



GUIDE

Embracing Financial Transformation:

What It Is, Why You Should Want It,
And How to Achieve It

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01.

Introduction

Introduction

Many intersecting issues affect an accountant's work. The workload is growing, tasks are getting more complex, and hiring and keeping good talent feels like mission impossible. Plus, issues with data quality and accessibility hinder their ability to complete work and, in some cases, limit their confidence in that work.

Technology, especially artificial intelligence (AI), could be a game-changer. But it needs a clear game plan that aligns with what accountants actually need.

In short, transformation is imperative, but just any change won't do. Accountants need effective, meaningful, and positive change that comes from:

→ A clear vision of how an accountant's work has the potential to support and contribute to the organization's success.

→ Transformed processes, technology, and an approach to work that helps realize that vision.

In other words, transformation must be intentional (i.e., driven by a vision for how things will be different) and impactful (i.e., better for accountants and their organizations).

Our research shows this doesn't happen without the CFO leading the charge. However, the real pain points are felt by the accounting and finance teams. They've been using clever workarounds to keep things running, but this often leads to burnout and piecemeal fixes that mask the needed transformation benefitting the accounting team, the CFO, and the broader organization.

Here's what this report covers:



AWARENESS AND FAMILIARITY

How well do accounting teams understand financial transformation?



RECOGNITION

How do they see financial transformation impacting their work and the organization?



PERCEPTION VS. REALITY

What's the difference between how they perceive financial transformation and what's actually happening?



AI READINESS

Are they ready to embrace AI, and how do they feel about it?



TRANSPARENCY

How can accountants help the CFO understand the need for transformation?

We also offer two key resources:

→ A clear vision of how an accountant's work has the potential to support and contribute to the organization's success.

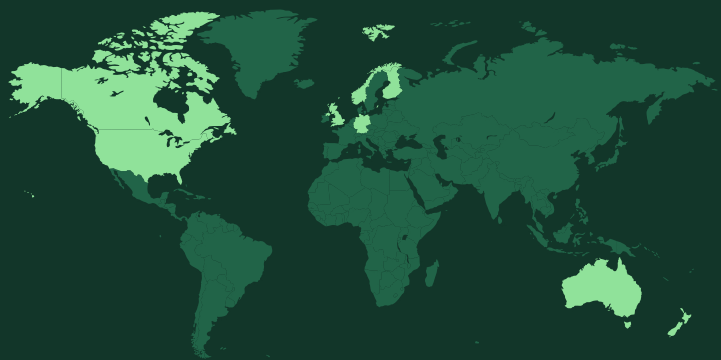
→ The Financial Transformation Belief Model: A process for giving time and attention to true transformation

02.

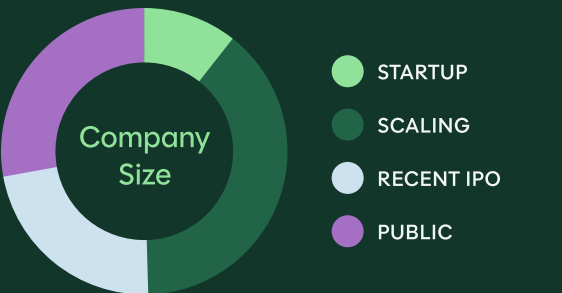
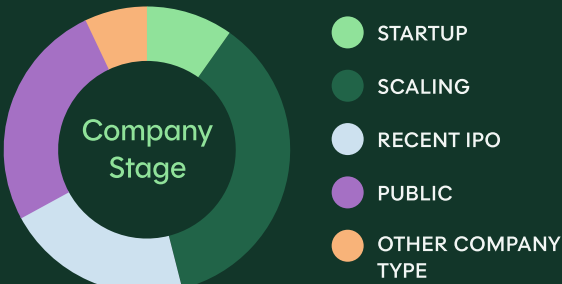
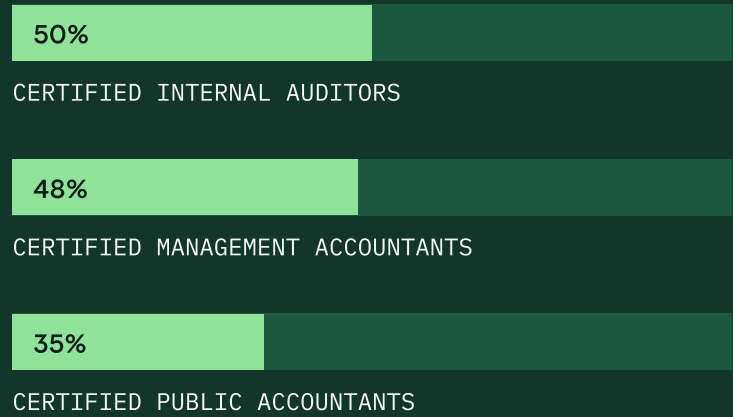
Survey Methodology

Survey Methodology

For this report, we surveyed 385 people working in accounting and finance in April and May 2024. Survey participants resided in **one of three regions:**



92% → Percentage of participants who have at least one of these professional certifications:



- Other titles that participated in the survey:
- 14% ACCOUNTING MANAGER
 - 13% ACCOUNTANT
 - 13% CHIEF ACCOUNTING OFFICER
 - 11% DIRECTOR/MANAGER OF ACCOUNTING
 - 9% CONTROLLER

11 YRS

Average number of years the average participant has worked in accounting

8 YRS

Average number of years the average participant has worked for their current company

84%

Number of participants who worked as an auditor at some point in their career

1/3

Number of CFOs who participated in the survey

14 YRS

Average length of time participants' companies have been in business

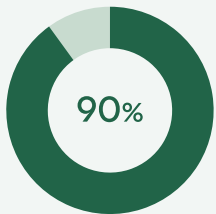
03.

Embracing Financial Transformation

Embracing Financial Transformation

INSIGHT 01

CFOs are more familiar with the idea of financial transformation than the accountants who report to them.

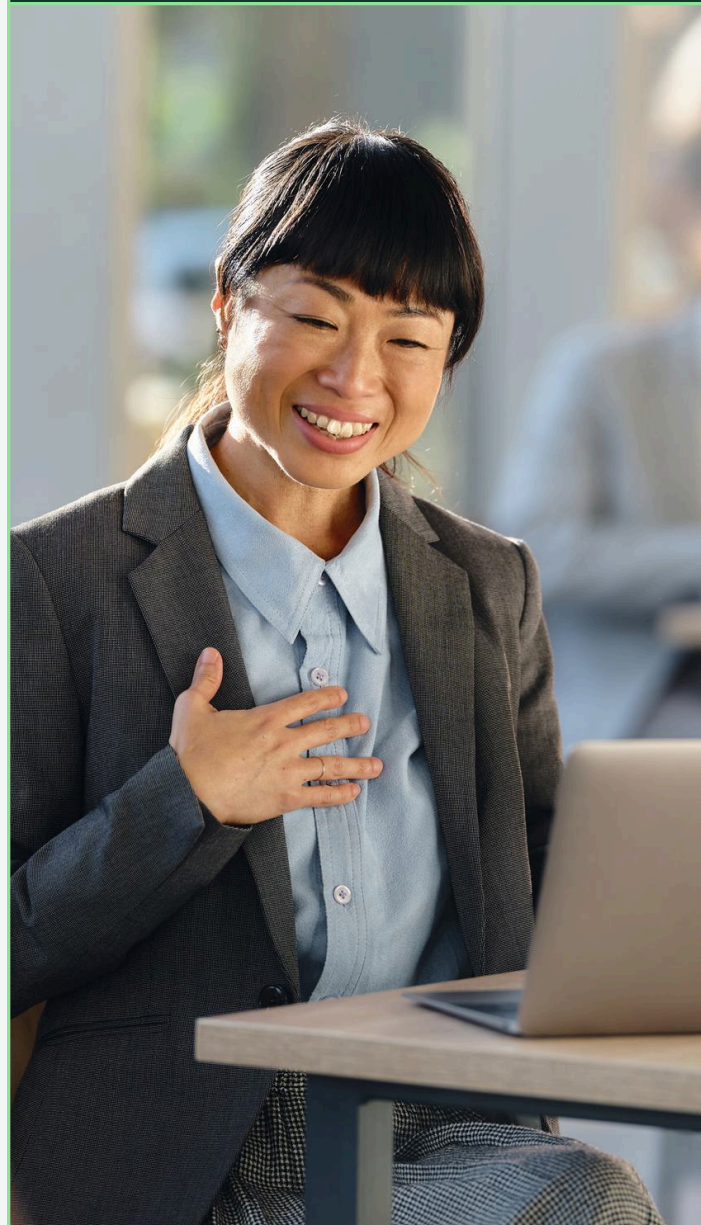


Around 90% of accountants have heard of financial transformation, but less than half say they're very familiar with it.

For the study, we used the term "visceral transformation" (a made-up concept) to test whether respondents were actually familiar with the concepts of financial transformation, digital transformation, and data transformation or simply familiar with the concept of transformation in general. More than three-quarters of respondents indicated they'd at least heard of visceral transformation, if not somewhat or very familiar with it.

This result indicates their knowledge is more about transformation in general—not financial transformation specifically.

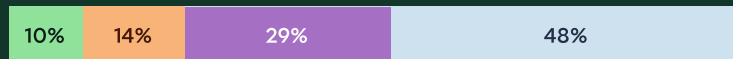
Their adjusted transformation financial transformation familiarity (financial transformation minus visceral transformation) is 15%.



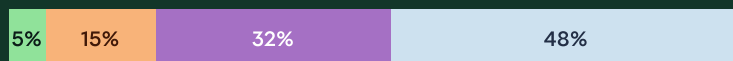
Embracing Financial Transformation

INSIGHT 01

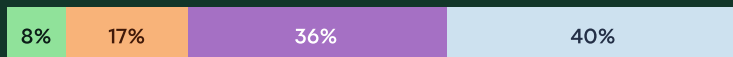
Accountant Awareness of and Familiarity with Transformation



FINANCIAL TRANSFORMATION



DIGITAL TRANSFORMATION



DATA TRANSFORMATION

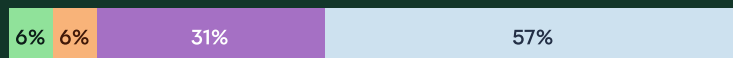


VISCERAL TRANSFORMATION

CFO Awareness of and Familiarity of Transformation



FINANCIAL TRANSFORMATION



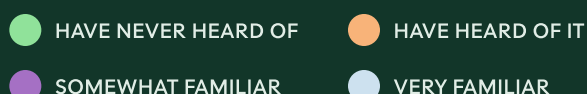
DIGITAL TRANSFORMATION



DATA TRANSFORMATION



VISCERAL TRANSFORMATION



Accountants tend to be less aware of and familiar with financial transformation than their CFOs.

In fact, CFOs are 2.2 times more likely to know what financial transformation is all about.

This tells us:

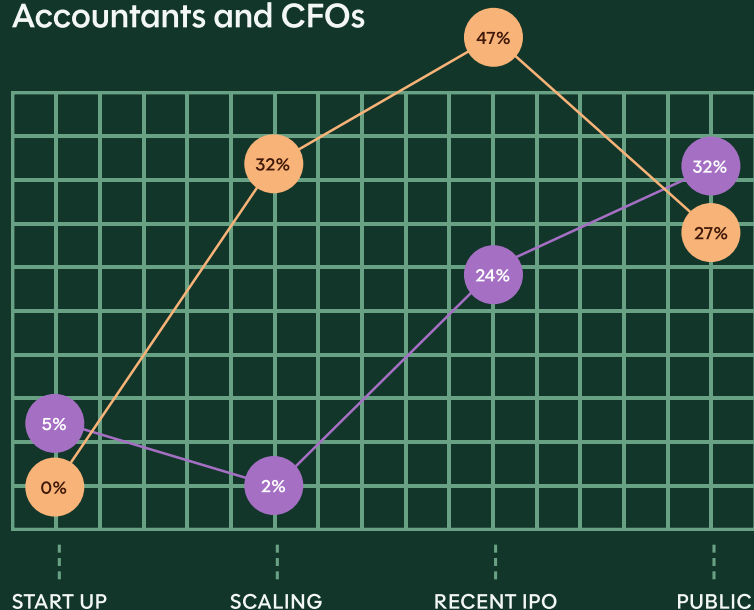
→ CFOs are in the know. They're more knowledgeable about financial transformation and its impact on their department and the organization (adjusted familiarity is 33%).

→ Accountants need more prep. They might not be ready to drive transformation in their organizations despite their crucial role.

Embracing Financial Transformation

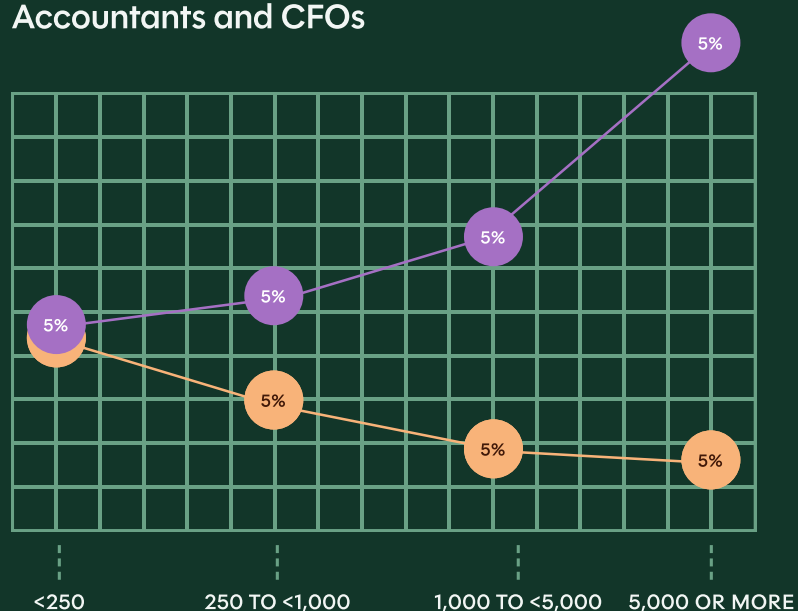
INSIGHT 01

Adjusted Familiarity with Financial Transformation by **Company Stage** for Accountants and CFOs



The biggest gaps in adjusted familiarity between accountants and CFOs show up in scaling organizations or recent IPOs. In startups and public companies, familiarity levels are much closer.

Adjusted Familiarity with Financial Transformation by **Company Size** for Accountants and CFOs



In companies with fewer than 250 employees, CFOs and accountants are on the same page about financial transformation. But as the organization grows, CFOs become more familiar with it than accountants.

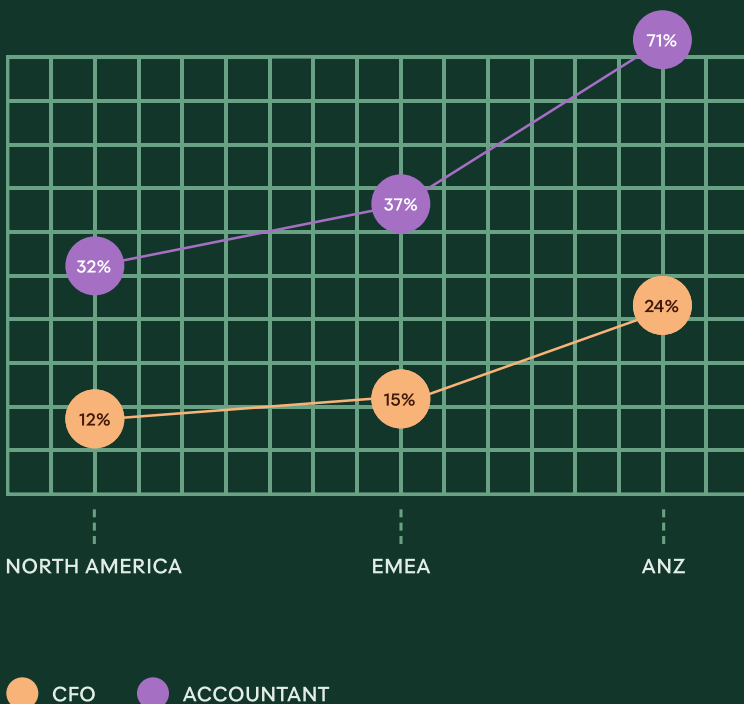
● CFO ● ACCOUNTANT

Embracing Financial Transformation

INSIGHT 01

Now let's break out the results by region. Worldwide, CFOs were more than twice as likely to be familiar with financial transformation than accountants.

Adjusted Familiarity with Financial Transformation by Region for Accountants and CFOs



What it means:

Accountants are less familiar with financial transformation than their department leaders. This makes sense because it's the CFO's job to set the vision for the department and decide when transformation is needed.

But here's the thing: the people doing the work — accountants — know best what works and what doesn't. They often come up with clever fixes to get around process and technology limitations. The better they are at this, the less the CFO feels the need to push for transformation.

When accountants realize there are better ways to work, real transformation can happen, benefitting them, their department, and the entire organization.

Embracing Financial Transformation

INSIGHT 02

Piecemeal efforts that address a narrowly defined need won't deliver transformation.

"Financial transformation" defined:

Reshaping, rethinking, and modernizing financial processes to empower companies to unleash employee potential, establish more efficient systems, create a better company culture, and make better business decisions.



Embracing Financial Transformation

We asked accountants and CFOs to answer two questions:

- How important is financial transformation to your organization?
- Do you have an initiative related to financial transformation underway?

Importance of Financial Transformation



● TOP PRIORITY ● NOT TOP PRIORITY

Current Financial Transformation Initiative



● HAVE CURRENT INITIATIVE ● DO NOT HAVE CURRENT INITIATIVE

Embracing Financial Transformation

INSIGHT 03

Accountants and CFOs are enthusiastic about the future of AI.

Beliefs about AI:

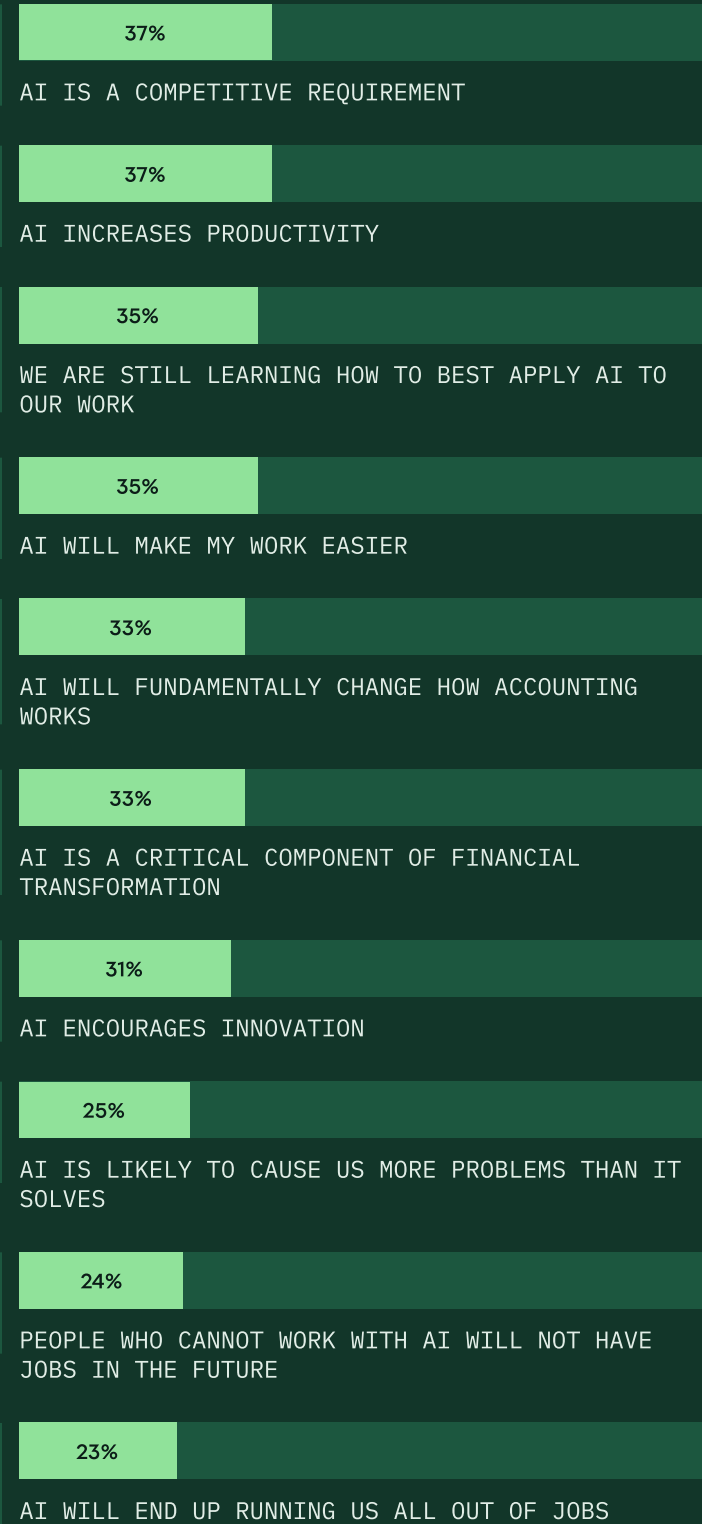
Many accountants see AI as essential for staying competitive. However, there's still work to be done to figure out how to use it to make tasks easier and boost productivity. They don't worry that AI will take their jobs or make them unemployable.

#FloQast

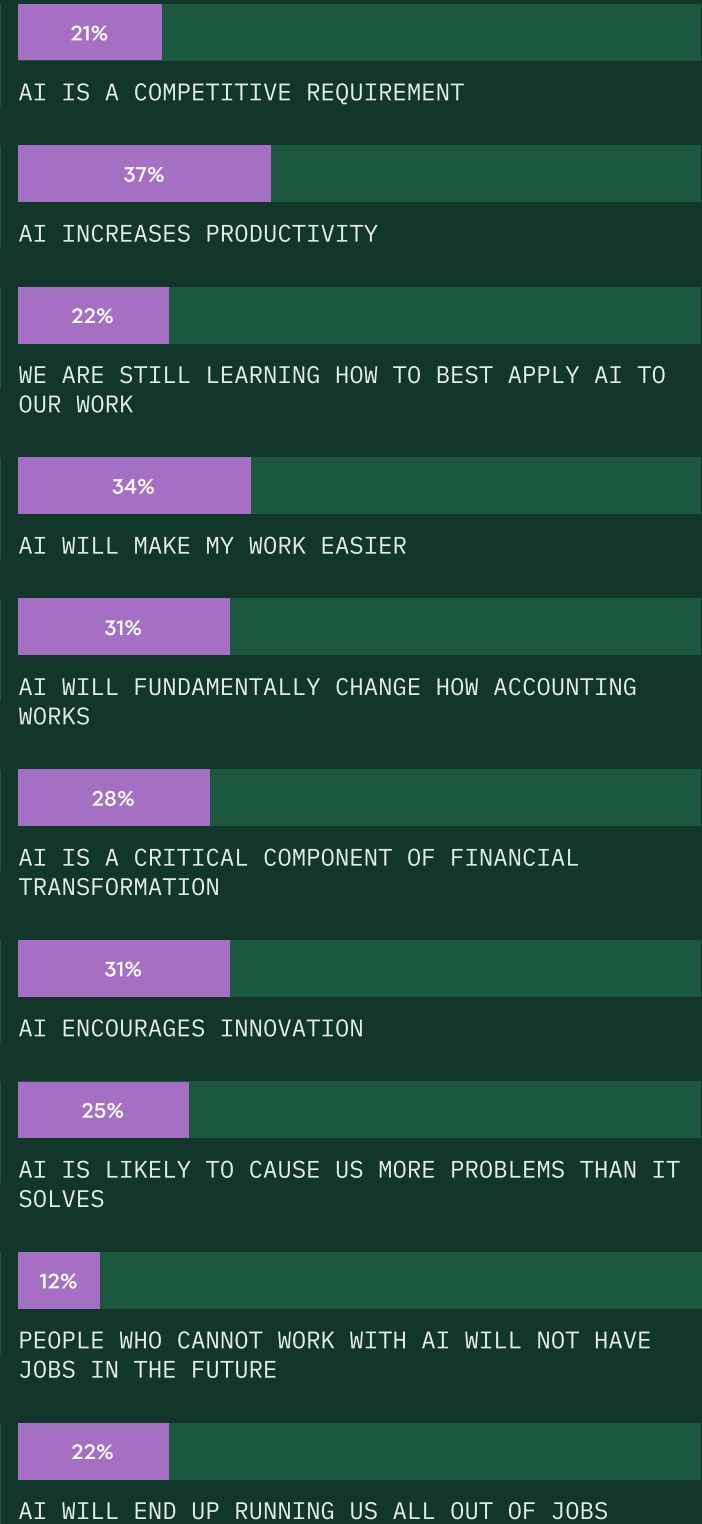


Embracing Financial Transformation

Accountant Beliefs about AI



CFO Beliefs about AI



04.

The Financial Transformation Framework

The Financial Transformation Framework

The Financial Transformation Framework

Business Applications

Intelligent Information

Centralized Data

Automated Processes

Financial transformation begins with process automation and ends with applying intelligent information to support the organization's success in an ongoing, meaningful way.

Financial transformation means using financial processes to help accounting and finance teams drive their organization's success.

Just having data isn't enough. The key is understanding business decisions and sharing smart insights with decision-makers.

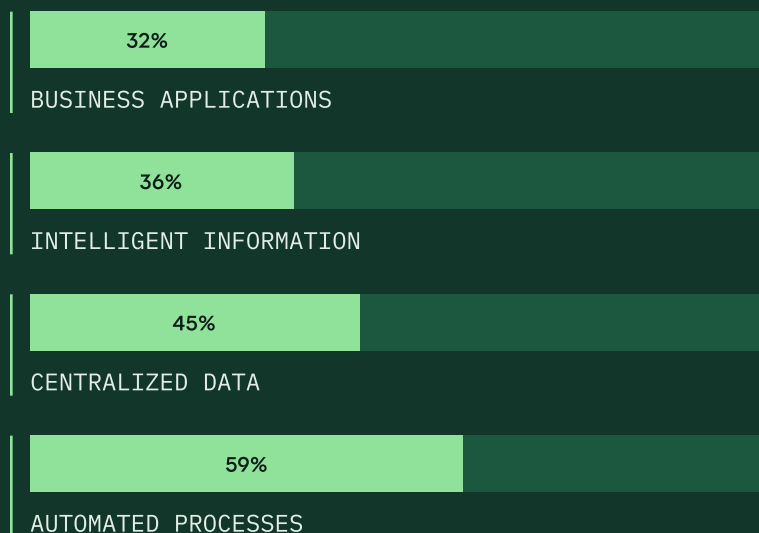
Without financial transformation, companies miss out on this business impact.

The Financial Transformation Framework

Current Financial Transformation Initiatives

CFOs and accountants focus on automating processes and centralizing data. But they often overlook **intelligent information and business applications**, which have the most significant potential impact on the organization.

Percentage of Organizations with Specific Transformation Initiative



What it means:

Current efforts focus more on quick fixes for processes and data than a transformed approach with a clear purpose.

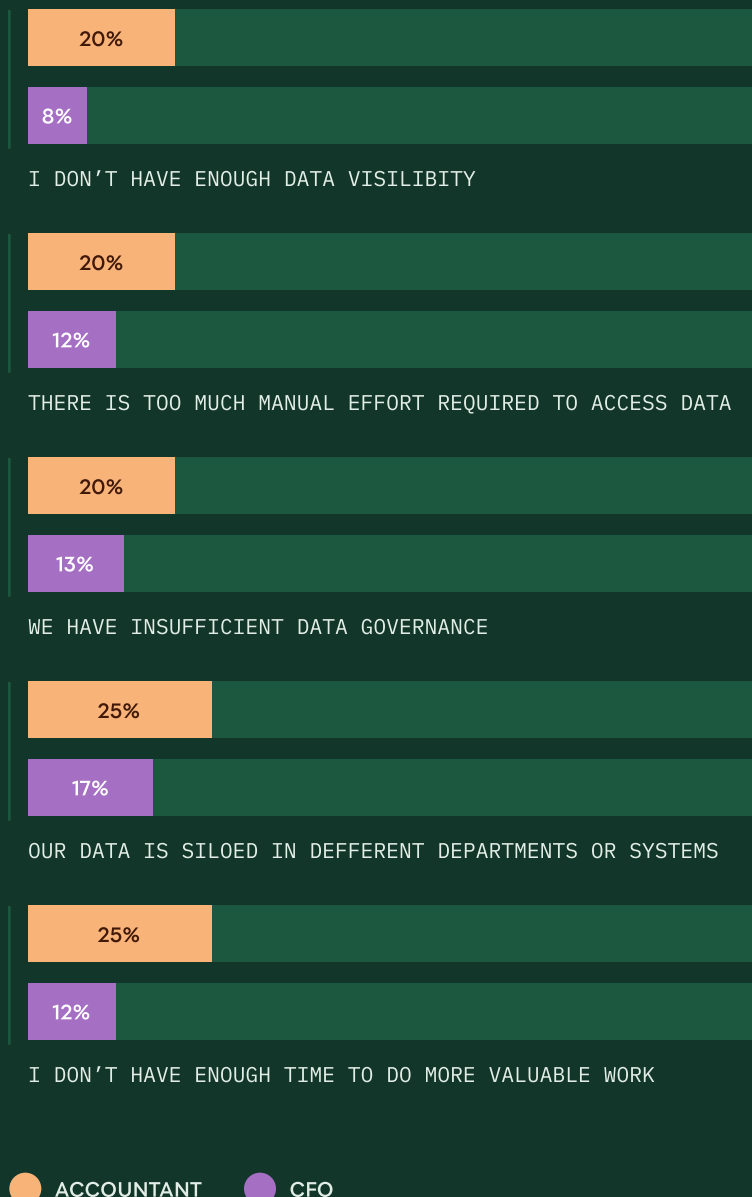
True financial transformation requires a vision for how accounting and finance can meaningfully impact the business. Beginning with the end in mind, a business application initiative can effectively guide the most crucial work in automating processes, centralizing data, and equipping accounting and finance teams to turn that data into intelligent information.

The Financial Transformation Framework

Knowledge Gaps

The reality of the accounting and finance team differs from the CFO's experience in several areas that tend to center around data and time.

CFO vs. Accountant Perceptions



Accountants were:

1.6x

more likely than CFOs to report too much manual effort was required to access data

2.6x

more likely than CFOs to report they did not have data visibility

Accountants also felt their organization's data was siloed and they didn't have time to do more valuable work like turning data into intelligent information.

What it means:

Until CFOs feel the pain, they don't pay attention to or allocate resources to a given step in the transformation process.

The challenge? One level of the organization might feel the pain but not have the power to influence transformation. When people working at that level find workarounds to their challenges, leaders who can make transformation happen don't recognize the need.

The Financial Transformation Framework

Perception of Ability to Transform

We asked accountants about their skills and their CFO's perceived abilities.

Accountants feel they have an edge over CFOs in understanding "must-have" and "nice-to-have" technology features. CFOs could benefit from asking their team—not just direct reports—what the tech needs to do and if a solution's features are useful.

Accountants believe CFOs are better at spotting what's working and what's not working overall with current technology. This is because CFOs gather insights from the whole department, giving them a broader view of what needs to change. They also think CFOs are better at identifying tech options and necessary training once a choice is made.

→ Recognize a need to change

→ Plan for change (e.g., developing use cases and choosing the right technology)

→ Know how to implement the change

CFOs feel more confident in identifying pain points and why changes are needed. However, they could use help with:

→ Identifying available technology solutions

→ Determining the value of features

→ Devising a plan to review and select the best solution

→ Designing the implementation plan

Many organizations have financial transformation initiatives, but most focus on just one or two parts of the financial transformation framework. Few have a complete vision of their transformed future.

Accountants know best what works and what doesn't. They need to collaborate with their CFO to define why change is needed, select new solutions, and achieve successful transformation.



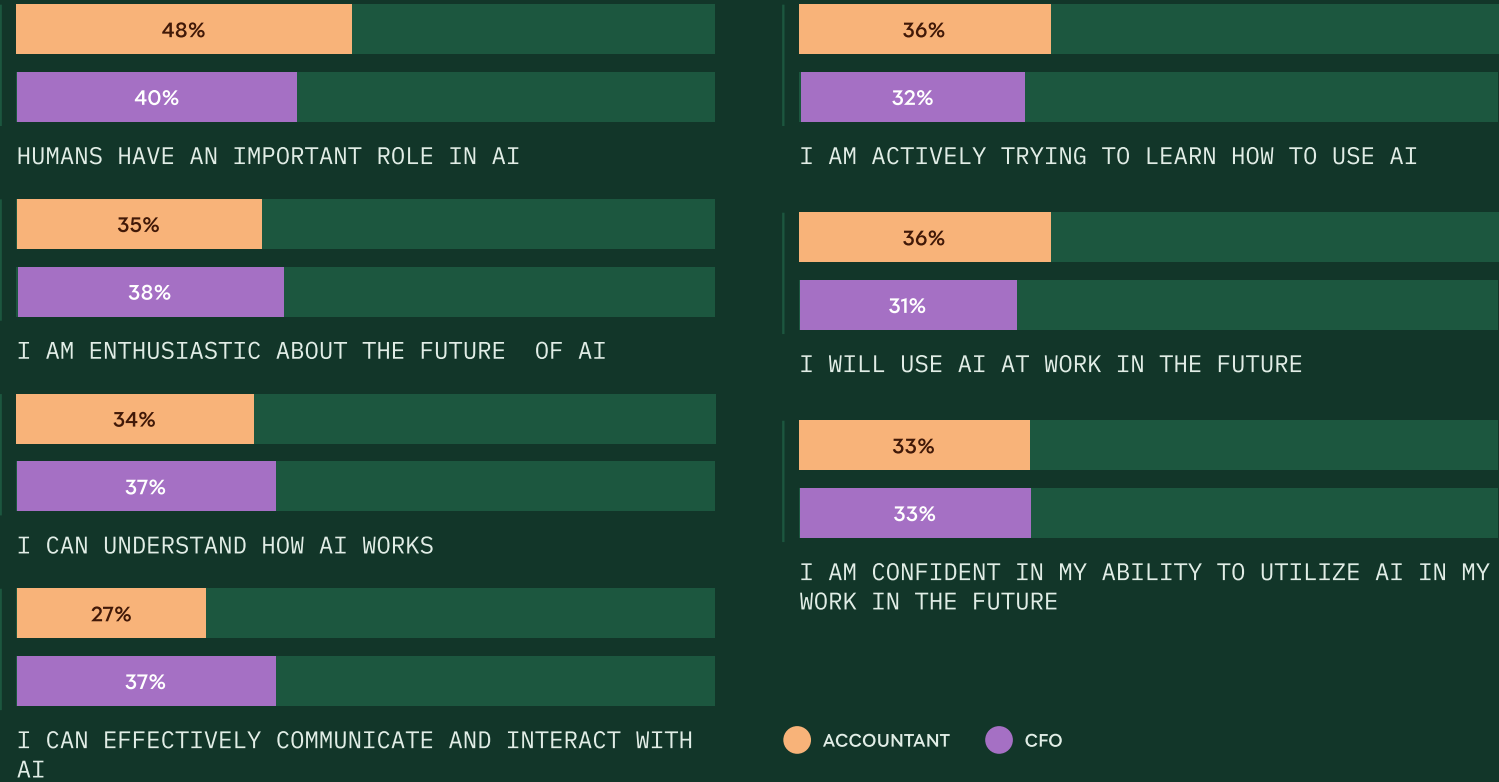
The Financial Transformation Framework

AI Readiness



→ CFOs and other accounting professionals are confident in their ability to work with AI and are actively trying to build their skills in this area.

CFO and Accountant Perceptions of and Actions Related to A



05.

Taking Action:
What Motivates the Pursuit of
Financial Transformation

Taking Action:

What Motivates the Pursuit of Financial Transformation

Financial transformation starts when a CFO becomes concerned about sticking with the status quo.

Several internal and external pressures make financial transformation urgent for accounting and finance.

→ Marketplaces and industries are getting more complex, and there's less room for error. Organizations must be more intentional in their decisions and investments.

→ Many basic accounting functions are rule-based, making them easy to execute with a strong AI solution. This allows accountants to focus more on higher-order tasks that provide strategic advantages for their organization.

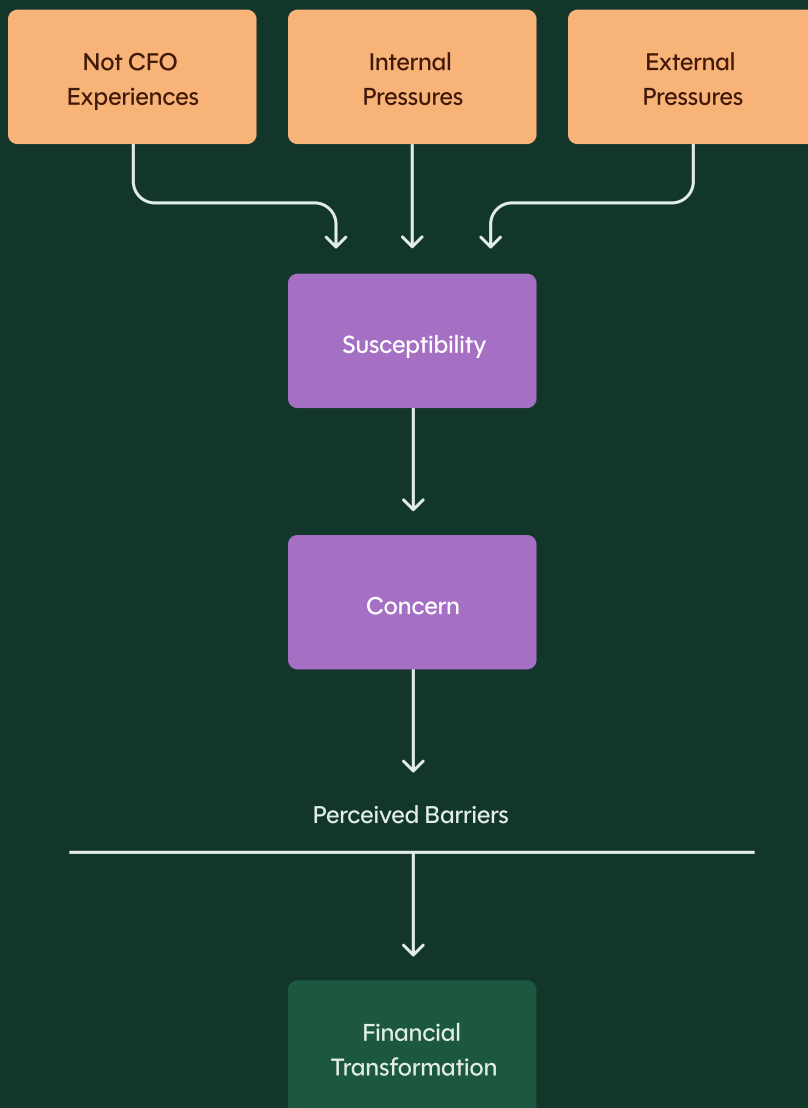
Yet, recognition of this financial transformation imperative is weak, and initiatives are somewhat tactical and siloed rather than guided by a holistic vision for the future.

The Health Belief Model, used successfully for more than 70 years to guide messages that motivate behavioral responses to public health threats, has never been applied to accounting and finance— until now. We applied this longstanding model to support proactive transformation in accounting and finance (see next page).



What Motivates the Pursuit of Financial Transformation

The Financial Transformation Belief Model



STEP 01

Susceptibility

The Financial Transformation Belief Model starts with recognizing the organization's vulnerability to harm from inaction. While accountants play an important role, CFOs need to understand and empathize with the team's experiences and recognize this susceptibility.

STEP 02

Concern

The next step occurs when the CFO considers the implications of susceptibility, leading to a rising level of concern regarding the potential consequences of inaction.

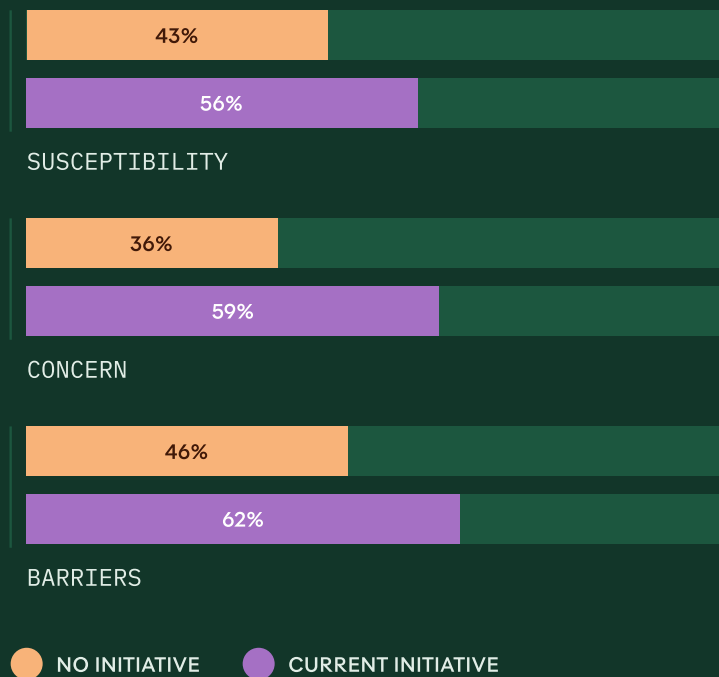
STEP 03

Barriers

Translating concern into action happens when the CFO recognizes barriers to action and barriers to transformation. Transformation costs money, takes time, and might involve mistakes. One or more of these conditions are inevitable. Facing these barriers head on is the difference between talking about transformation and actually transforming the accounting and finance function to meaningfully impact the organization. CFOs who recognize and articulate barriers are the most prepared for financial transformation.

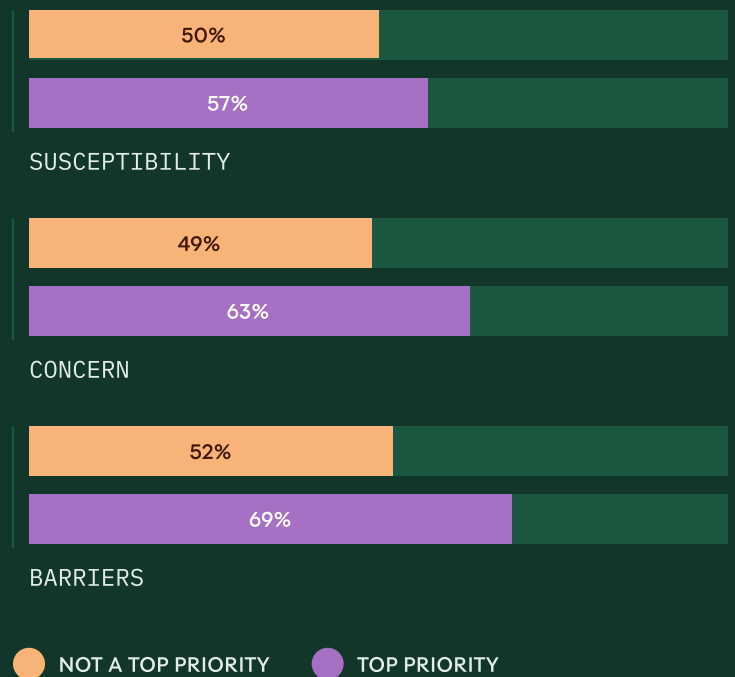
What Motivates the Pursuit of Financial Transformation

CFO Financial Transformation Beliefs (with and without an initiative in place)



CFOs who have a financial transformation initiative in place have a significantly higher sense of susceptibility and concern as well as greater awareness of the barriers to transformation.

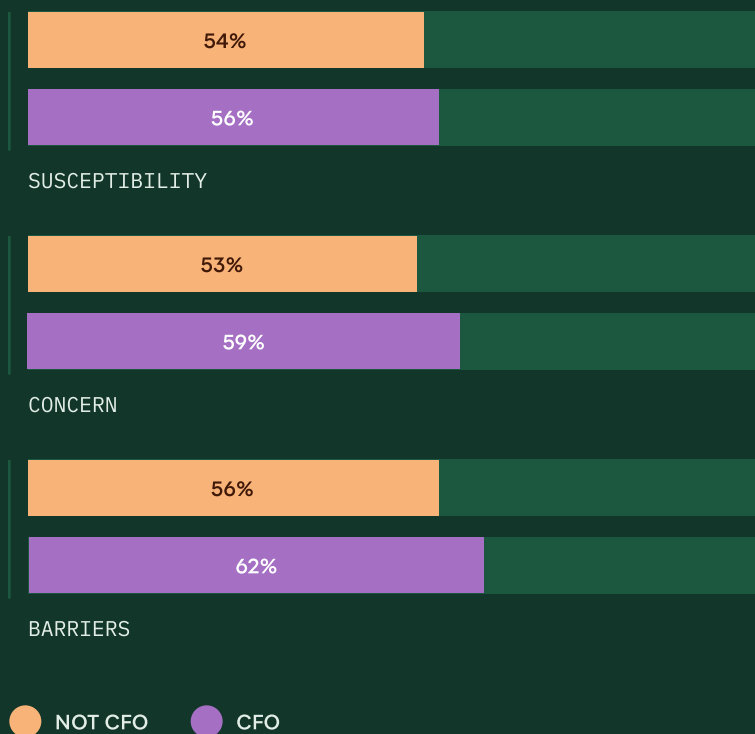
CFO Financial Transformation Beliefs (with and without transformation as a top priority)



CFOs who believe financial transformation is a top priority for their organization have a higher sense of susceptibility and concern as well as greater awareness of the barriers to transformation.

What Motivates the Pursuit of Financial Transformation

Financial Transformation Beliefs for CFOs and Accountants with a Current Transformation Initiative



In short, susceptibility, concern, and recognizing barriers among accountants aren't enough to make financial transformation a top priority for the organization or produce a financial transformation initiative.

While the experience of each team member is important, it's ultimately the CFO who needs to add these experiences together to develop an awareness of the ways in which the organization is susceptible, the extent to which they should be concerned, and what barriers they are likely to face.

The accountant's role in financial transformation is to help the CFO gain an accurate understanding of how the shortcomings of current solutions might make the organization susceptible. This sense of susceptibility helps the CFO develop the appropriate level of concern to support the organization's financial transformation.

06.

Conclusion

Conclusion:

Embracing Financial Transformation to Support and Empower Accountants

Accountants play an essential role in motivating, determining, and implementing new solutions that modernize their work and ensure their organizations are competitive and compliant in a complex and dynamic environment. With an intimate understanding of the record-to-report landscape, they know better than anyone in their organization what transformation solutions are required to reallocate their time and attention from a heavy emphasis on day-to-day processes to a focus that incorporates all four components of the financial transformation framework.

They understand how the right solution can:



Automate processes



Produce centralized data that is easier to access and use



Help translate data into intelligent information that can be applied to business decisions

Accountants play an essential role in motivating, determining, and implementing new solutions that modernize their work and ensure their organizations are competitive and compliant in a complex and dynamic environment. With an intimate understanding

Accountants also have a role in establishing a vision for how their accounting and finance function will operate post-transformation as they're the ones who can help the CFO and others understand the transformation imperative.

The financial transformation belief model can help the accountant establish this shared vision that magnifies their potential impact post-transformation.

FloQast understands these processes. We've thrown the proverbial spaghetti on the wall repeatedly. We recognize what it takes for an organization to pursue financial transformation and have solutions that support a better way. We envision a future for accounting that simplifies and automates repetitive tasks, allowing accountants to devote time and attention to more strategic activities that add value to their organization. We help our clients develop a modern vision for how they should work and provide them with the tools to make that vision a reality.

FloQast remains dedicated to decoding the DNA of accounting through ongoing research and exploring the critical issues impacting professionals while working to develop best practices and powerful solutions for the areas where current systems fall short.

To learn more and explore additional resources for managing burnout amongst accountants, visit [FloQast.com](https://floqast.com).

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