



The Trusted Platform for
Business Spend Management

The Strategic CFO: Maintaining a Competitive Edge in Uncertain Times

Coupa's inaugural Strategic CFO Survey reveals the tradeoffs finance leaders are making between cost-cutting and profit-building strategies to remain competitive.

Executive Summary

Market Volatility Has CFOs Walking a Tightrope

The past year has been a demanding balancing act as companies face economic uncertainty, supply chain disruption, and pressure to remain profitable as costs rise. Recent months in particular have stress-tested CFOs and finance leaders. Deciding the best course of action to drive company growth within these constraints is challenging, especially when a business' spend is under heightened scrutiny. They are taking a direct and sustained hit with mounting hardships.

In this environment, CFOs and finance leaders must be able to quickly reduce costs to improve margins, proactively assess and mitigate risks, forecast accurately, and improve agility to navigate future disruption.

Coupa's inaugural Strategic CFO Survey of 600 CFOs and finance leaders across North America and Europe investigated how companies are staying competitive in these uncertain times, and how a comprehensive Business Spend Management (BSM) platform can help.



Nearly all (90%) reported increasing struggles to maintain a competitive edge, exacerbated by tradeoffs between cutting costs and investing in growth.

91% are concerned about hitting their sales forecasts in the next 6-12 months.

Grappling with difficult choices, finance leaders are under unrelenting pressure to make sacrifices, including layoffs, despite their strong conviction that layoffs should remain a final recourse. In fact, even as these concerns keep them up at night, more than 4 in 5 (86%) CFOs and finance leaders say layoffs are a last resort to cut costs. With concerns ranging from hitting upcoming sales forecasts to a lack of visibility into company spend, one thing is clear: CFOs must get their finances in order if they want to make it through these uncertain times.

With a potential recession on the way, finance leaders should move now to optimize their organization's financial health and equip their company to respond faster and more strategically to disruption. There's never been a better time to build toward a more secure future. The next steps they take are crucial and will establish resilient companies from those that falter.

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Read on:

- [Making Money Matter: Strategies for Growth and Profitability](#)
- [Internal Pressures, External Threats: A Cause for Concern](#)
- [Painful Choices as Recession Looms](#)
- [The Need to Boost Efficiency – As Soon as Possible](#)
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“Economic volatility calls for a strategy of managing costs intelligently, rather than hurrying to cut costs reactively. The ability to do this hinges on having a wealth of data that is accurate and timely to inform decision making. Resilient companies use intelligent spend data to execute in the present with urgency, but in a way that reduces the risk of unintended long-term negative consequences.”

— Tony Tiscornia, CFO, Coupa

Making Money Matter: Strategies for Growth and Profitability

 93% are concerned about company financial performance in the event of a recession



Specifically, they're concerned about declining profitability and margins (42%), meeting payroll (39%), and falling behind competition (37%).



The top three strategies to increase profitability include:



Increasing efficiency



Increasing digitization



Retaining employees



However, over half (53%) are concerned about being able to improve efficiency.



To drive growth in the event of a recession in the next 6-12 months, finance leaders will:



Increase pricing of products or services sold



Enforce stricter spending rules and limits



Reduce business travel



However, **almost 1 in 2 (46%)** said they lack full visibility into spend data across the company.

Internal Pressures, External Threats: A Cause for Concern

Unpredictability and disruption have become the status quo, causing a rising tide of worries among CFOs and finance leaders.

Supply and demand uncertainty (41%), increasing demand and revenue growth (38%), and increasing margins and profitability (38%) were all cited as the top challenges affecting organizations over the past few months.

Looking ahead to the next 6-12 months, finance leaders are still concerned about increasing margins and profitability (35%), as well as increasing demand and revenue growth (34%). However, they have additional worries about the effects of rising wages (34%) and cutting costs (33%).

Among these dramatically escalating demands on their businesses, CFOs and finance leaders have defined very specific external threats that they deem as most harmful to their businesses' growth and long-term viability.

Those are:



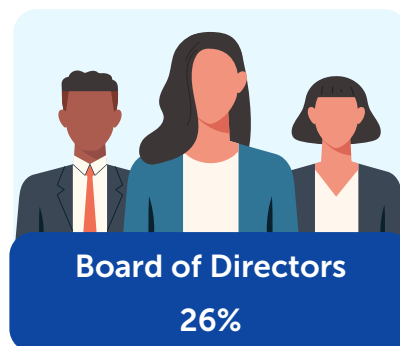
In the past 3-6 months, companies have been affected by:

In the next 6-12 months, finance leaders are most concerned about:



In addition to these external pressures, finance leaders are coping with mounting internal pressure to make quick decisions. And though some of these fixes may be swift at hand, resorting to them could set the stage for big trouble ahead. More than 4 in 5 (84%) are facing an increasing amount of pressure from other company leaders to make sacrifices for immediate relief without considering the long-term impacts.

CFOs and their teams feel the most tension with



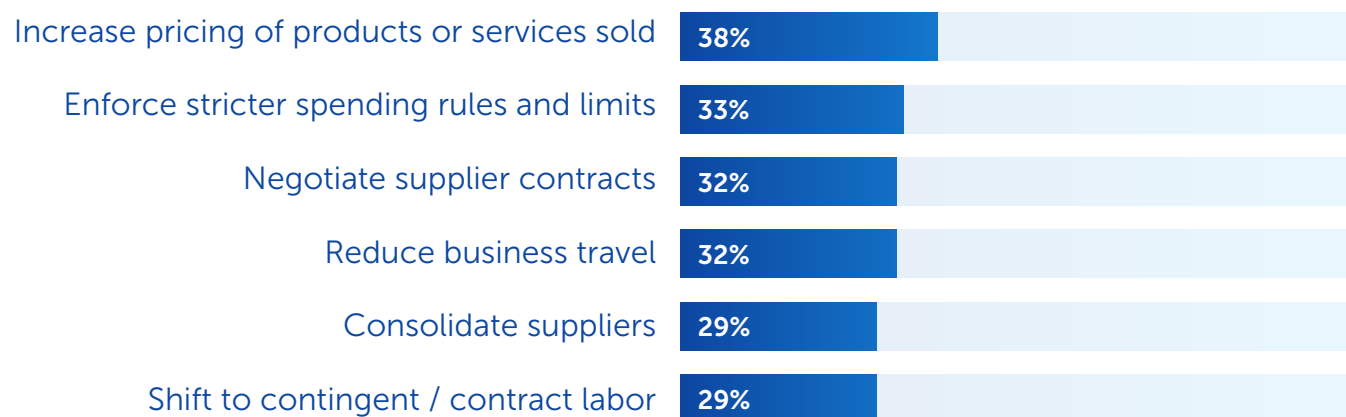
Painful Choices as Recession Looms

Amid widespread speculation about an imminent recession, CFOs and finance leaders face escalating pressure to maintain profitability and a competitive edge – and are even gripped by fears of paying employees on time. Declining profitability and margins (42%), meeting payroll (39%), and falling behind the competition (37%) are finance leaders' top three concerns in the face of economic uncertainty.

The Desire to Avoid Layoffs at All Costs

The end of 2022 brought a wave of layoffs to large and small businesses around the world. These painful cuts are seen as a temporary fix at best. Nearly 9 in 10 (87%) say layoffs solve an immediate problem but create long-term issues. CFOs and finance leaders are prioritizing a range of alternate cost-cutting measures now, with an eye toward brighter financial horizons.

In 2023, to drive growth in the event of a recession, organizations say they will:



THE TAKEAWAY:

CFOs and finance leaders want to take control of spend, yet nearly half (46%) said they lack full visibility into spend data across the company.

With recent advances in technology, **Business Spend Management (BSM)** has emerged. BSM platforms go beyond managing the traditional core transactions of a company and take a holistic approach by capturing everything that comes before, during, and after the direct action of spending money.

BSM empowers finance leadership to better understand — and influence — not only how resources are being used across their company, but also the strategic impact of managing spend in a holistic way. It gives CFOs the opportunity and visibility to understand spending practices across their organizations and apply precision tools — not blunt instruments — to contain costs. With increased visibility across all spend types, from cost of goods sold (COGS) to operating expenses, finance leaders are better able to make the informed decisions necessary to ensure their company remains competitive.

“Automation technologies allow CFOs to chart a course through the storm and emerge stronger. With a potential recession on the way, it’s absolutely critical that CFOs optimize for financial health by equipping their organization to respond faster and more strategically to disruption. It’s how CFOs will help their companies survive a recession and come out of it ready to accelerate growth.”

— **Tony Tiscornia**, CFO, Coupa

The Need to Boost Efficiency – As Soon as Possible

For CFOs and finance leaders, the bottom line is about being more efficient to drive results, including overall productivity and profitability. The importance of efficiency-boosting solutions cannot be understated. Increasing efficiency (53%), increasing digitization (52%), and retaining employees (50%) were the top three strategies cited for increasing a company's profitability.

Legacy Systems Pose a Major Roadblock

While a majority (53%) of finance leaders say increasing efficiency is a top strategy to boost profitability, just as many (53%) are concerned about being able to accomplish this. One glaring reason for this concern is that many companies rely on outdated legacy systems. These leave finance leaders vulnerable to blind spots and misguided assumptions when managing spend and making financial decisions. It's a serious, increasingly perilous deficiency; especially given that less than half (46%) have proactive or predictive financial forecasting and risk management in their organization.

“ Today's economy requires doing more with less. We're faced with higher costs of doing business, so we're looking at all the levers at our disposal to cut company costs that will result in the best outcome for the business and our stakeholders. Technology is helping us achieve this. We're leveraging technology that gives us full visibility into company finances to improve forecasting and optimize cash-flow management and working capital. ”

— **Jeremy Hamon**, Head of Group Finance and CFO, Primetals



While over 4 in 5 (85%) can access their spend data instantly, nearly 3 in 5 (57%) need multiple systems. Worse, 15% say it takes them multiple days across multiple systems.

Efficiency is Out of Reach Without Modern, Comprehensive Technology to Underpin It

A deeper look reveals the startling fact that 1 in 3 (32%) say their processes are still manual or hands-on, which hampers their ability to be agile and respond quickly. In light of varied, often unpredictable disruption, it's in the best interest of CFOs, finance leaders, and their teams to digitize the entire back office.

CFOs Can't Cut What They Can't See

That's where a BSM platform can help. It enables CFOs to confidently execute a strategy of containing costs smartly, rather than cutting costs broadly. This results in resilient companies that can plan long-term and execute in the present with a sense of urgency.

The top three challenges



Lack full visibility into spend data across the company



Spend data is siloed across multiple sources



Labor-intensive processes to gather data

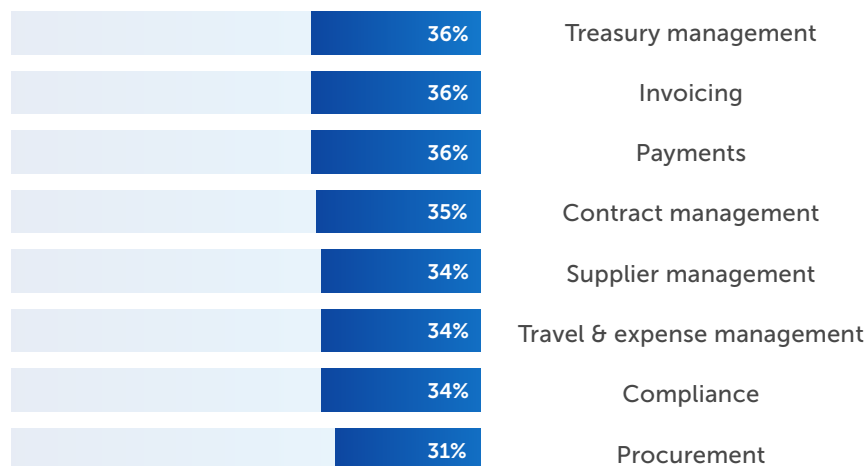
Investing in Digital Transformation and Financial Maturity

The more leaders invest in advancing their organization's financial maturity, the better they will be to plan for uncertainty and respond deftly to disruptions. To become best in class, digitization and automation are key. Indeed, 41% of CFOs and finance leaders say increasing digitization is among their top priorities in 2023.

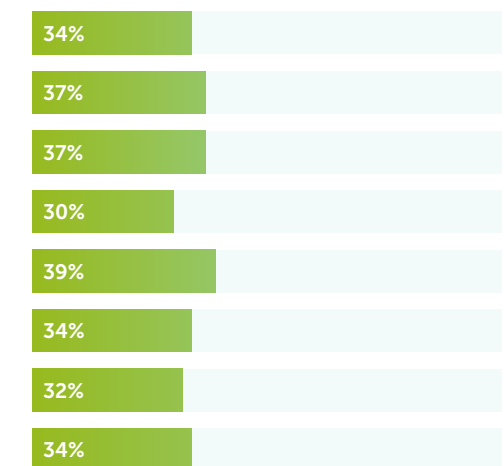
A lack of automation can significantly hobble a company's ability to survive and prosper in times of economic strain. An overwhelming 93% of finance leaders agree, saying more automation would help their company better respond to today's economic challenges.

Finance leaders cited a range of functions they believe are overdue for automation.

To cut costs and increase productivity, finance leaders are currently using automation for:



In the next 6-12 months, finance leaders will increase automation investments in:



Assess your organization's financial maturity and learn how to advance



Combating Economic Challenges with a Comprehensive Business Spend Management Platform

In uncertain economic environments, businesses with top-notch BSM platforms are far better equipped to weather a recession without resorting to broad cutbacks and limited, if not, mass layoffs. BSM enables CFOs to respond to macroeconomic challenges quickly and effectively – showing where they can improve margins and profitability, as well as how they can enact changes now, for more thoughtful investments into the business.

[Explore 10 ways to control costs with Business Spend Management](#)



CFOs and finance leaders who lay the right foundation now will be best positioned to capitalize on opportunities for growth and scale, as they brace for potential challenges.

Fuel financial success by managing costs intelligently, driving efficiencies, and mitigating risks.

[See How Coupa Works](#)

About Coupa

Coupa is the cloud-based Business Spend Management (BSM) platform that unifies processes across supply chain, procurement, and finance functions. Coupa empowers organizations around the world to maximize value and operationalize purpose through their business spend.

Coupa's community of 2,500+ customers use the platform to maximize the value of nearly \$4T of direct and indirect spend to date.

To learn more about Coupa, visit coupa.com and follow us on LinkedIn or Twitter.



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