

**CFO** *Agenda*  
*Aarhus*

Fra strategi til økonomi

Jeppe Larsen

25. september 2014



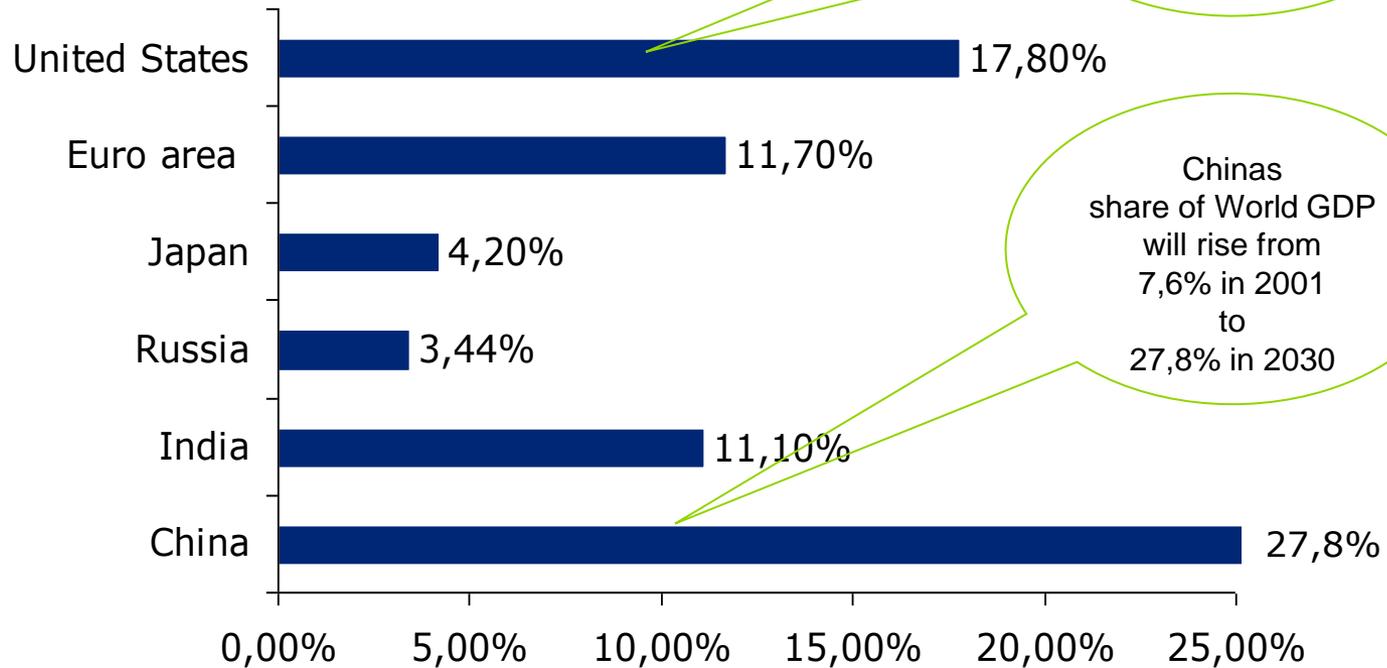
***“However beautiful the strategy,  
you should occasionally look at  
the results”***

Winston Churchill

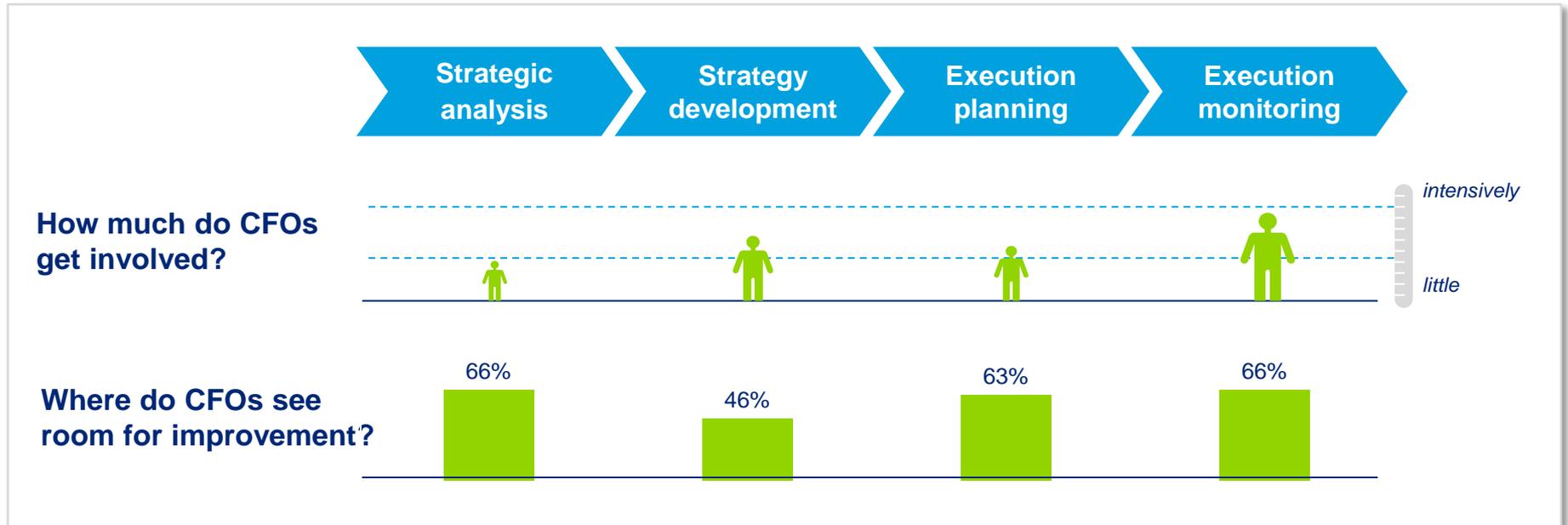


# A global economy under extreme transformation – and with the CFO in the middle of it

## Share of World GDP 2030

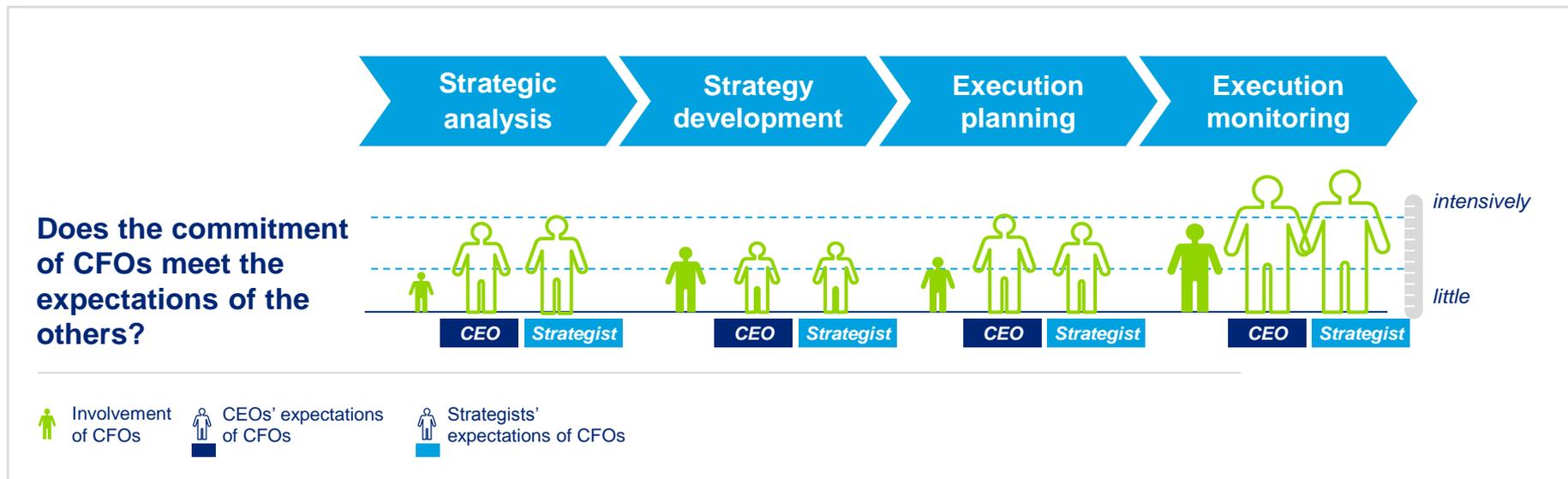


# The CFOs see room for improvement in all phases of the strategy process



The CFOs of successful companies display **distinctly more enthusiasm** not only in the development of the strategy but already at the stage of strategic analysis.

# The business invites the CFO to take a more active role in the strategy process from development through to execution



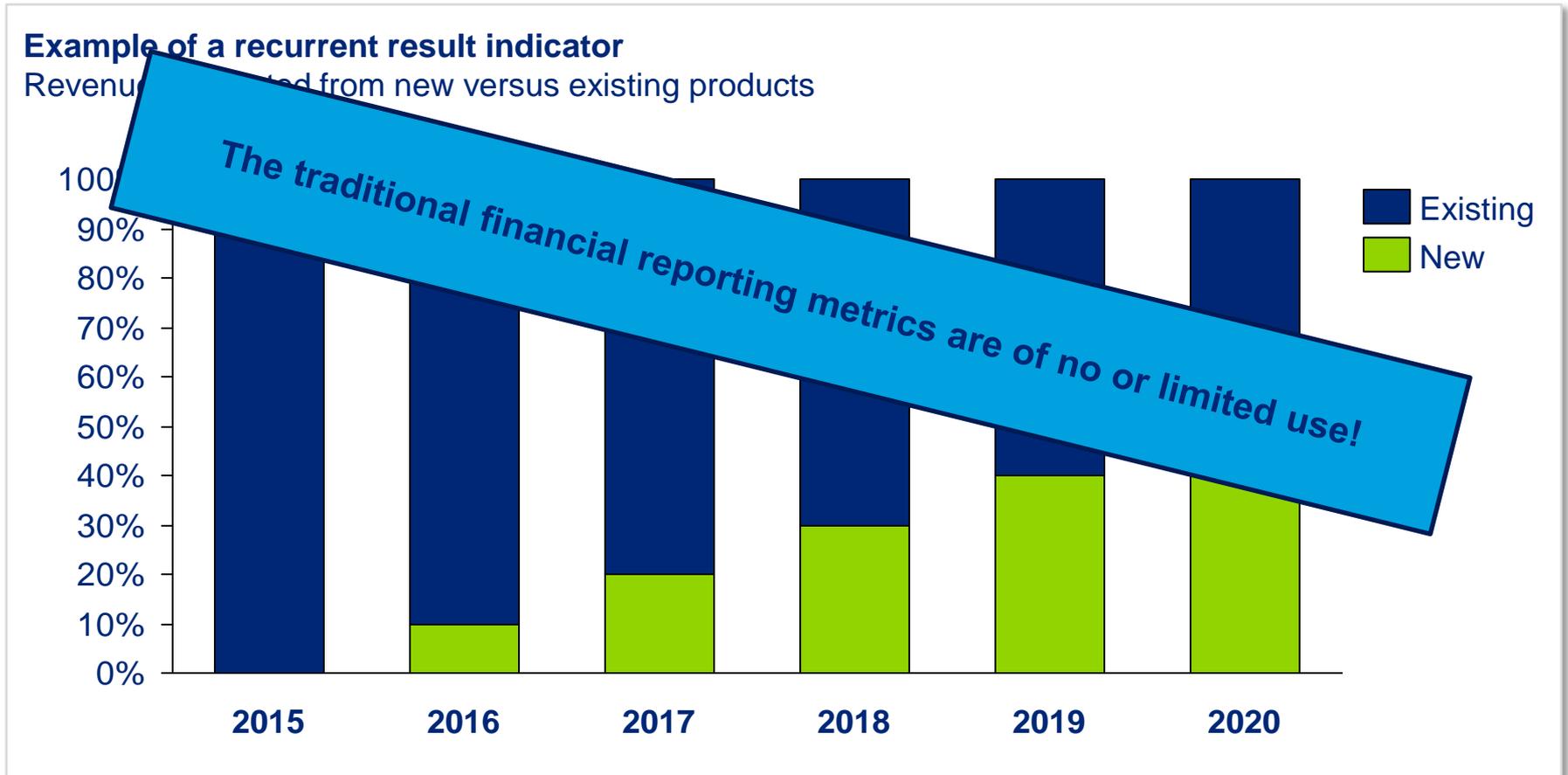
A Deloitte study shows that successful companies profit from a higher quality of the strategy process as well as from greater enthusiasm on the part of the main actors.

## A real example

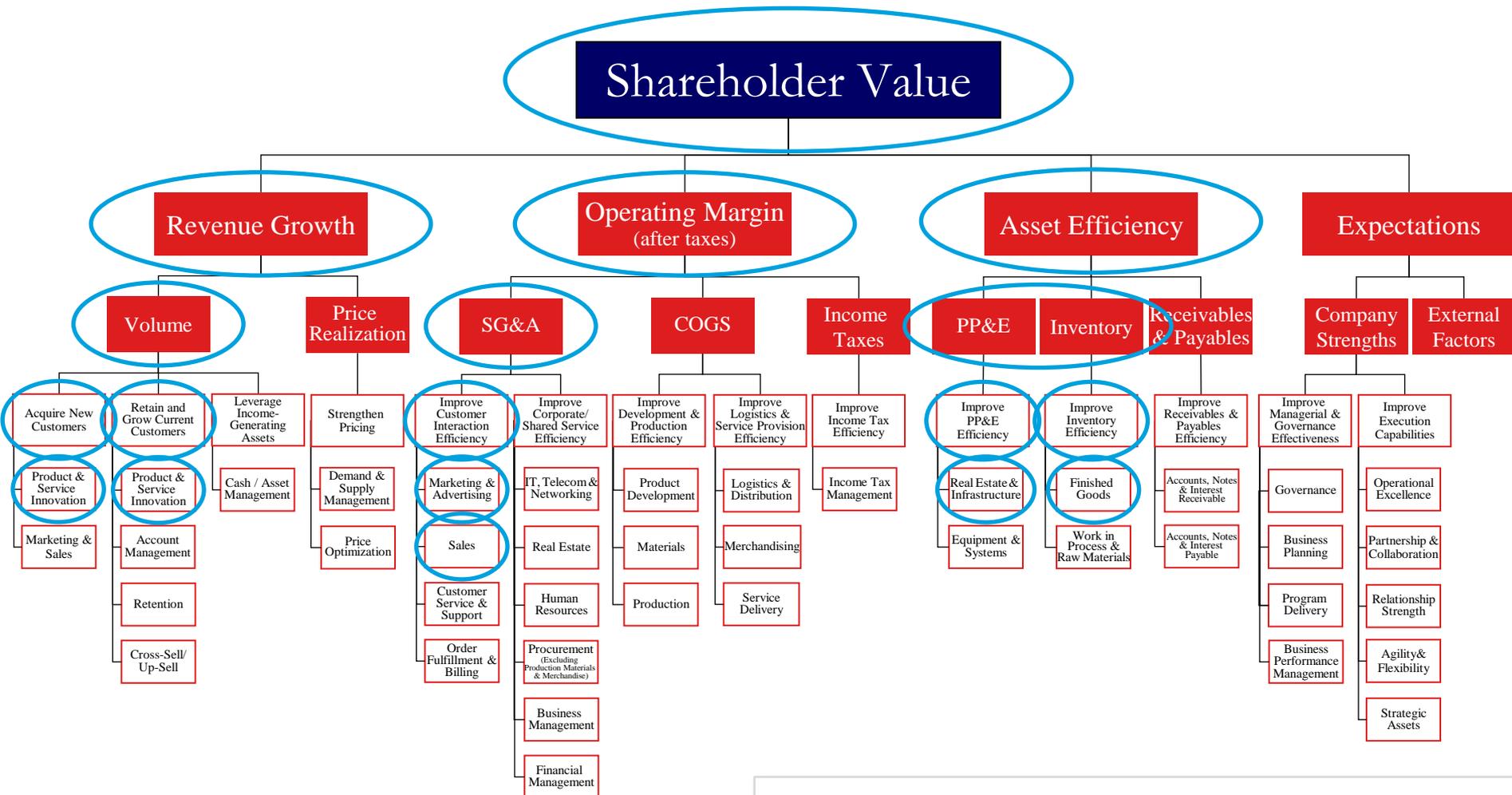
### **Vision 2020**

In 2020, 50% of the company's revenue is generated from products that are not on the market today.

An obvious indicator is to measure revenue from existing and new products, however, this is retrospective and has limited information about the future



# Use the Value Map to break strategy into tangible business actions and performance measures



## Vision 2020

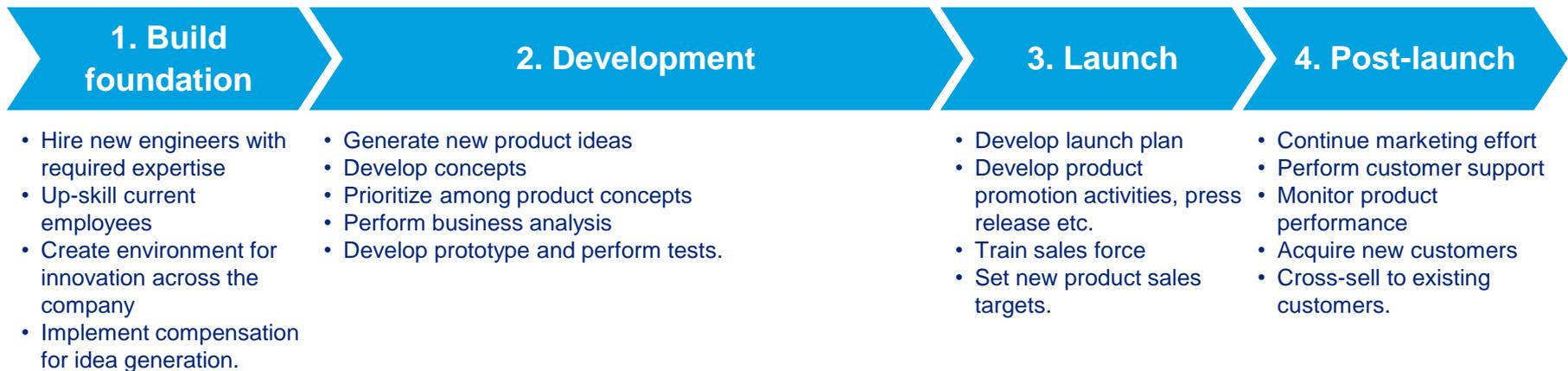
In 2020, 50% of the company's revenue is generated from products that are not on the market today.

# The art is to measure performance throughout the development phase, and be able to act on issues instantly

The different phases of new product development require different indicators.

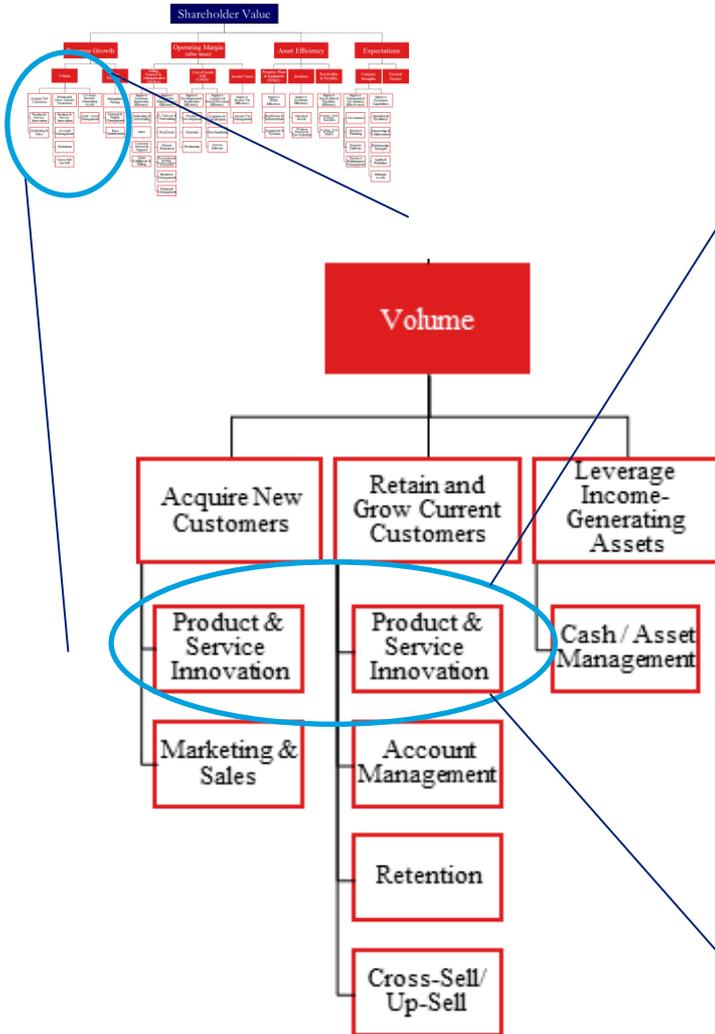
- Define the right indicators and measure them.

## Timeline for development of new products



# Measurement of strategy

Identification of value drivers, improvement levers and business actions



## Change What You Do

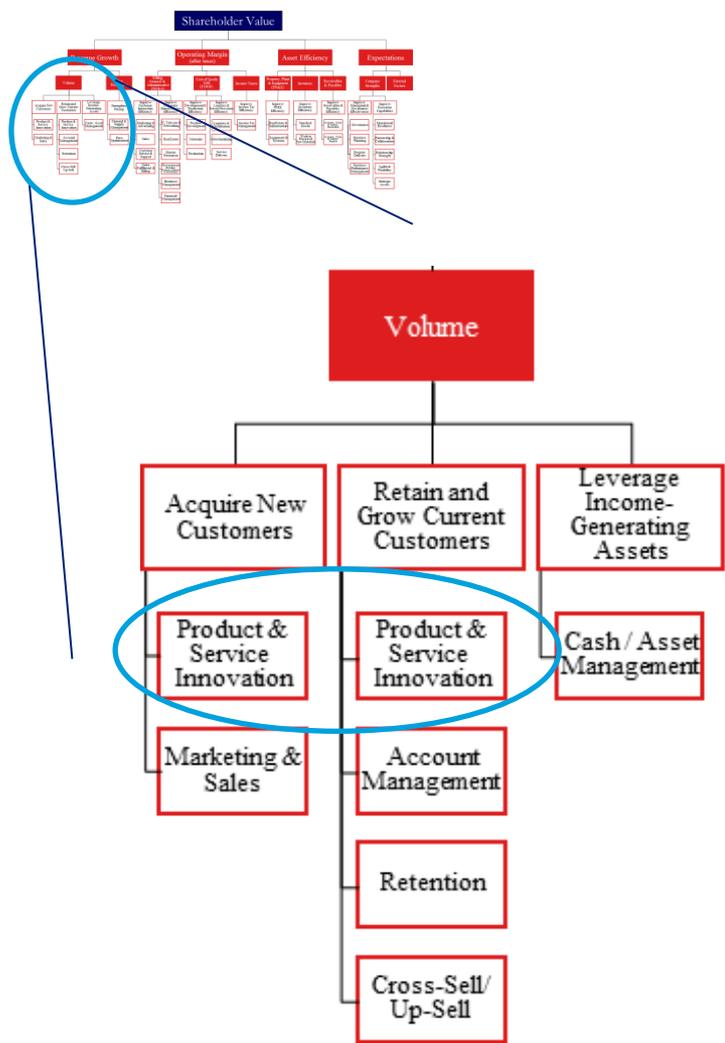
- Broaden product and service offerings
- Increase focus on R&D, product innovation, and product leadership
- Increase emphasis on design for configurability/customization
- Improve platform and portfolio strategies for products and services
- Increase emphasis on time-to-market and time-to-production-volume
- Increase number and quality of products and service launches

## Do What You Do Better

- Increase utilization of modular, reusable designs
- Improve collaboration with design, development and production partners
- Improve reuse of product and service components
- Acquire new product and service offerings
- Improve product/service R&D and deployment capabilities
- Adapt current products and services for new segments/channels
- Pursue joint-venture, partnership and OEM arrangements
- Improve management of product lifecycles
- Evolve product and service features, functionality and value
- Remove barriers to switching
- Apply brand to new and unbranded products
- Improve product- and service-innovation skills of staff
- Improve incentives for product development and innovation
- Acquire companies aligned with product strategies
- Improve methods and tools for managing innovation performance
- Improve profitability of R&D efforts through utilization of tax and economic development incentives



# Phase 1: Build foundation, i.e. strengthen competences and create environment for innovation



## Actions in phase 1

- Hire new engineers with required expertise
- Up-skill current employees
- Create environment for innovation across the company
- Implement compensation for idea generation.

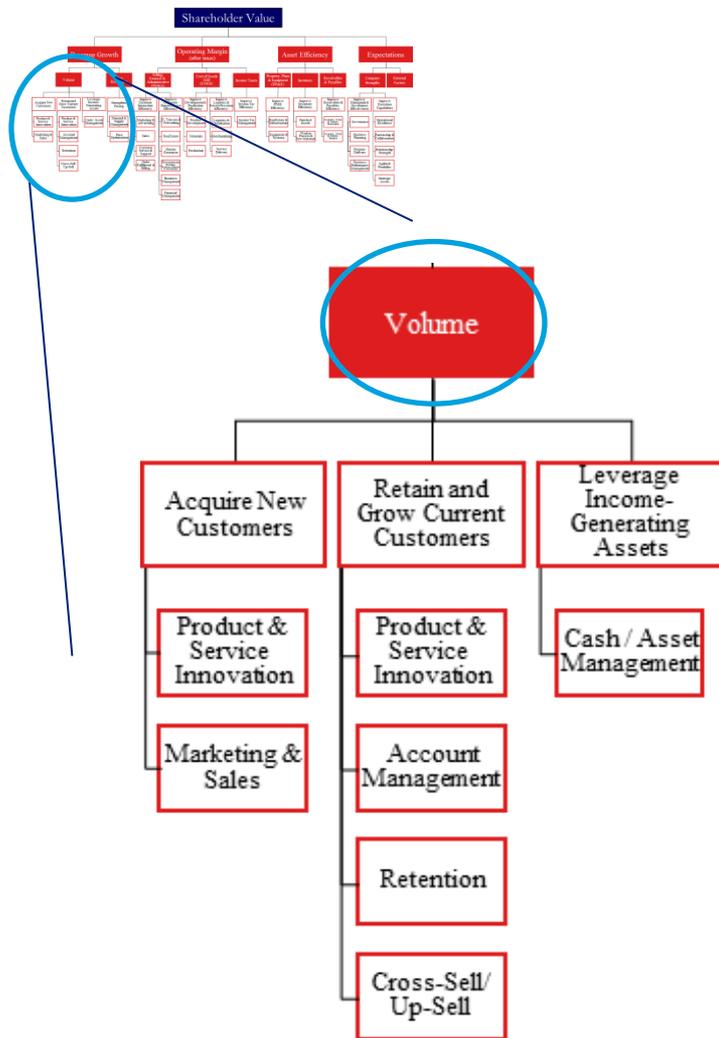
## Example of KPIs

- Number of engineers with a certain level of relevant expertise
- Number of dedicated product development FTEs
- Percentage of time allocated to product development vs. other functional duties.





# Phase 4: First year after launch



## Actions in phase 4

- Continue marketing effort
- Perform customer service
- Monitor product performance
- Acquire new customers
- Cross-sell to existing customers.

## Example of KPIs

- Revenue generated from new product
- Number of new customers
- Percentage revenue from new products as a ratio of total revenue
- Level of customer satisfaction
- Level of product performance
- Market share.

# The CFOs of successful companies are more active in every aspect

## Potentials and fields of action for CFOs



## Recommendations for action

- **Participate actively.** Finance has insight that will make the strategy process better and improve the likelihood of success.
- **Help to shape.** Finance can put fact and data behind ambitions.
- **Lend a hand in the execution process.** Finance should work intensively with the organisation to ensure that financial and non-financial measures are established upfront and monitored throughout.

# Deloitte.

**Deloitte Touche Tohmatsu Limited**

Deloitte er en betegnelse for Deloitte Touche Tohmatsu Limited, der er et britisk selskab med begrænset ansvar, og dets netværk af medlemsfirmaer. Hvert medlemsfirma udgør en separat og uafhængig juridisk enhed. Vi henviser til [www.deloitte.com/about](http://www.deloitte.com/about) for en udførlig beskrivelse af den juridiske struktur i Deloitte Touche Tohmatsu Limited og dets medlemsfirmaer.

© 2014 Deloitte Statsautoriseret Revisionspartnerselskab. Medlem af Deloitte Touche Tohmatsu Limited