Why Manual Reporting Is Crushing the CFO

(And What To Do About It)

If you're a CFO, chances are you're working too much.

How much is too much? According to Deloitte's CFO Signal Survey, **CFOs are regularly working 12 to 15 hour days**.[1] Shocking? Perhaps it shouldn't be. A recent article in the Harvard Business Review suggests, "Many companies extol the value of work-life balance, but the reality for senior executives? There is none."[2]

So what's responsible for the excessive burden? While there are many factors, one contributor is as harmful as it is pervasive: **the laborious task of manual reporting.**

Let's review it by the numbers. CFOs report that any time a data point changes,

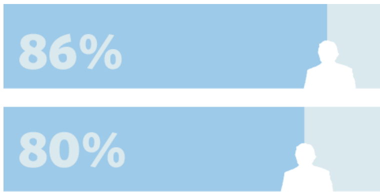
- 63% must manually update all reports;
- 26% must manually update some, but not all reports; and
- Only 8% don't have to manually update any reports.[3]

Here are **three reasons manual reporting is crushing CFOs**, and how top performers are easing the burden:

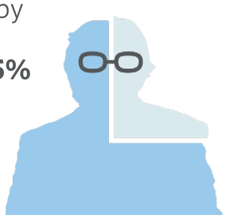
Reason 1 It's a Massive Time Suck

Before you can make sense of all your data, you first have to compile it.

Simply put, manual reporting requires a major commitment of resources—especially time. Nearly all CFOs (**86%**) reported in a CFO.com and IBM Business Analytics survey that it **takes them several days** or more to collect and consolidate the data needed to answer meaningful business questions. But it doesn't stop there—**80%** also reported that once the data is collected, **several more days are required** to perform a full an alysis.[3] During that time, productivity goes down and opportunities that depend on that data are either delayed or missed entirely.



This problem is further compounded by the fact that, according to Deloitte, **75% of CFOs feel that their staffs aren't analytical enough**[1]—leaving the CFO



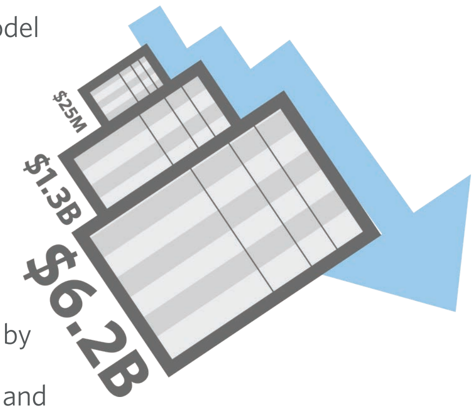
to shoulder more of the analysis burden, or spend a significant time checking and rechecking the analysis results. Either scenario is a surefire recipe for longer office hours.

Perhaps David Owens, the director of research at CFO Research, said it best: "Less time in preparation equals more value for the company."[3] CFOs and other finance executives simply cannot afford the expenditure of time that comes with manual reporting.

Reason 2 It's Prone to Costly Errors

Reducing manual reporting can save more than just time; it can save financial headaches as well. The Wall Street Journal recently reported on the findings of an enlightening study wherein it was discovered that **88% of spreadsheets contain mistakes**.[4] Given the staggering amount of financial reporting that's conducted with spreadsheets, CFOs and their teams need to run a tight ship.

But even for the most buttoned-up teams, there's always risk. CNN reported on some of the most debilitating **spreadsheet errors**, including the JPMorgan Chase trading debacle that **resulted in a $6.2 billion loss**. According to an internal report, the loss occurred after several traders began relying on a risk-analysis model that was "operated through a series of Excel spreadsheets, that had to be completed manually by a process of copying and pasting data from one spreadsheet to another."



And that's not the only big-ticket spreadsheet error organizations have faced: A Fannie Mae **mistake misreported its earnings to investors by over $1.3 billion**, while an error by Utah's Office of Education led to a **$25 million budget shortfall**.[5]

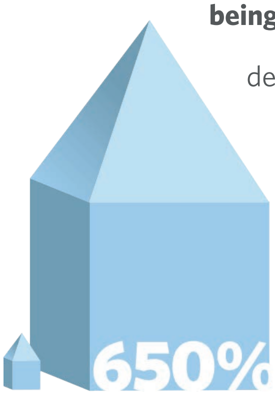
So here's the bad news: spreadsheet errors are tough to find. According to research presented at the European Spreadsheet Risks Interest Group (EuSpRIG) conference, a **person checking for errors in a cell is only 50% to 80% successful** in finding them.[6]

As financial data continues to multiply across systems, spreadsheets and applications, the costly side effects of manual reporting grow exponentially as well.

Reason 3 It Can't Scale With Big Data

Yes, "big data" is a buzzword these days. But it's becoming ubiquitous for a reason.

Gartner predicted that between 2009 and 2014, the entity we've all come to know as **"big data" would increase by 650%, with 80% of that data being unstructured**.[7] As financial departments have more data stacking up in spreadsheets, systems and databases, CFOs are realizing that their manual reports simply cannot handle the volume of data flowing through their departments.



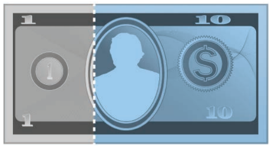
Make no mistake: the CFO stands to gain pertinent information from big data. Oracle reports in MarketWatch, "Even in the office of the CFO there are signs that big data could turn into big insights. For example, the combination of unstructured social analytics and financial forecasting could lead to a new generation of forecasting techniques in which forecasts are informed by customer sentiment about products, customers and campaigns."[8]

Standing between CFOs and these valuable insights are the limitations of manual reporting. Using spreadsheets to make sense of millions of rows of data just isn't realistic. And that has many CFOs falling behind the curve.

How to Alleviate the Crushing Burden

In recent years, CFOs are increasingly turning to business intelligence as a means to automate much of the manual reporting that's taxing their teams. In fact, Gartner reports that business intelligence/analytics is the top area for CFO technology investment in 2013 and 2014.[9]

Business intelligence speeds up the reporting process by pulling accurate data straight from the source and automatically updating key performance indicators. Finance teams with the right BI solution can save time, avoid costly spreadsheet mistakes and make big dollars from big data. It's not surprising, then, that Nucleus Research



estimates the **return on BI investment to be $10.66 for every dollar** spent.[10]

Feeling the CFO squeeze? Consider your work/life balance, your reporting processes and then decide. If manual reporting is causing undue pressure for you and your finance department, it may be time to consider a business intelligence solution.

About Domo

Domo is an executive management platform that helps finance executives centralize all of their data—accounting, sales, marketing, operations, HR, and more—in one dashboard-like view. Domo's customizable key performance indicators (KPIs) help CFOs keep track of the metrics most important to them, so they can spend less time collecting data, and more time using it to make sound financial decisions.

To learn more you can request a demo online at www.Domo.com or simply call us at 800-899-1000.

1 - Deloitte, http://deloitte.wsj.com/cfo/2012/06/07/top-10-concerns-keeping-cfos-up-at-night/

2 - Harvard Business Review, http://blogs.hbr.org/cs/2011/12/the_myth_of_work-life_balance.html

3 - CFO.com and IBM Business Analyst, http://public.dhe.ibm.com/common/ssi/ecm/en/ytl03106usen/YTL03106USEN.PDF

4 - Wall Street Journal, http://www.marketwatch.com/story/88-of-spreadsheets-have-errors-2013-04-17

5 - CNN, http://finance.fortune.cnn.com/2013/04/17/rogoff-reinhart-excel-errors/

6 - University of Hawaii, http://arxiv.org/pdf/1009.2785.pdf

7 - Gartner, as reported on CFO.com, http://www3.cfo.com/article/2011/8/analytics_that-new-big-data-magic?currpage=2

8 - Oracle's CFO Market Watch, http://www.oracle.com/us/c-central/cfo-solutions/market-watch/does-big-data-affect-the-cfo/index.html

9 - Gartner, http://www.gartner.com/newsroom/id/2488616

10 - CFO.com, http://www3.cfo.com/article/2012/2/analytics_big-data-business-intelligence