

The background of the entire page is a photograph of two men in business attire. The man on the left, with a beard and wearing a dark blue suit jacket over a white shirt, is holding a white tablet and looking down at it with a slight smile. The man on the right, wearing a light blue shirt, is leaning in and looking at the tablet. They are sitting at a desk with some papers and a pair of glasses. The lighting is soft and professional.

The CFO's Guide

to **Growing Profitability**

Discover the growth potential of your business

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The Role of the CFO

A Foreword from Tim Brown

The Chief Financial Officer is a position that holds significant authority in a business – it's been this way since the role was introduced decades ago and not much has changed in that regard. Since the role emerged, it's continued to be a pivotal component of a company's growth and success. In this guide, we'll discuss how the CFO role has changed and developed into what it is today — the responsibilities, challenges, and contributions of the current finance leader.

The Traditional “Number Cruncher”

People less familiar with business operations tend to think of the CFO as the person who handles the money, crunches the numbers, and keeps tabs on what's being spent. In the traditional view of the role, the CFO owns financial reporting and managing the capital. Generally, people observed the CFO as the highest-ranking person in the Finance department — an expert in accounting and finance — but not necessarily as a key advisor to the CEO or critical leader for the business.

In the traditional role, the CFO was required to exemplify fundamental skills in Finance. They themselves considered the CFO role to be the pinnacle in their career. Executing traditional accounting and finance tasks in their day-to-day, the CFO was more siloed to the Finance department in the past.

The Strategic Leader

The role of the Chief Financial Officer has shifted away from the traditional finance leader to a strategic operator and leader within the business. Research from Ernst & Young finds that CFOs are increasingly contributing to the organizational strategy because of their unique perspective. The CFO not only needs to possess essential finance and accounting skills, but they also need to have strong communication skills. CFOs are no longer spending their days in a closed office working through the budget in Excel spreadsheets. The CFO is being asked to lead the company to success – through partnerships, mergers and acquisitions, and strategic initiatives.

The Trusted Advisor

The CFO is tasked with the most critical responsibilities in the organization. While the CFO has always played a role in the important aspects of the business like financial reporting and allocation, they have much greater responsibility today. They're managing the budget, mitigating risk, maintaining compliance, driving cost reduction, overseeing investor relations, defining the corporate strategy, all the while continuing to control financial reporting and analysis. Today's CFO is busy managing these responsibilities which requires them to be efficient with how they spend their time.

In addition to executing on these day-to-day responsibilities, the CFO is now more often acting as the advisor to the CEO and informing critical business decisions across every department. The business is reliant on the CFO to steer the company in the right direction, and often the CEO is looking directly to the CFO to provide these types of critical insights. This presents a key challenge for today's CFO where they now have much greater involvement in running the business – sometimes even more so than the Chief Executive Officer.

The Long-Term Planner

In recent years, trends in the market are also influencing the role of the Chief Financial Officer. There's a continuing trend where businesses are focused on managing unit economics, customer acquisition costs and customer lifetime value to maximize returns. It's not a new concept for the finance leader, but it's important for businesses who are looking to be profitable and grow in the coming year. Whether a business is looking to maximize profits or accelerate growth, it's up to the CFO to develop a strategy for how the company can save on the bottom line.

There are standard areas of the business where finance leaders cut costs, typically starting in operations and administration. While cutting costs in these departments might result in immediate savings, it's not always sustainable. To more accurately forecast revenue, profit, and the long-term corporate strategy, CFOs must find new ways of cutting costs and sources of growth.

No matter the industry, there's a pressure on today's CFO to find ways of cutting costs to grow the business. In this guide, we'll walk through ways to strategically cut costs and how doing so will allow CFOs to take their business to the next level.



Tim Brown
Chief Financial Officer, Motus

Section II

How to Cut Costs Effectively

Now more than ever it's critical for the CFO to figure out how the business can increase the bottom line. Ensuring the business is growing profitably is dependent upon aligning the operating and capital expenditures against the growth profile of the business. CFOs need to introduce sustainable, innovative, and logical ways of managing costs across the organization to maximize growth and profitability.



In this section, we'll discuss how the modern CFO can overcome the challenge of sustainable cost cutting with a straightforward three-step process.

The challenge for the CFO: Sustainable cost reductions

To take their business to the next stage of growth it's imperative that CFOs understand which expenditures are linked to growth and profitability. When reviewing the budget for areas to cut costs, finance leaders often look first to make cuts in the operational and administrative overhead costs by applying top-down, across the board reductions. This includes line items like T&E expenses across the organization, eliminating things like expensive client dinners and retreats. Another way CFOs cut back in these areas is by limiting travel across all departments.

In the end, these strategies won't pay off with increased profitability. They will only free up a limited amount of budget. Cutting costs in administration and operations will not pay off in the long-run, and CFOs who take this approach will find themselves in a similar predicament in the next quarter.

Step I: Think strategically

This presents a challenge for today's CFO – find new ways of cutting costs beyond the traditional methods. To discover innovative ways of reducing expenses, CFOs should review the budget by taking a bottoms-up, zero-based budgeting approach. This forces the discipline by managers to justify expenditures across every department. When reviewing the numbers, they should keep an eye out for new opportunities to save beyond the typical areas where they would cut costs.

CFOs can then approach the largest expenses in each area of the business and ask questions to find out whether these services are truly necessary. If they are, they should consider another way of solving for that need. Perhaps the project or service being provided is outdated or could

be improved. Maybe it's manually-intensive or the ROI does not pay off in contributions toward business objectives. In these cases, CFOs should research to understand how other companies are solving for those needs. There's likely a better way of satisfying the need that may be less expensive and more efficient. And there's no reason to be allocating budget to processes that could easily be streamlined. To automate many of those processes, there's innovative technology available in the market. If CFOs haven't already, they need to leverage these technologies to simplify and uncover cost savings.

Step 2: Uncover hidden costs

A few areas that could be costing more than a CFO might realize include tax-waste, large capital expenses, noncompliance, employee fraud, and vehicle programs. This is particularly important for businesses with mobile employees, which is becoming more typical as the U.S. workforce becomes increasingly mobile. In fact, research firm IDC predicts that the U.S. Mobile worker population will surpass 105 million by 2020.

CFOs should find out how much is currently being spent in total support of their mobile employees. This includes everything from the vehicles themselves, to what employees are being reimbursed for their business mileage, to the cost of having someone administer and manage the program. For these businesses, it's likely that they're spending more than they should be to support their mobile workforce.

Consider an example: If a business has a fleet vehicle program with company-provided vehicles, this will expose a large capital expense.

There are now vehicle program options available where businesses can liquidate company-owned vehicles and save on their bottom line, all the while giving mobile employees the freedom to drive their own vehicles for work. Perhaps the business is offering a monthly flat allowance to employees who drive for work. As the CFO, do you know how much that allowance is in relation to how much those mobile employees actually drive? Without even realizing it, these employees could be taking home increased or inflated compensation.

CFOs might also have disregarded things like employee fraud and tax-waste. As a CFO, it's important to consider questions that uncover hidden expenses. For example, are employees falsifying their business mileage? If so, how much is this fraud costing each year? Another question to think about; is there a procedure in place to ensure these employees are in accordance with the corporate policies and the IRS laws? Are these reimbursements being taxed? How much is that costing the business every year? Being able to verify that a reimbursement program is compliant and accurate will uncover significant cost savings.

Step 3: Leverage technology

Technology offers an efficient way of cutting costs across an organization. When I first began my career in finance, the accounting systems we used required heavy IT support, making it much more difficult to access the data needed to report on business performance. Since those days, innovation in areas like cloud and mobile technologies have significantly improved how I'm able to do my job. Leveraging technology, I can review and calculate the KPIs of the business each day and therefore adjust how I manage the business.

CFOs should take advantage of the advances in technology to eliminate large administrative costs. For example, with an automated vehicle program, the payroll specialist can focus on payroll rather than mileage reimbursement. A technology platform can calculate exactly how much each employee deserves and reimburse them at the individual level. According to a survey from Chrome River, 35% of those that commit expense fraud do so by misreporting their business mileage. Leveraging a technology approach is the only way to reimburse accurately, and separate reimbursement from compensation to avoid mileage fraud. With a technology approach, employees will also be more productive, visiting more clients and making more stops in their day to ultimately generate more revenue for the business.

CFOs can cut costs in new ways this year by eliminating tax-waste, mitigating the risk of noncompliance and a class-action lawsuit, removing employee fraud, and automating mileage reimbursement programs. Cutting out these large capital expenses will free up significant budget to dedicate toward more important parts of the business.



A technology platform can **calculate exactly how much each employee deserves** and reimburse them at the individual level.

[Discover Cost Savings](#)

Section III

Taking Your Business to the Next Level

After discovering hidden costs and eliminating the largest expenses, CFOs need to think about how to invest these cost savings strategically. When CFOs reinvest these savings back into the business appropriately, they can maximize profitability, find new sources of growth, and improve efficiency. It's not a revolutionary idea in finance but it still rings true in this year — these investments are what is going to take a business to the next level of growth and expansion.



In this section, we'll discuss how the CFO can effectively reinvest cost savings to grow their business and impress their CEO and Board of Directors.

Maximize profitability

As a way of reinvesting these cost savings, CFOs can increase the budget of their sales operations and hire more field reps. In this case, the CFO is dedicating more headcount toward generating revenue. This is a smart decision as it aligns with a key objective for most businesses — increasing revenue. The challenge for CFOs is to think beyond this initial decision and consider taking it a step farther. What if all their sales reps could work more efficiently so they have more time to dedicate toward revenue-generating activities?

Leveraging technology, these employees will work more efficiently and CFOs will discover further cost savings for the business. With technology, mobile employees will more accurately log and review their mileage. They'll be able to seamlessly track their meeting notes in their Customer Relationship Management (CRM) tool through a technology integration. In addition, they will have access to data in the technology platform to inform where they spend their time and activity. With a mobile application, this information is available right at their fingertips and GPS-enabled technology will confirm their exact mileage. Employees will be more productive in the field, and reduce their time spent on administrative tasks such as mileage tracking. This time savings will be allocated to more revenue-generating activities, and in turn, result in greater profit for the business.

Another way to strategically invest these savings is in protecting the business from a legal perspective. As part of their responsibilities, CFOs need to think about how they're protecting the business in the long-run. Perhaps it's hiring legal counsel, or implementing a reimbursement program that's compliant, or ensuring the business is operating in accordance with labor laws. These are all areas where CFOs can invest today to prepare the business as it grows and

scales. Investing in these areas will protect the business in the event of an audit, avoid any potential class-action lawsuit, and ensure the business is always in accordance with the latest laws and regulations.

Achieve growth potential

Looking beyond how the business is currently operating will also be critical to the success of the business in coming years. CFOs should consider new initiatives to implement to compete in the market and to position the business as an industry leader. Technology will be key to these new sources of growth because it's the fastest path to Return on Investment (ROI). It's scalable in the long-term – as the business grows, so does the technology. It's a sound investment for CFOs to reinvest cost savings.

Improve efficiency

Finding new sources of growth requires looking at how the business is currently operating and thinking of more efficient ways of to do things. This includes allocating budget to the right areas and streamlining wherever possible. It requires CFOs to simplify processes in every department and from the highest levels.

For example, as outlined previously, CFOs can eliminate the cost of a labor-intensive vehicle program and simplify it through technology. Leveraging a technology solution will save time and money for the business – eliminating capital expenses and more accurately reimbursing your employees exactly what they deserve. Efficiency is key to growing a business and building scalable systems and processes that will unlock the growth potential of the business.



91%

of surveyed

Motus customers

realized a **return in their investment**

in the Motus program in **6-12 months or less.**

Source: TechValidate

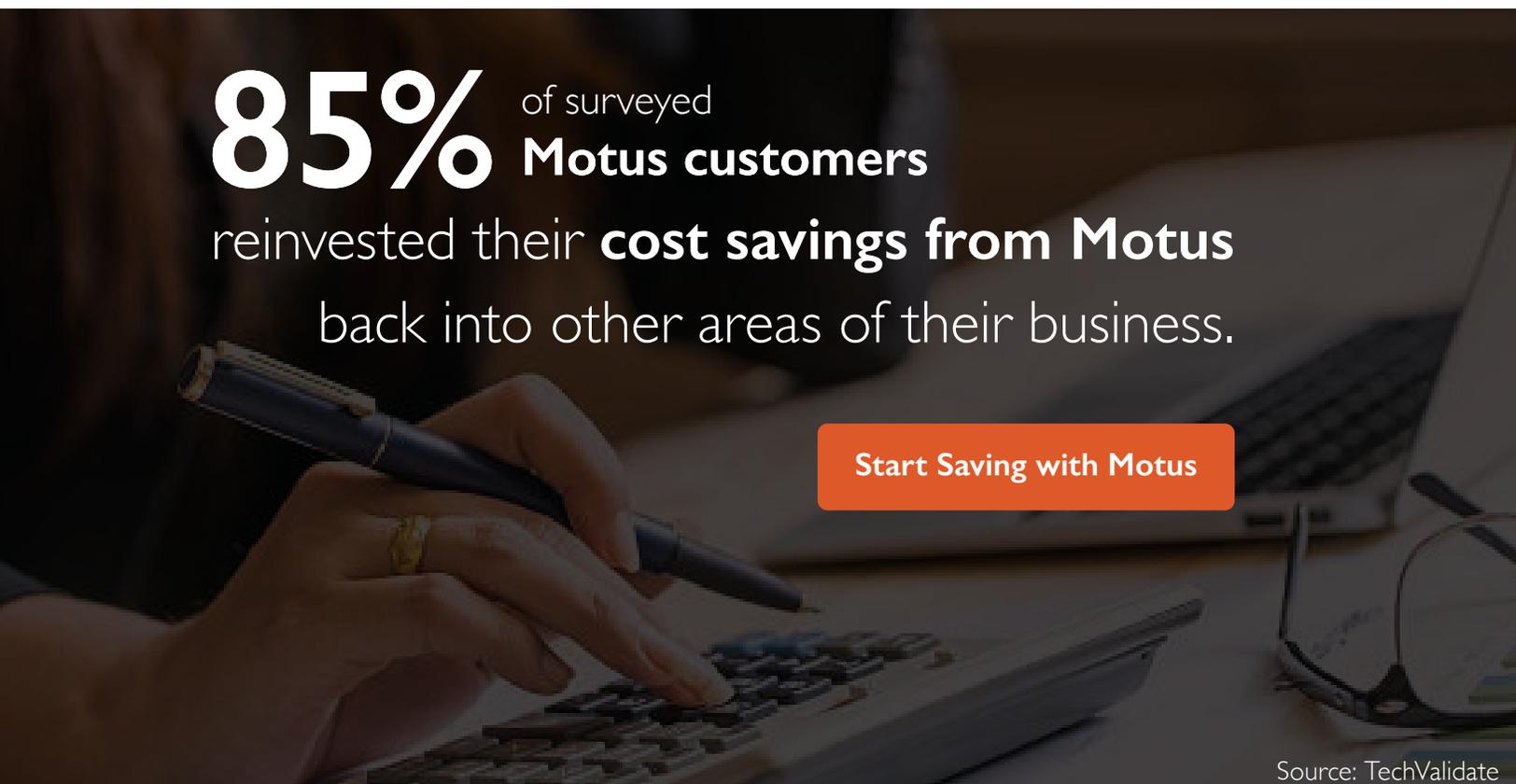
Section IV

Applying These Strategies

We've discovered how the modern CFO can reduce costs across their organization. Now it's time to apply this knowledge to your business. Start by reviewing the budget and spend with this new perspective – looking for places to streamline across areas you might not have initially considered. Then, prioritize your growth-related investments and think about how you can eliminate or streamline your processes with technology to increase productivity.

After you've reviewed from a high-level, discuss with the leader of each business unit to understand the processes that cost their employees the most time and the business the most capital. You'll find new ways to create efficiencies and save on the bottom line. From there, remove the unnecessary costs and introduce technology solutions to save time and money.

The result? A more efficient business and increased profit to take the business into the next stage of growth and valuation.



85% of surveyed
Motus customers
reinvested their **cost savings from Motus**
back into other areas of their business.

Start Saving with Motus

Source: TechValidate