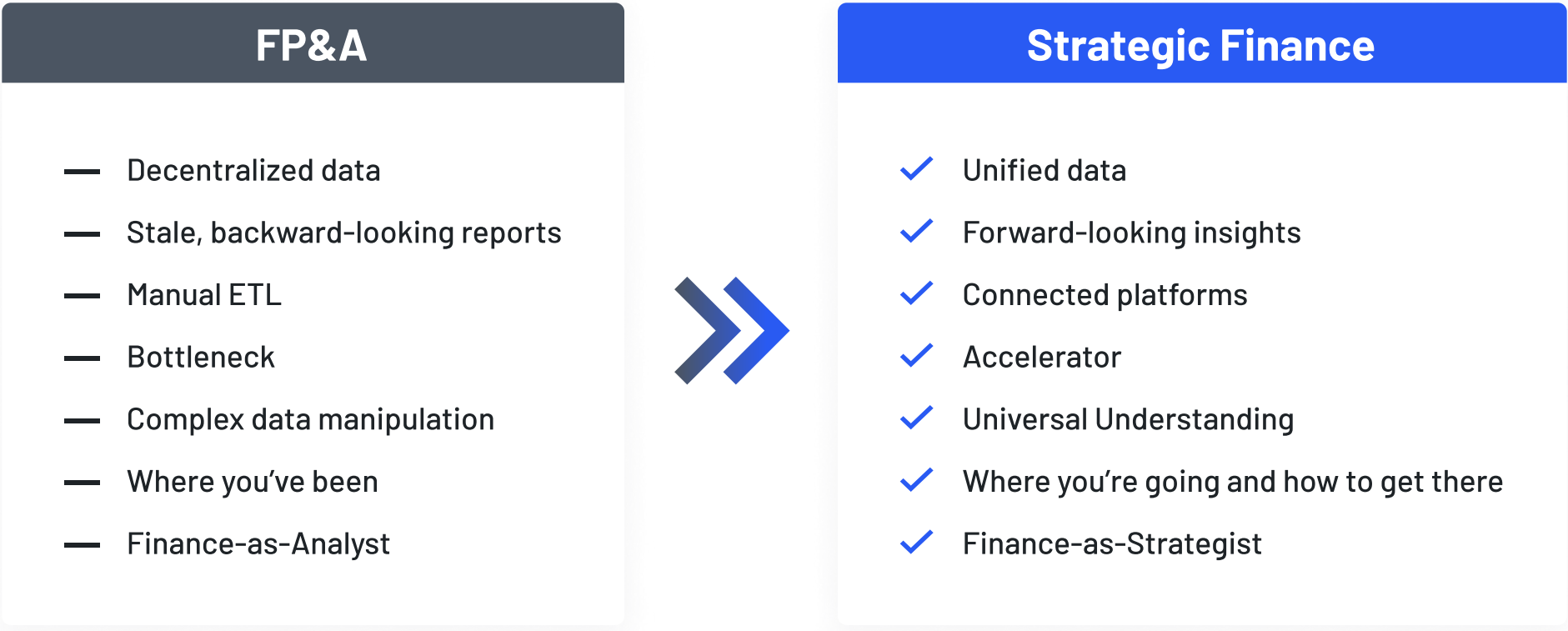
Strategic Finance as an Overarching Mindset

Strategic finance isn’t just another subset of people within your department—it’s an overarching mindset for how the function should operate.


In the past, financial planning and analysis (FP&A) teams led the charge on forward-looking, strategic tasks. And while FP&A helped traditional CFOs and finance professionals elevate their statuses from scorekeepers to advisers in corporate development, strategic finance extends to the entire business.

Strategic finance is an evolution of traditional FP&A. In today’s SaaS-driven world, FP&A hasn’t been able to keep up with the complexities of new systems, new metrics, and interconnected business functions.


That’s why the first step to building a strategic finance function is to distinguish the broad philosophy vs. traditional FP&A.




In the past, FP&A teams have been hampered by the waiting game—waiting for last month’s numbers to come in, waiting to rebuild spreadsheets, and waiting to tell stakeholders what happened in the past. Strategic finance breaks this mold for the entire function with:




Unified data from all areas of the business




Forward-looking insights based on real-time data



Connected platforms that act as intelligent building blocks for financial models



A focus on packaging data in a way the whole business can understand



An ability to accelerate business decision-making

“Through much of the early growth, finance has a natural seat at the go-to-market table and can direct other tactical leaders toward data-driven projects and decisions. Everything leads back to revenue eventually and being involved further upstream makes a world of difference.”



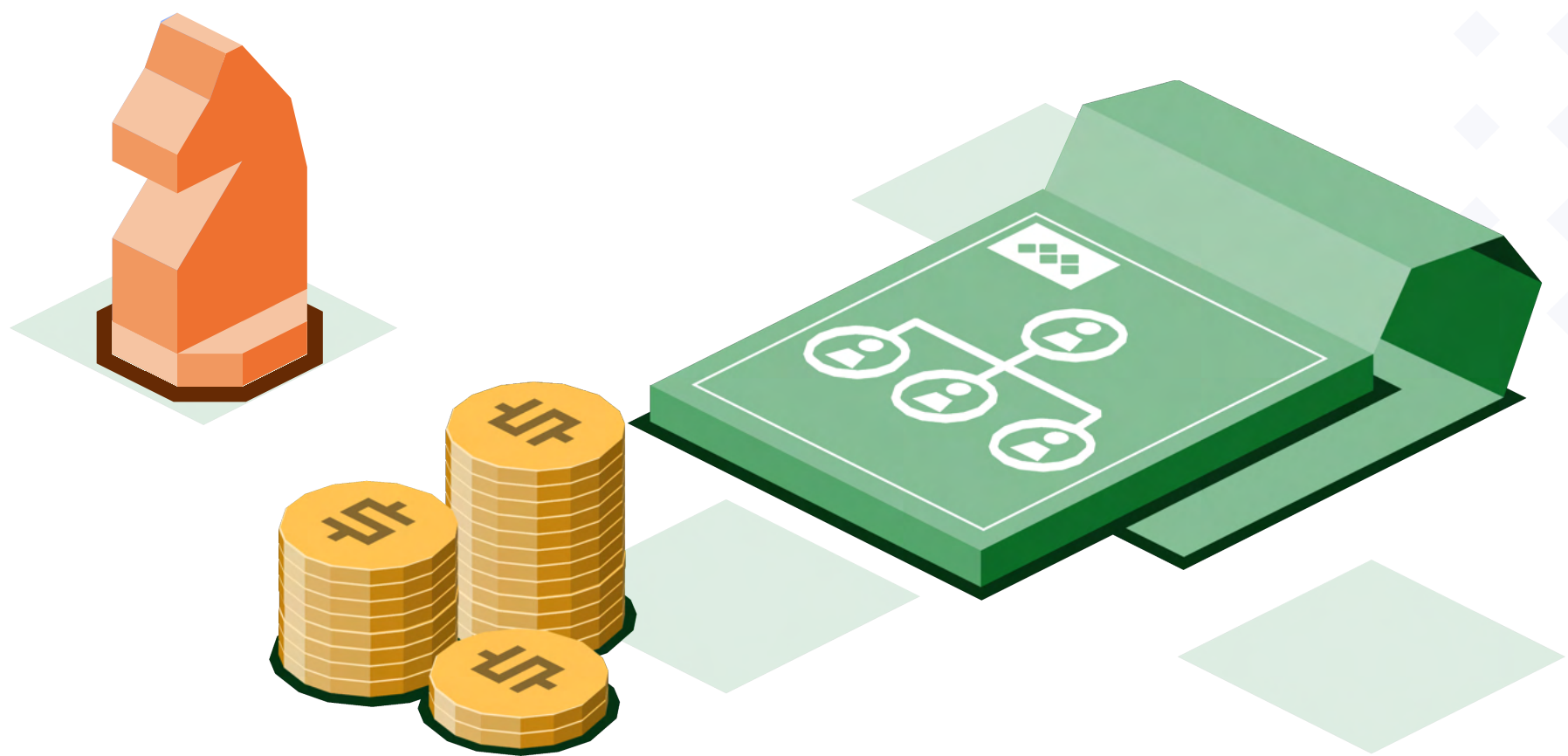
Daryl Allen, Sr. ♦ Director of Finance at Gremlin, Inc.

People: The Bones of a Strategic Finance Function

Strategic finance functions begin and end with people—both those in finance and the stakeholders that you partner with across the business.

At its core, the strategic finance mindset facilitates closer collaboration between finance and the rest of the business. When you break down the traditional siloed finance function, you're able to work more closely with executives, department leads, and other key stakeholders to solve strategic challenges and drive growth.

Three pillars make up the human element of a strategic finance function—the CEO-CFO relationship, your finance team, and a customer service approach to collaborating with the business.



1 | A Strong CEO-CFO Relationship

There’s no C-suite partnership more critical to business success than the one between a CEO and a CFO. Having these two executives attached at the hip, working in lockstep, can make all the difference between a company that crumbles under pressure and one that can handle any situation while pursuing a strategic vision.

The key to a great CEO-CFO partnership is for the CFO to push past the stereotype of finance as a number-crunching support system for the CEO’s strategic vision. The CFO’s financial expertise will always be necessary, but managing financial statements and maintaining cash flow forecasts in Excel won’t strengthen a relationship with the CEO.

Instead, CFOs have to translate financial data into strategic business insights—going beyond simply reporting on the numbers to tell the story behind the data.

“More than a few CEOs ... have shared with me that they value a CFO’s ability to tell a story far more than their ability to number-crunch.”



Jack McCullough ♦ President of the CFO Leadership Council

Traditional reporting is handing copies of income statements, balance sheets, and cash flow statements to the CEO monthly and quarterly. Telling a story with the data means turning those statements into an easily consumable narrative that perfectly paints the picture of where the company currently stands—and how it can improve moving forward.

It's the difference between telling the CEO your runway is \$X and actually explaining how the runway looks compared to expectations while providing advice on how to improve it. It's the ability to deeply understand how the business spends money to achieve its goals and identifying more efficient ways to use capital.

For Ajay Vashee, former CFO of Dropbox, that meant making a business case to move the storage giant off of the public cloud to an entirely private infrastructure. By working closely with the engineering team, Vashee and Dropbox's finance function proved both the technical and financial value of the transition—**and the company jumped from 40% gross margin to 80% gross margin as a result.**

2 | A World-Class Team Built to Scale

A strong partnership between the CEO and CFO can only take a business so far. For a strategic finance function to truly drive value, you need a world-class team that scales.

No one is ever going to give finance a blank check to build a dream team. As the business invests heavily in sales, marketing, and product, you'll need a strategy for hiring the right people at the right time to stay lean and still contribute to growth.

"It's tempting to focus on today, but it's more important to think about what is hiding around the corner. Who can you hire today that has the potential to look around corners and grow into those responsibilities? You want to make sure that your team has room (and the resources) to grow or even flourish."

”



Brian Weisberg
Head of Finance and Business Operations at Tidelift, Inc.

When Should You Invest in the Finance Team?

The first step in building out your finance team is spotting the tipping points when responsibilities for the existing team will become overwhelming and impossible to fulfill. The simple solution is to **invest in the finance team before you think you have to**.

When you invest in the finance function as early as possible, you're proactively building the foundation to scale your business confidently. But there are certain signs that you may have waited too long.



Your processes start to break down.

Maybe accounts receivable gets overwhelmed, and you fail to invoice your biggest customer properly. Maybe you have a significant payroll error that frustrates employees. Or, maybe you have an audit coming up, and you can't find time to prepare. You can't deliver strategic value if you and your team are constantly putting out back-office fires.



You're stuck in a reactive cycle.

Finance can't proactively reach out to department leads and offer strategic advice if it's constantly stuck looking backward. If it's been a long time since you've been able to focus on things like product planning, increasing net revenue retention, or streamlining the sales cycle, it's time to bring on help.



You aren't ready for more financial complexity.

With growth comes higher volumes of financial data, more complex processes, and a need for more robust systems. Whether the company is doubling in size or expanding with new subsidiaries, finance has to pave the way for that growth. If the company's growth plans have already outpaced your team's capacity, you need to invest in the team as soon as possible.

A top-notch strategic finance function should be able to:



Consistently close the books
in 5 to 7 days



Easily update forecasts
within 48 hours



Build and maintain three
what-if scenarios for the
base, low, and high cases



Provide budget vs. actuals
reports to department heads
as soon as the books close

If you have the right technology and processes in place but you're still struggling to meet these requirements, it's time to invest in your team.

What Should You Look for When Hiring for Strategic Finance?

Building a strategic finance function that scales requires certain kinds of finance pros. A mistake many companies make is focusing too heavily on finding specialists for their finance teams. They identify a specific problem in the short term and look for someone with deep expertise to solve it.

There's nothing wrong with hiring specialists. But if you're setting the stage for a scalable strategic finance function, there's real value in building your finance team with generalists.

"First and foremost, strategic finance was a philosophy that we wanted to bring to the broader finance organization at Dropbox. Initially, it was the label we gave to a small team of high horsepower, highly analytical generalists that helped get it off the ground."

”

Ajay Vashee ♦ former CFO of Dropbox

Look for three primary traits when hiring generalists for your strategic finance function.**Experience automating processes.**

Ask potential finance hires if they've automated processes in the past. Have they built some kind of database automation with Tableau? Have they used Visual Basic for Applications (VBA) in Excel to automate a complex financial model? Have they integrated HR and CRM systems with ERPs? You'll get the most strategic value from your team when table stakes processes don't bog down their time. This kind of experience is foundational to a strategic finance function.

**The ability to work autonomously.**

An entrepreneurial mindset helps world-class finance pros embrace the generalist position and drive strategic value in multiple areas of the business. You want your team to default to taking action when they see a problem rather than needing micromanagement.

**Effective communication with leadership.**

A strategic finance function needs people who can work with leaders across the business to build processes that won't break under the pressure of hypergrowth. Hiring finance pros who are strong in communication and collaboration is crucial to systematizing the strategic finance mindset. They need the ability to communicate with department heads in a language the business understands.

3 | A Customer Service Approach to Collaboration

The final pillar of the people aspect of a strategic finance function is modeling finance as a customer service organization for the business. That means learning to speak the language of your customers (business development, engineering, HR, marketing, etc.) and translating financial data into terms that are meaningful to them.

How do you create the common operating picture that helps you collaborate effectively with business partners? You create a bottom-up understanding of the business.



Understand each team's goals and needs.

Regularly have deep conversations with people in each department to get a real understanding for what matters most to them. What are their goals for the next quarter or year? How are they planning to get there? What kinds of challenges are they facing?



Translate departmental data into financial data.

Take all of the insights you get from department leaders—headcount projections, projected start dates, salary expectations, pipeline goals—and turn them into structured data for your financial models. The granular data will help you plan more effectively and uncover more strategic insights.



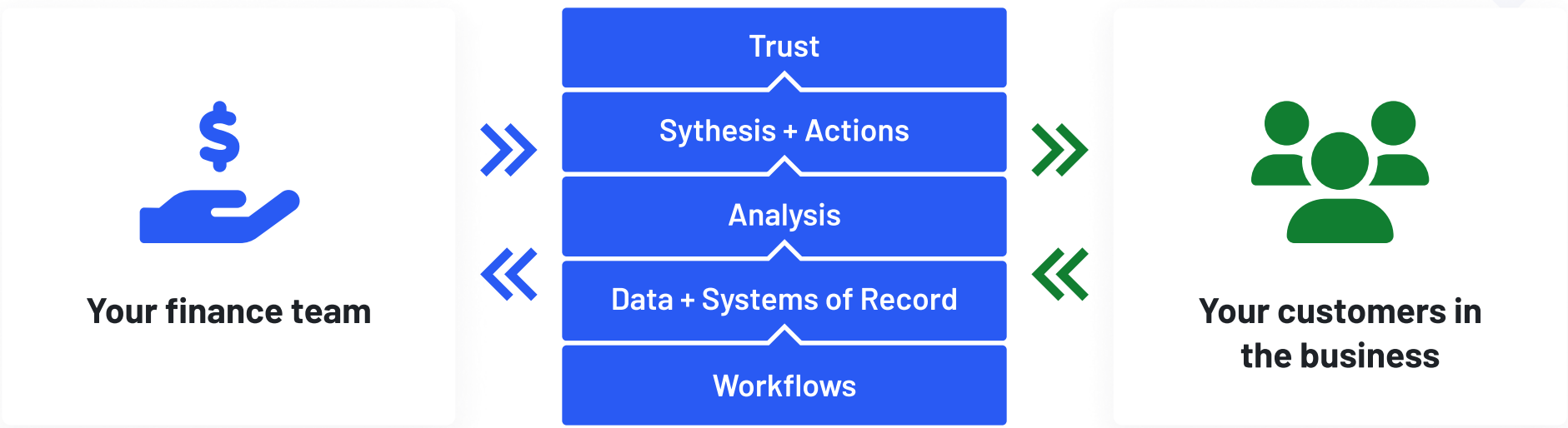
Use financial insights to solve customer problems.

Use the insights you get from cross-departmental financial analysis to come up with unique solutions to strategic challenges. Proactively approach business partners with this kind of value to build trust each time you connect.

The Nervous System: A Framework for Strategic Finance

Systematizing and scaling a strategic finance function comes down to having the right processes and technologies in place to support collaborative partnerships across the organization.

When Colin Anderson, former CFO of Palantir, was building a finance function to support the company’s hypergrowth, he came up with a framework for delivering strategic value and taking a customer service approach at scale.



Anderson’s framework helps establish the shared language between a finance team and its partners across the business.

There are five components of the framework that dictate how you build processes to bridge the gap between finance and the rest of the organization.



Finance Workflows

Design your operations to enable your team to reach its goals and deliver high levels of service. Make sure your processes are as repeatable and scalable as possible. And prioritize adaptability to meet the ever-changing needs of a rapidly growing company.



Data as Digital Exhaust

Capture raw data as digital exhaust in your systems of record whenever possible. This data is your foundation for asking (and answering) strategic questions with business partners. Implement systems and workflows to automatically capture this digital exhaust so no one has to do work twice. Build the most important datasets first and remember to translate finance frameworks into meaningful business frameworks.



Analysis

Analyze your digital exhaust at a granular level to understand what the data is telling you about the business. Do this with your business partners in their terms first so you can communicate clearly around shared goals.



Synthesis and Actions

Determine key takeaways and actionable insights from the analysis alongside business partners. Work with department leads to course correct where necessary and continue building out the common operating picture.



Trust Through Repetition

Create a foundation of trust with your business partners through repeat interaction and shared decision-making. You can earn trust with people in the if you consistently come to the table with clean data, key takeaways, and actionable insights they align with. That trust forms the basis of a lasting partnership.

"Strategic finance leaders collaborate with business partners before putting processes in place, not just after. Understanding each department's objectives and the nuances of their needs upfront will help you build workflows with them and support agile operations."



Peter Nesbitt
VP Finance at Teampay

♥ The Heart: A Connective Tissue for Strategic Finance

The final piece of a strategic finance function is a connective tissue for financial data—an intentional architecture that gives everyone insight into the numbers and creates a foundation for collaborative workflows.

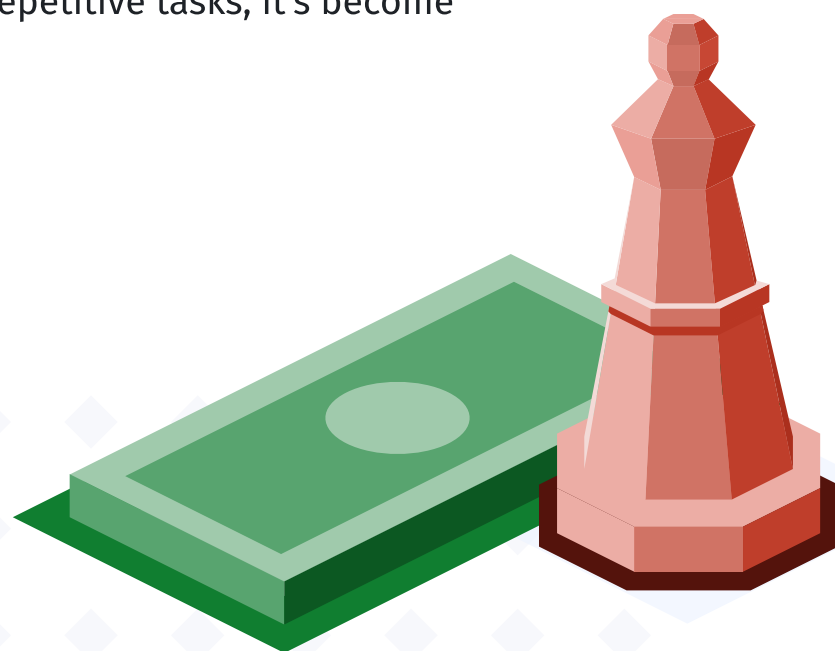
“CFOs have a company-wide view of the business. They operate in the middle of all the data flows in and around the business. A good CFO uses this vantage point to make a good company great.”

”

Jeff Jordan ♦ Managing Partner, Andreessen Horowitz

A strong strategic finance function sits at the intersection of all company data. This, according to Andreessen Horowitz’s Jeff Jordan, is the vantage you can use to make a good company great.

But the explosion of SaaS tools that now keep businesses up and running has made it difficult to maintain that vantage point. With a growing tech stack of full software that both ingests and produces data, plus a catalog of mundane, repetitive tasks, it’s become increasingly difficult for finance teams to be strategic



All of these disconnected systems mean:



Data is siloed.

There are numbers your department relies on that live in insight tools you don't own, manage, or (in some cases) even have direct access to. When your data is siloed, you only ever get part of the story that you need to be able to tell to be truly strategic.



Manual data entry and reconciliation is rampant.

When tools don't automatically talk to each other but still rely on data from one another to create a holistic picture of the business, your team ends up in cycles of manual data entry and reconciliation. Error-prone, time-consuming manual processes make it difficult for finance to assume a strategic role in the business.



Finance looks backward, not forward.

It's almost impossible for finance to focus on the future if it spends so much time completing backward-looking reporting cycles.

A strategic finance function requires a dedicated tech solution that creates a connective tissue for business data and eliminates these challenges.

3 Essentials for Strategic Finance's Connective Tissue

In recent years, finance has turned to business intelligence (BI) as the solution to its data architecture challenges.

Whether you take that path or implement a Strategic Finance Platform that's purpose-built for the finance function, there are a few essential principles that your intentional architecture must adhere to.

**Financial data should be available and understandable across the org.**

It's essential for the right people inside your company to always have access to the financial big picture, whenever they need it—and the onus shouldn't be on your team to constantly be responding to requests or pushing out financial data to teams. Democratized data creates the shared language that builds trust between finance and the rest of the business.

**The basics shouldn't require manual labor.**

Your team should be able to focus on being strategic with what they already know, not on constantly trying to make sure the numbers are right across the business. Basic accounting and reporting workflows should be automated with software, not overly-reliant on manual team effort.

**Tools in the finance stack should be connected.**

Mission-critical data should flow freely from each system, pulled from where it needs to be into an engine that consolidates insights—automatically. There should be no room for errors when it comes to getting data from one system into another. And your team shouldn't have to manually fix new numbers in multiple locations every time there's an update somewhere.

“A strong finance function has access to all data across the company and overlays datasets to provide a holistic view of the organization. Historical information, while important for compliance, gets stale very quickly.”

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Usheer Naik
VP Finance at Tealbook

Mosaic—A Dedicated Strategic Finance Platform

Having all of the right people and processes in place won't translate to an effective strategic finance function if your technology is failing you.

We built Mosaic to be the connective tissue between all your business systems—the technology that enables you to take on any problem standing in your company's way. It's the final piece of the strategic finance puzzle, bringing your people and processes together while making it easier to analyze financial data, understand the story behind your numbers, and propel the business forward with strategic insights.

Analyze, report, and plan in real time —all from within one platform

If you want to build a true strategic finance function, reach out and see how the platform can help you make the shift from backward-looking reporting cycles to forward-thinking strategic guidance.

[Get a Personalized Demo Today →](#)

About Mosaic

Mosaic was founded in 2019 by three finance leaders who knew the office of the CFO needed an overhaul. Tasked with supporting business decisions for several companies in hyper-growth, they were frustrated by the slow speed, high complexity and inefficiencies existing tools in the market offered. With this challenge in mind, they set out to build a platform that would address the technical challenges modern day finance and business teams face.

Today Mosaic is deployed by some of the fastest growing companies, helping them align, collaborate and plan for the future.

To learn more, visit www.mosaic.tech and follow us on [LinkedIn](#) or join the conversation on [Twitter](#).

