Breaking the Silos Between Fianance and Sales

Chief Financial Officers and Chief Revenue Officers are both driven by the same corporate objective: growth. But the ways in which they each look at growth are different, as are their strategies for meeting growth objectives. In many companies, even the tools they use to track and measure growth varies. Because their points of view and responsibilities are different, CFOs and CROs and their people sometimes feel—and act—like they operate in two different worlds, when in reality they are all headed to the same destination.

In the following Q&A, Raj Suchak, managing director, and Sarah Katz, senior director at Huron Consulting Group, provide their expert insights as to what a CFO and CRO consider when defining and measuring growth.

Q: How do you define growth?

A: Chief Financial Officer: From my perspective, growth is not just about our revenue growth but it is also how we are performing on market share. Are we taking market share from our competitors? Why or why not? Those are the key metrics that I want to look at in our integrated financials. I also define growth as what we are doing to generate EPS growth and create value for our investors.

Chief Revenue Officer: Obviously, revenue growth is my primary motivation and metric. How we are doing that is key. Are we effectively developing and introducing new products? Are we generating core growth and hitting our target verticals? But most importantly, how are we scaling? How are we doing at providing the kind of service that an organization is known for and is the organization's key differentiator? Not dropping the ball is critical. But in order to sustain your growth, we have to be able to measure the growth, have it data-driven, and listen to your customers.

Q: How do you grow your business?

A: Chief Financial Officer: From finance's perspective, there are really two ways to look at it: organic growth or inorganic growth. We look at it from the standpoint of cash flow, capital and the cost of capital, the ability to spend or borrow, and then we can make a cogent decision on whether to build or buy.

If you look at real estate or hospitality, there is the decision to develop a property, remodel it, or acquire other properties. That's all a matter of understanding the market, the risk, and the many the factors that you have to consider. It's a matter of weighing the internal investment versus the external acquisition. Ultimately, it's a matter of how the capital and competitive markets will react to your decision, too.

Chief Revenue Officer: If you look at some of the fastest growing companies there are two or three things that come to the forefront:

1. **It is about the long term.** It is about investing in the right growth strategy from the very beginning and focusing on the the long term.
2. The second thing is that **you have to fail fast.** You have to try and fail fast and learn from those decisions.
3. The third thing is that you have to **listen to what your customers are saying**, how do you take the feedback that your customers are giving you as part of the sales cycle or post-sales service and figure out how you channel that to the whole organization?

Q: When do you assess growth?

A: Chief Financial Officer: From the finance standpoint, we look at it on a monthly basis. We do deeper dives quarterly and semiannually, depending on which constituency we are reporting to: the executive team, the Board, our shareholders and lenders, etc..

Chief Revenue Officer: From my standpoint it is critical that we assess it every day. It is absolutely critical that we track our growth in a consistent way across sales and operations so that we can measure where we are versus\ where we need to be and look at what and where the trends are. It's not just about measuring growth on a regular basis; it's also about measuring our growth on the attributes that really matter. So, for example, it's about being able to look at the full array of products, but also looking at it by region, by person, by sales executive. And also, it is really critical that if your trend lines start to go down, that you be able to know this as soon as possible to take corrective action. So it is important that you be able to assess this daily, or at the most weekly, to be able to determine the trends and the growth.

Q: What are the cost of growth?

A: Chief Financial Officer: We look at it not so much as costs as investments in growth. From the CFO perspective, the biggest investments relate to inorganic growth. Expanding global, into a new produce, a new market…those all require capital investment. The other investment is in people. Not only in developing and educating the people, but also in hiring the right people. If you are going to be growing into new areas, acquiring the skill set through new people may be essential. The other piece of it is investing in R&D. Are you able to leverage your existing competencies by investing in R&D to shift to a new solution?

Chief Revenue Officer: We also look at it as the investments required for growth, and they broadly fall into three main buckets:

1. The **investments in people** that you need to make so that you have the right people.
2. The **investments in the core market** differentiators that you establish leveraging technology. How are you able to build or use technology to give you the information that you need to empower your customers? To really drive disruption, how will we invest to leverage technology to make fundamental decisions about our business and recalibrate as needed to really grow and stay on track?
3. **Investments in customers**. Many times, as we look to explore new markets, we also have to invest in our customers. How will we solicit the feedback that's needed? How are we going to create the trust in the brand? How are we going to message the value add and the true difference that we are making, especially compared to the competition in the market? In many ways, investing in customers is more of a marketing/branding function than anything else, but it can also be the one that makes or breaks your growth strategy.

As these two perspectives show, CFOs and CROs have different points of view on how to define and pursue growth. The tools and technologies they use to support their efforts can be materially different, too, reinforcing some of the silos that can already exist among the various functions in companies. Part two of this series will examine how these barriers and silos can be removed though newer tools and applications, and touch on how Huron has accomplished this for clients.

If you have any questions or would like to learn more about how Huron can help bridge the gap between your sales and finance teams, you can reach out directly to:

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