



*cutting through complexity*

# **CFO Africa Survey**

## **Africa vs Global**



# Introduction



## Background

Subsequent to the release of the KPMG Global CFO survey, KPMG released the Africa CFO survey, a first for the continent.

- a) The Africa survey results reflect responses from 264 CFO's\Finance executives of medium-to-large companies (25% with revenue \$1B or more).
- b) 52% of these companies reflected a revenue growth of >10% (classified as high performers for this survey)
- c) 42% of these companies reflected an EBITDA growth of >10%. (classified as high performers for this survey))
- d) The companies covered all major industries including:
  - Manufacturing,
  - Financial Services,
  - Chemicals, Consumer Goods,
  - Utilities and Energy
- e) The companies surveyed included companies from the following countries:
  - Algeria
  - Democratic Republic of Congo
  - Ghana
  - Kenya
  - Lesotho

- Namibia
- Kenya
- Lesotho
- Namibia
- Nigeria
- Republic of Tanzania
- Rwanda
- South Africa
- Swaziland
- Tanzania
- Uganda
- Zambia

## High performers:

- Generally view their finance process as stronger;
- Are more skilled at talent management and
- Place a slight more importance on lean finance

Insights from Global  
CFO survey (2013)



Insights from Africa  
CFO Survey (2014)



# Key insights from Africa CFO Survey 2014

(based on all 264 respondents)



## Attributes

**Strength:** 51% of the respondents are generally satisfied with the performance of their finance function. On average only 10% of respondents rated any finance process as a weakness. Processes for general accounting, statutory reporting, month-end/year-end closing is generally seen as its biggest strength

**Focus shift:** Senior finance executives want to increase the efforts on “Decision Support” and reduce the efforts on “Transaction Processing” in the next two years from current levels.

**Lean Finance:** 75% of survey respondents recognize the importance of lean finance, and identified Finance staff talent, skills and expertise, Underlying finance IT systems applications and Highly optimized finance business processes as the most important enablers of the lean finance function

**Risk Management:** African firms do not have financial risk management policies are not fully aligned to cover market risks with only 7% respondents stating that they have “Fully Integrated policies” to cover market risks

**Talent Management:** Talent management is the most important factor to the value-adding success and competitiveness of the finance function, but also very difficult to master with just 16% percent of respondents stating their organization is “very skilled/strong” at talent management

**People agenda:** Respondents cite “Investments in talent, talent management, acquisition and retention” as the most important enabler to improve the finance function and over 63% of respondents expect to invest in the area of “Retaining staff” and “Increasing technical knowledge” within the finance function.

**Investment:** Major investments in the area of ‘People Management and Decision support’ capabilities are needed in next few years to support the transformation of Finance function

# Percentage of Activities Handled Centrally



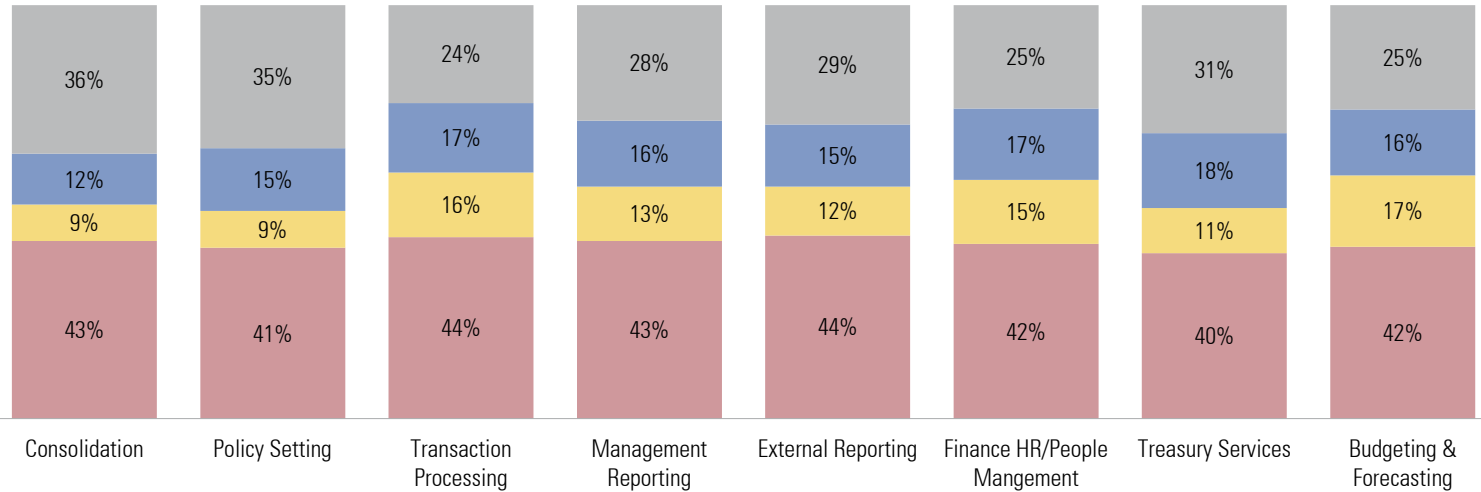
Global respondents are managing only 0-20% of activities centrally

However, Firms in Africa are managing most of (91-100%) their activities centrally.

The activity which is mostly decentralized in Africa, is transactional processing.

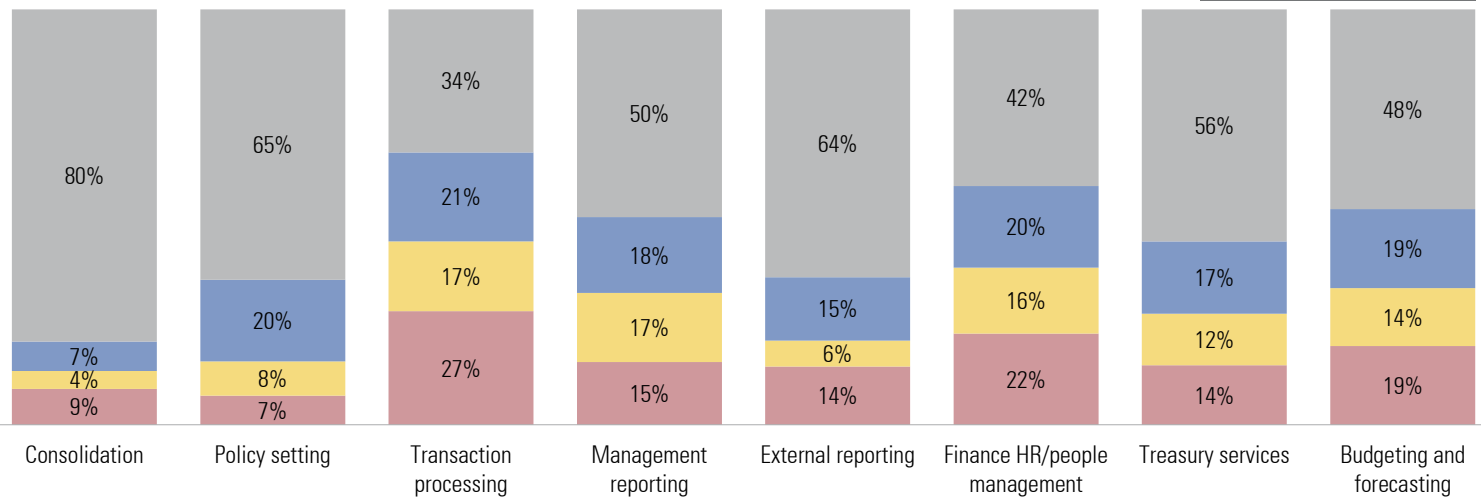
**% of Activities Handled centrally - Global**

Global respondents = 440



**% of Activities Handled centrally - Africa**

Africa respondents = 264



■ 0 to 20 %

■ 21 to 50%

■ 51 to 90%

■ 91 to 100%

# Strength & Weakness Analysis

More than 50% of Global are generally satisfied with the performance of their finance function. On average only 10% of respondents rated any finance process as a weakness.

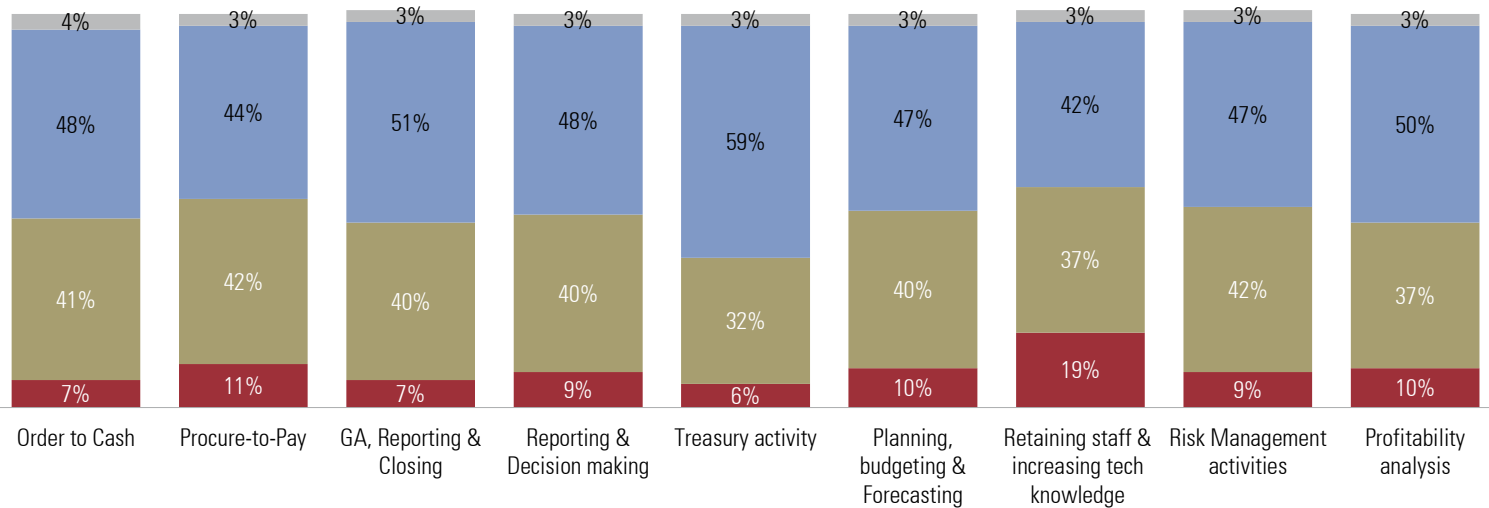
The process for attracting talent, retaining staff and maintaining technical knowledge of finance personnel is generally seen as a weakness.

African respondents are aligned with the global trend.

High performing companies generally view the finance processes as even stronger than the average.

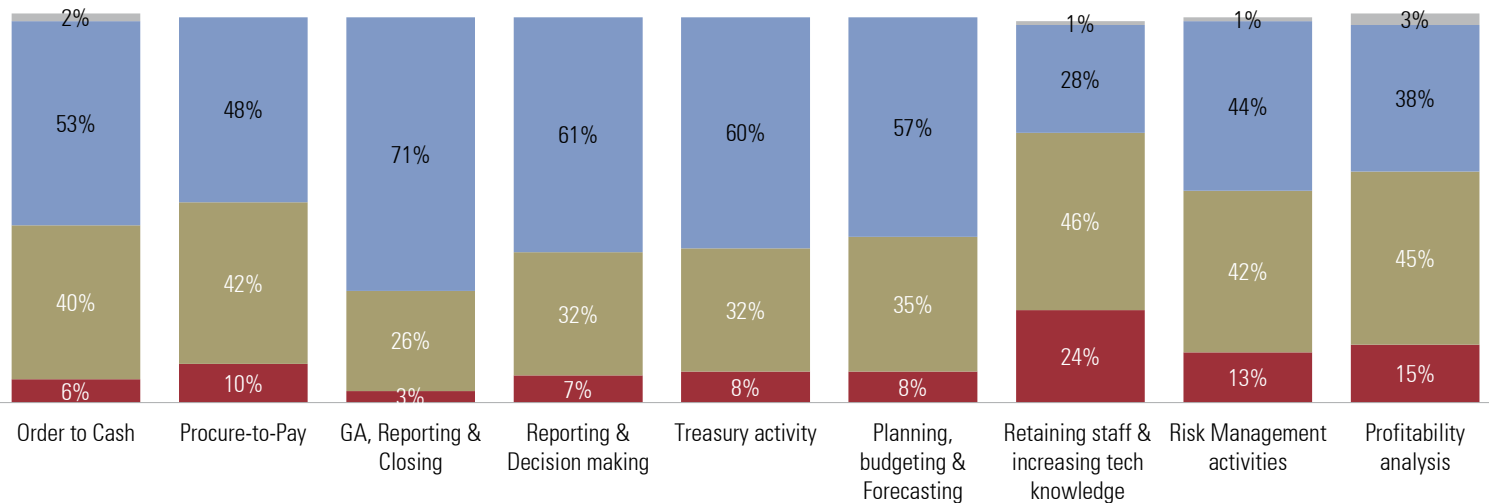
## Strength & Weakness - Global

Total No. of respondents = 440



## Strength & Weakness - Africa

Africa respondents = 264

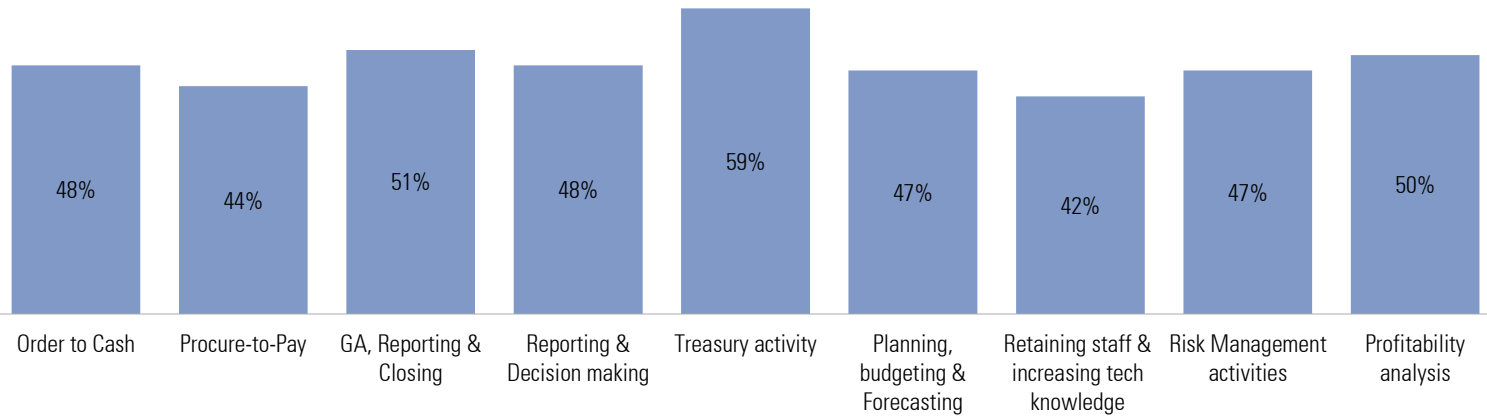


■ Weakness ■ Neutral - neither strength or weakness ■ Strength ■ Don't know

# Strength & Weakness Analysis - continued

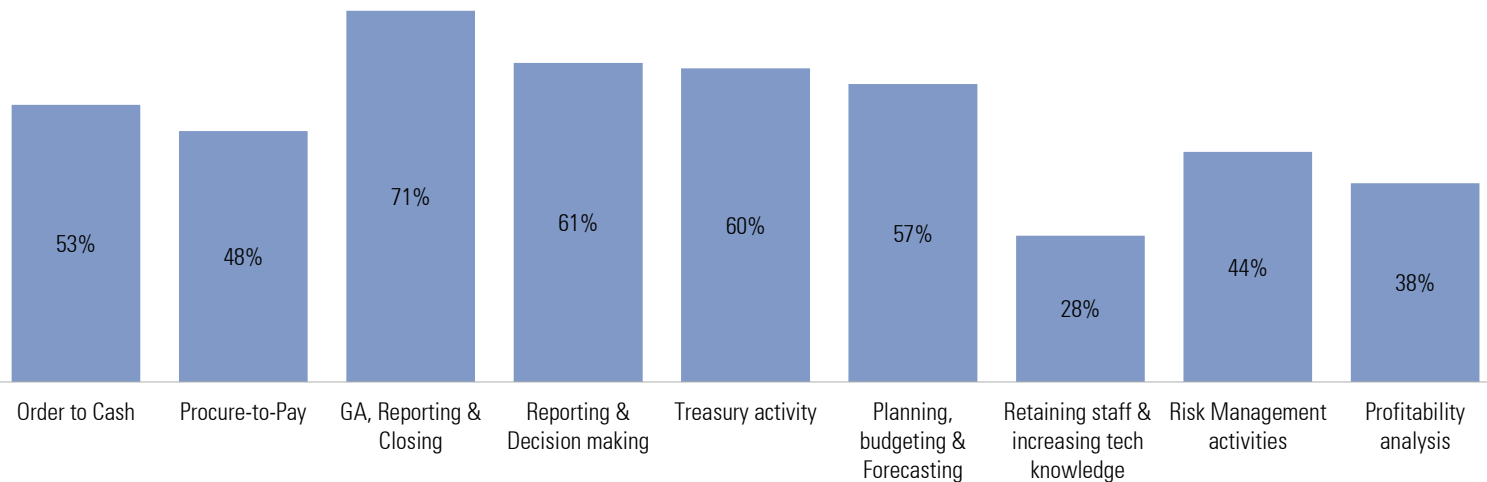
## Strength by activities - Global

Total No. of respondents = 440



## Strength by activities - Africa

Africa respondents = 264



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The process for attracting talent, retaining staff and maintaining technical knowledge of finance personnel is generally seen as a weakness.

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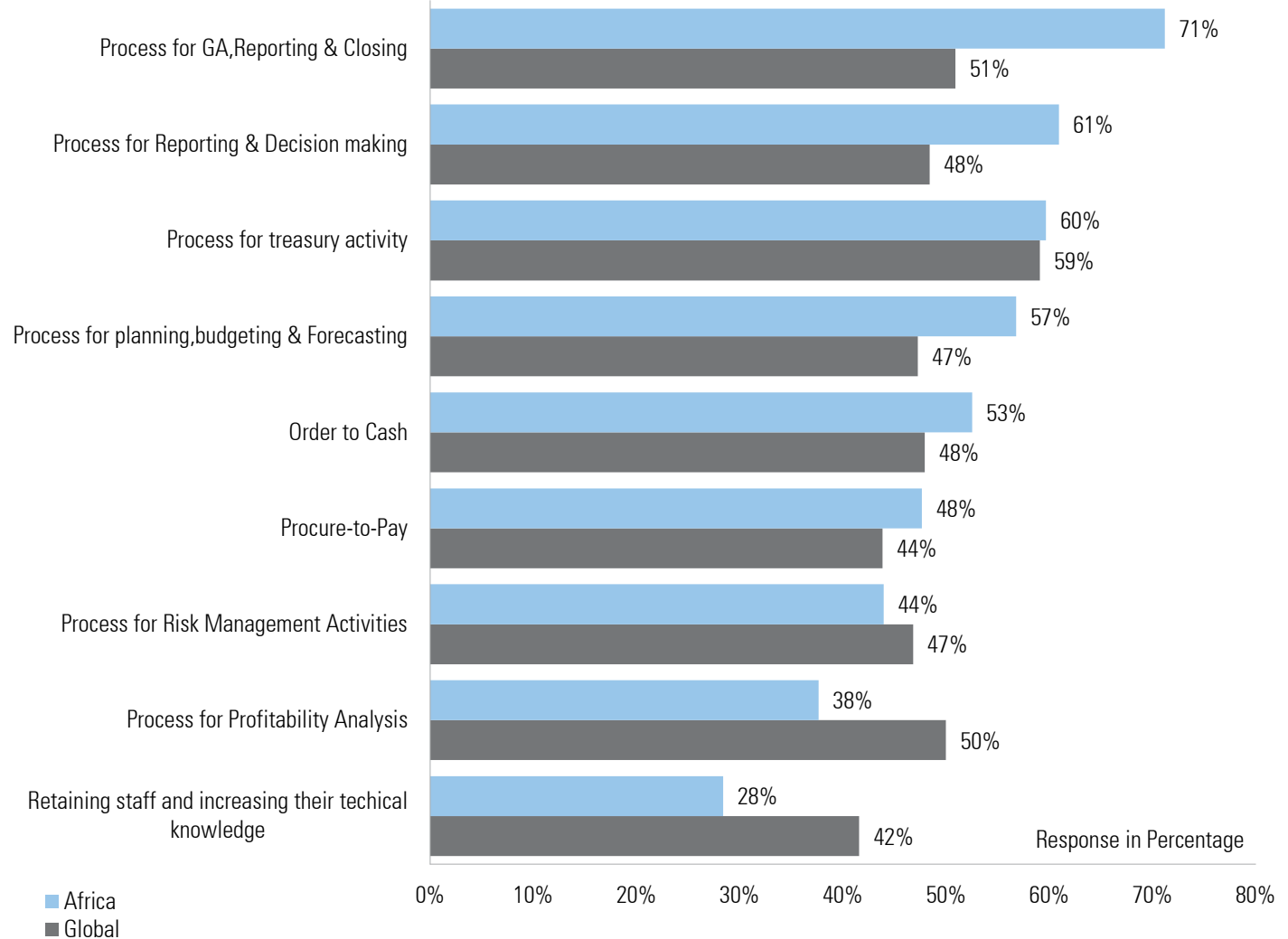
High performing companies generally view the finance processes as even stronger than the average.

# Strengths Global vs. Africa



To what degree are these finance activities strengths or weaknesses in your company?

## Strength by Processes



As is the case with their global counterparts, African respondents are less confident in the area of “Retaining Staff and increasing their technical knowledge” with only 28% respondents considering it as a strength.

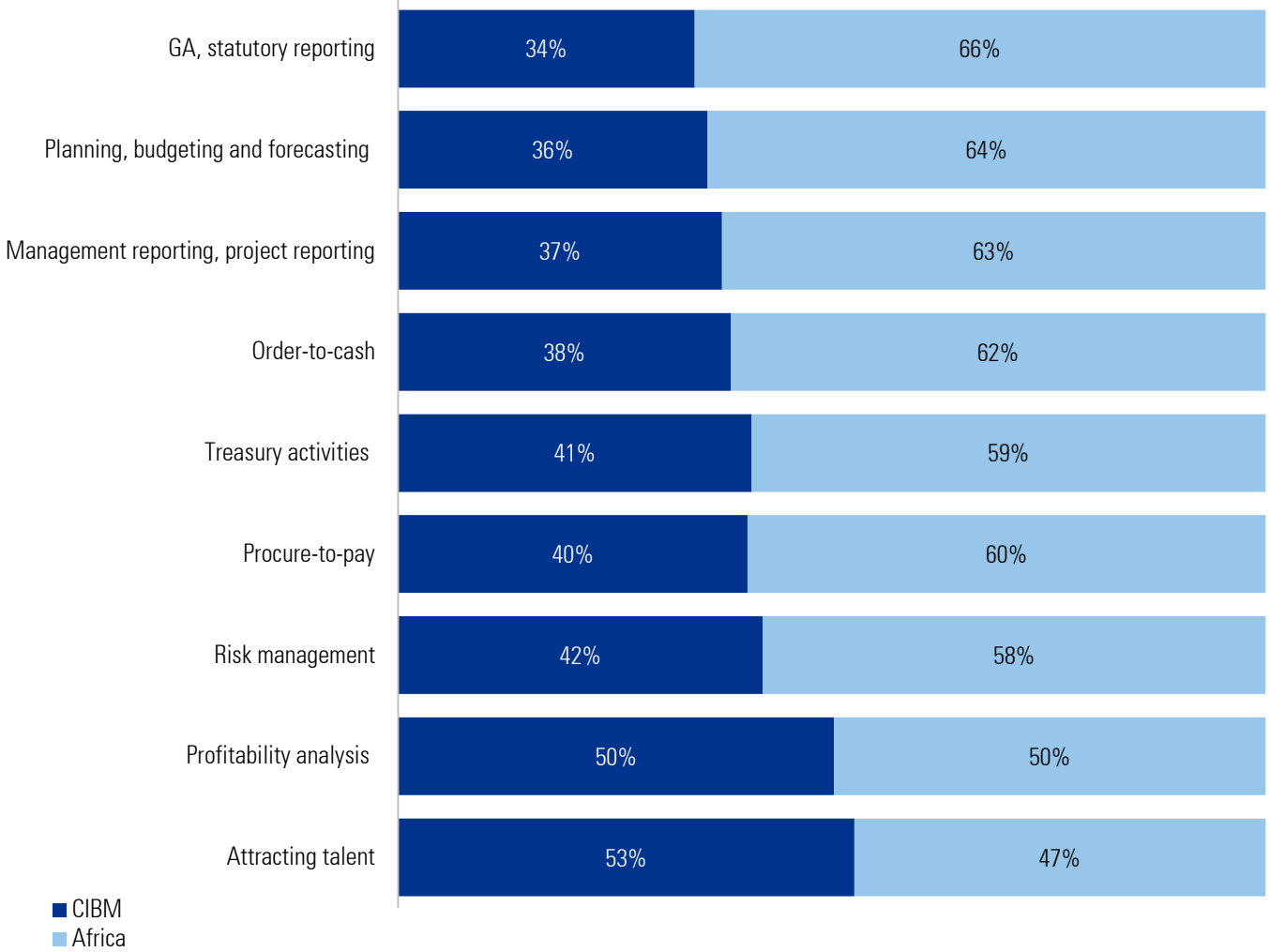
Processes for General accounting, statutory reporting, month-end/year-end closing is generally seen as the biggest strength by African respondents and Process for Treasury Activities is seen as a biggest strength by Global respondents.

Compared to CIBM and Global respondents, Africa reflects a significant variance in General Accounting, Reporting and Closing.

# Strength & Weakness Analysis - continued



## Strengths - Africa vs CIBM



# Financial risk management Policies aligned across market risks

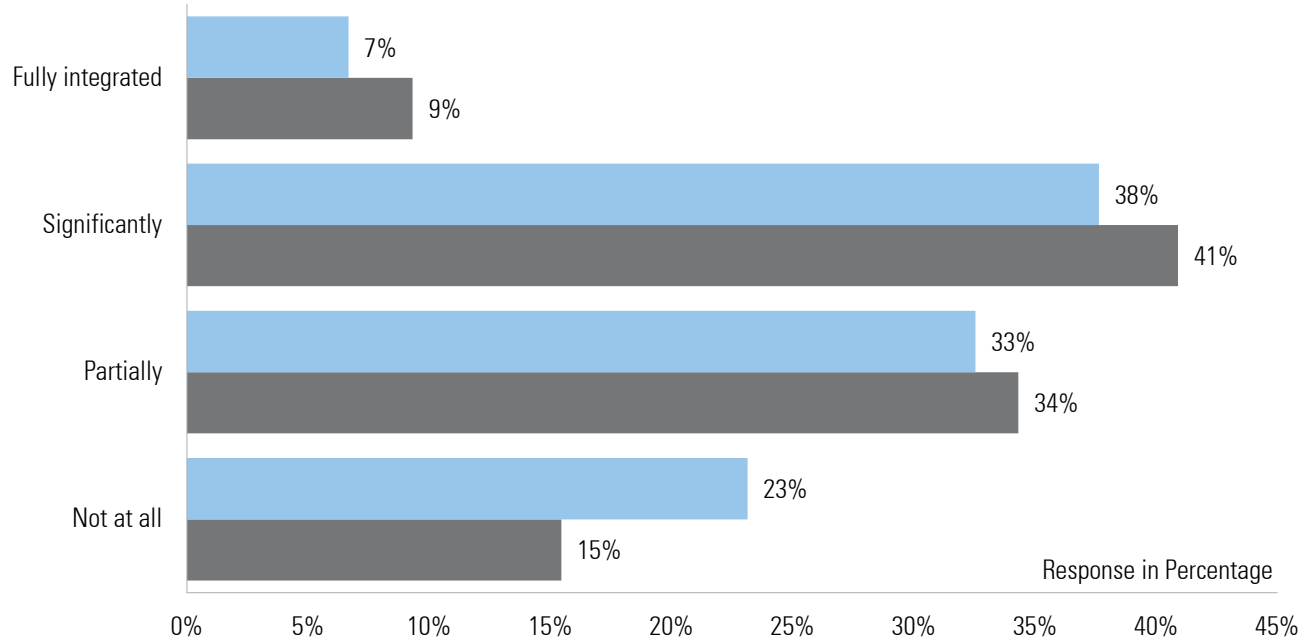


To what degree are financial risk management policies aligned across market risks such as FX rates , interest rates and commodity prices?

49 % of global respondents vs 56% of African respondents feel that financial risk management policies are not significantly aligned to cover market risks.

CIBM respondents reflected a higher focus and to a certain extent a higher maturity in risk management practices with 63% having shown significant or fully integrated risk management policies aligned across market risks. This compares to 45% for Africa with a further 23% of African respondents having not aligned to such risks at all.

**Risk Mangement Policies Aligned across market risks**



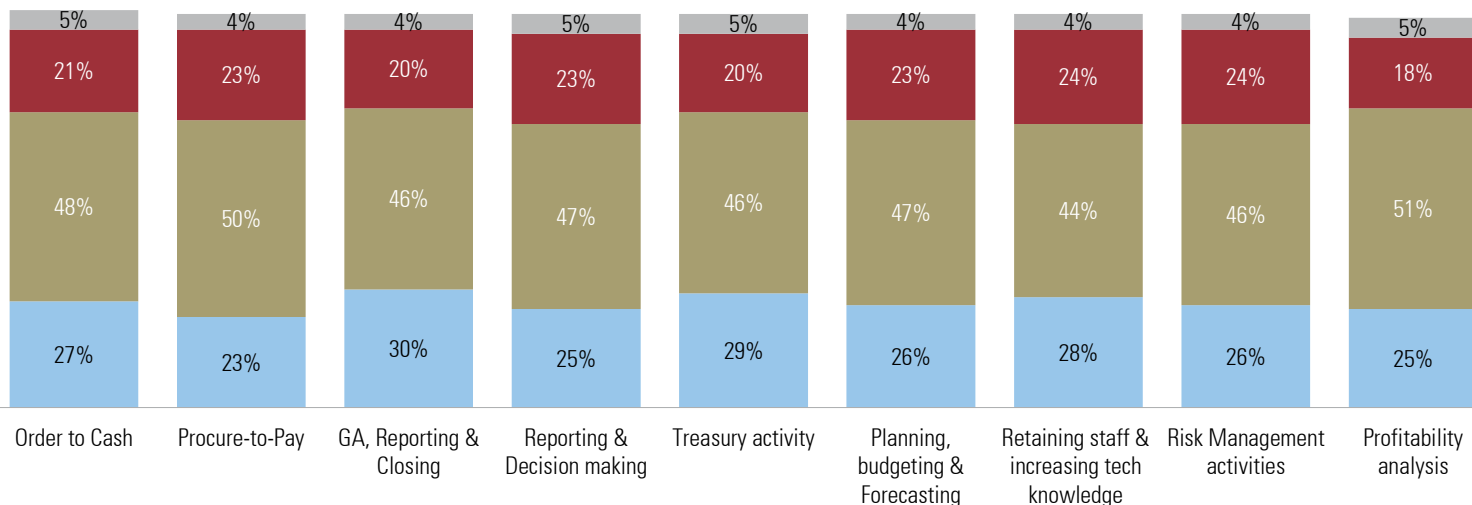
■ Africa  
■ Global

# Change in Operating Model

On average, African and Global respondents feel **less likely to see any major changes** in their operating model

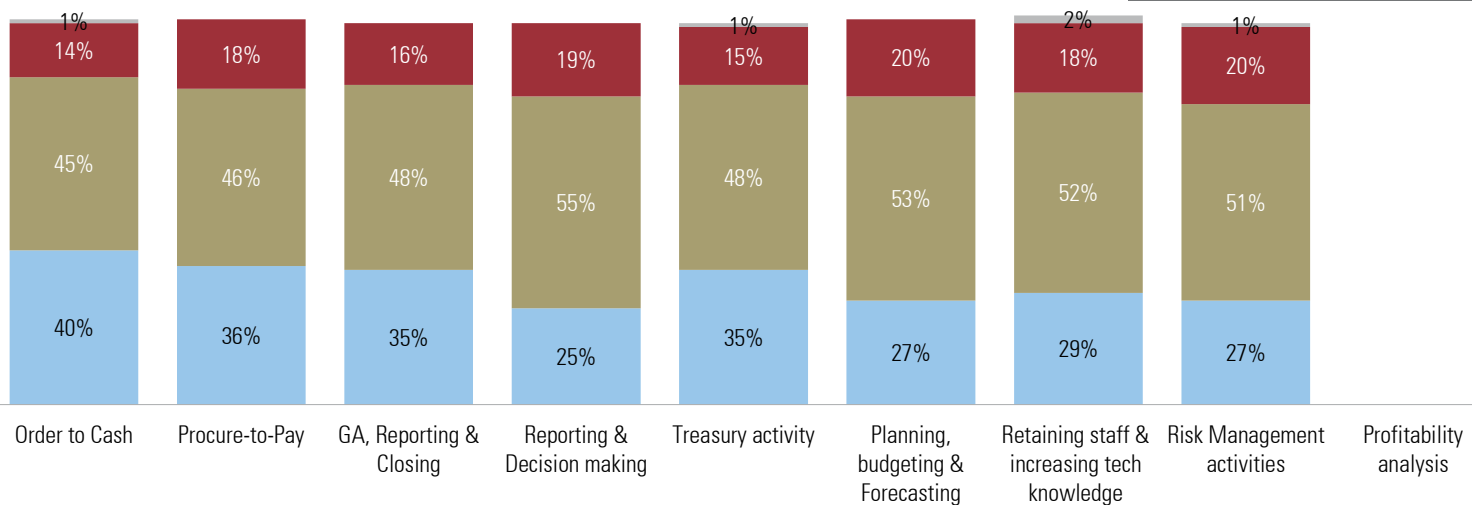
## Change in Operating Model - Global

Total No. of respondents = 440



## Change in Operating Model - Africa

Africa respondents = 264



■ Little or no change likely

■ Moderate or incremental change

■ Dramatic change

■ Don't know

# Process Most Difficult to Improve



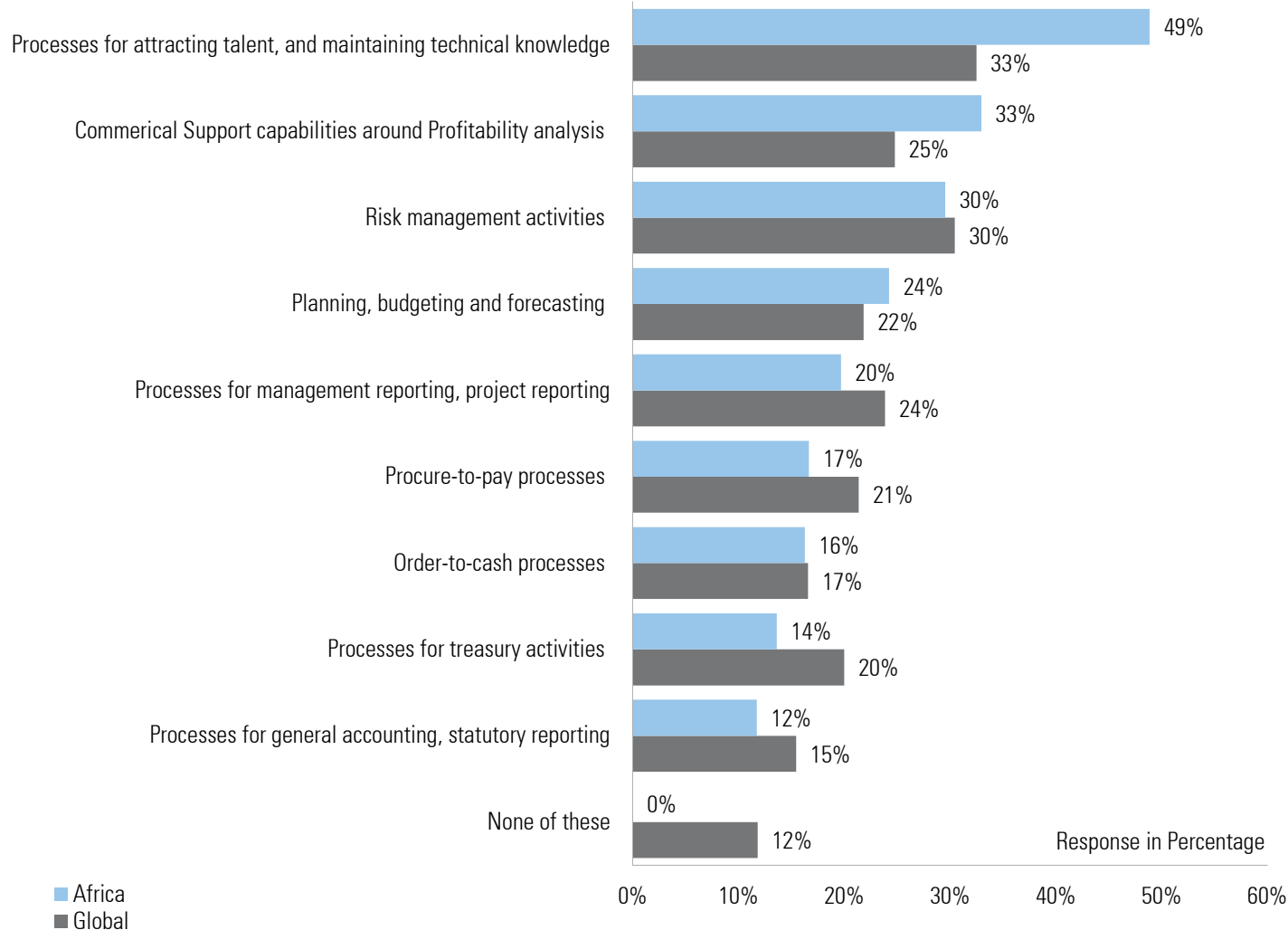
Both African and global respondents feel that attracting and retaining talent are the most difficult processes to improve.

33% respondents from Africa feel that "Process for Commercial support capabilities around Profitability analysis" is second most difficult process to improve

A further reflection of the focus of risk management practices within CIBM is that 37% of CIBM respondents still see risk management activities as a process difficult to improve. This is comparative to 30% in Africa.

In your opinion, which of the following finance processes are the most difficult to improve?

## Process most difficult to Improve

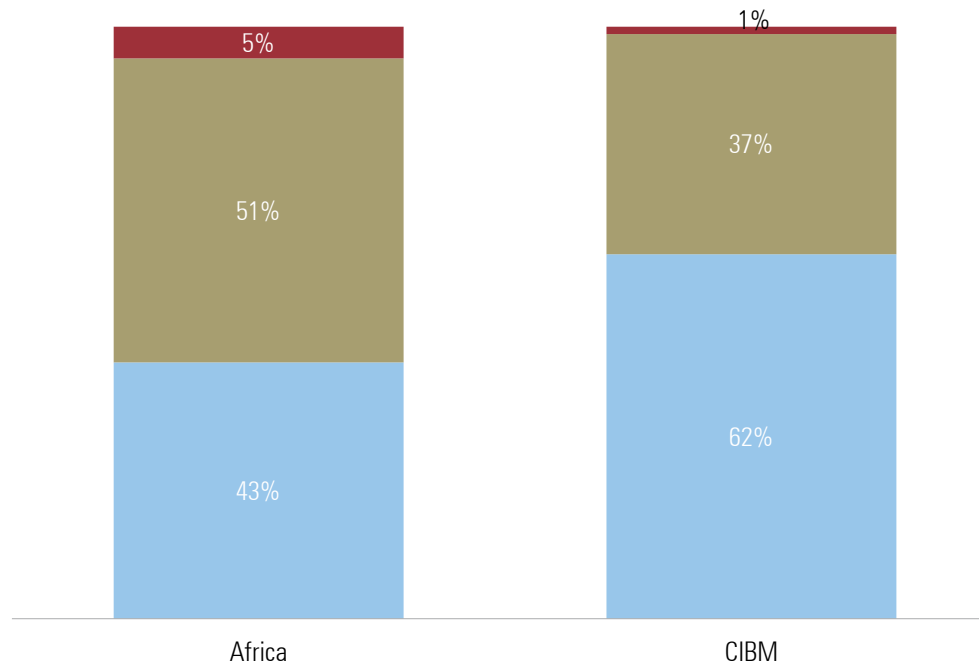


# Importance of Talent Management for Organization's Success



How important is talent management to the success/competitiveness/value-add of your organizations finance function?

## Importance of Talent Management



- Of lesser importance
- Of equal importance
- The most important factor

44% of the Global respondents and 43% African respondents feel that Talent Management is the most important factor for success of their organization's finance function

The level of importance placed on Talent Management is recognizably different within CIBM, where 62% of respondents feel that Talent Management is the most important factor for success of their organization's finance function.



# Organizations at Talent Management



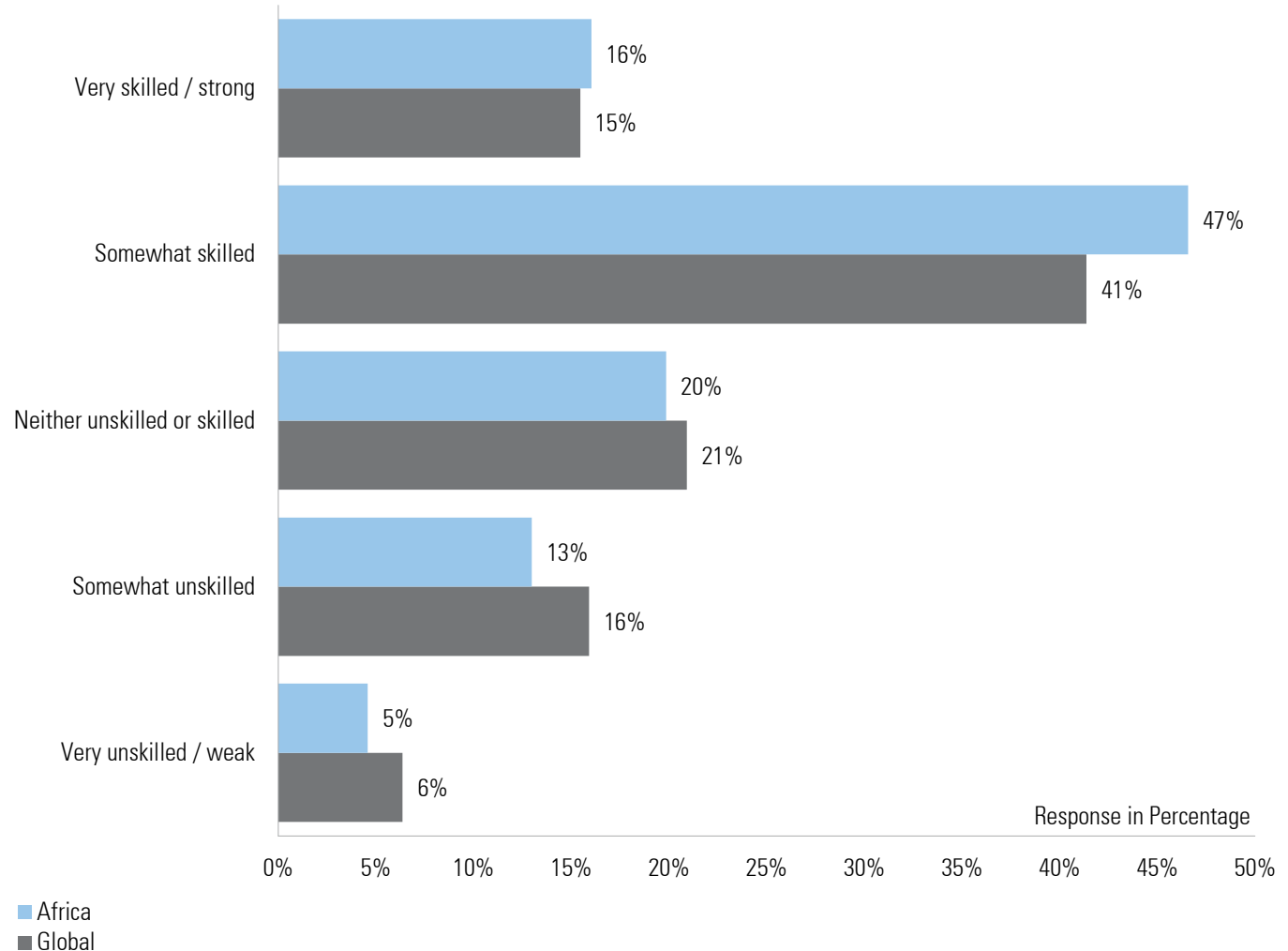
Talent management is the most important factor to the value-adding success and competitiveness of the finance function, but also very difficult to master with just 15% of Global respondents and 16% African respondents stating their organization is “very skilled/strong” at talent management.

High performing respondents believe that they are slightly more skilled (17% very skilled, 54% somewhat skilled) at talent management.

CIBM organizations are generally more skilled at talent management; 79% of respondents feel that that talent management very or somewhat skilled, compared to 63% within Africa. This difference also reflects in the difficulty that African organizations face in talent investment, talent management and intended future investment in this area

## How skilled is your finance organization at talent management?

### Organizations at Talent Management

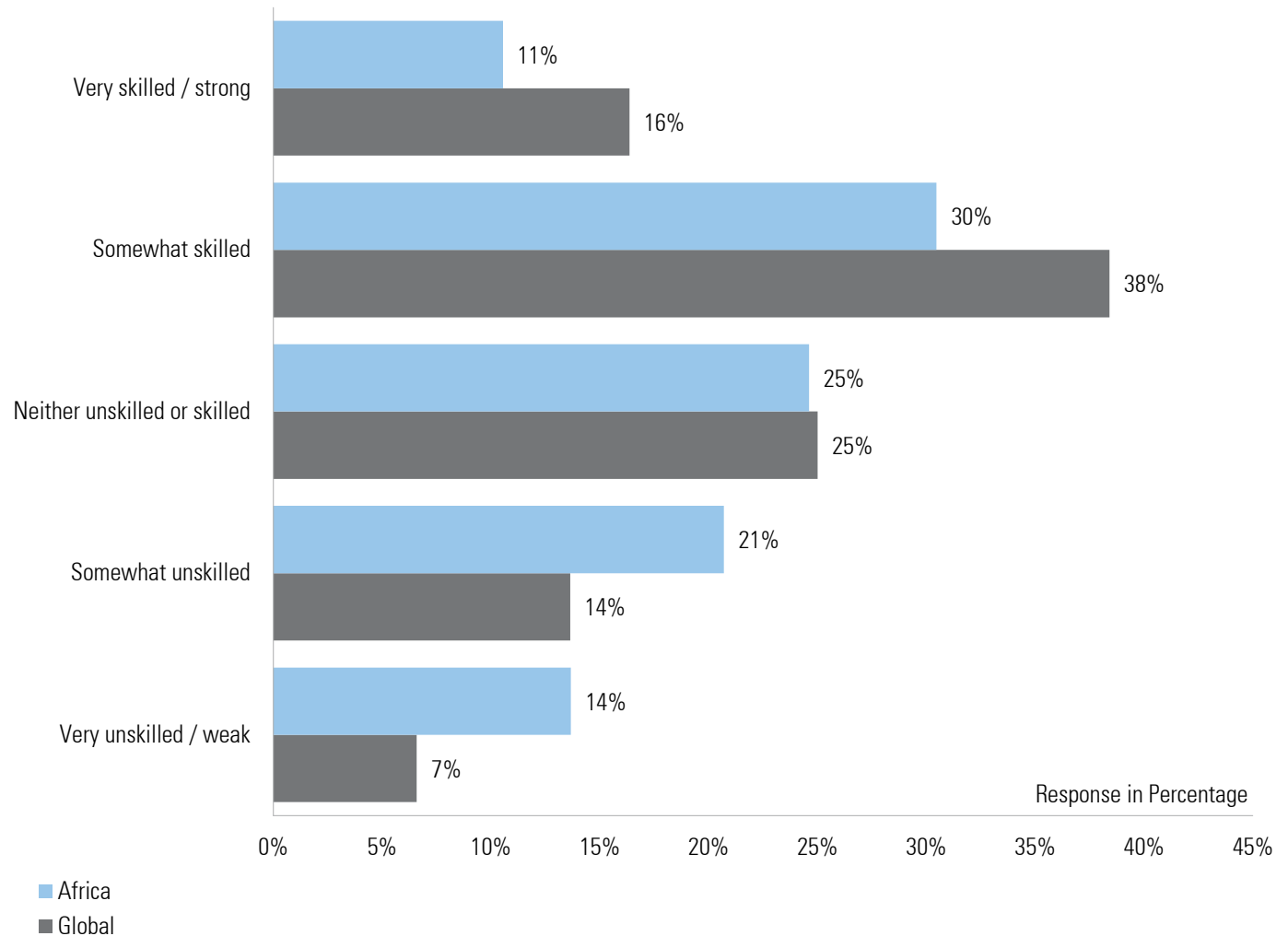


# Organization at embodying "Lean Finance"



How skilled is your organization at embodying lean finance principles and capabilities?

## Organization at embodying "Lean Finance"

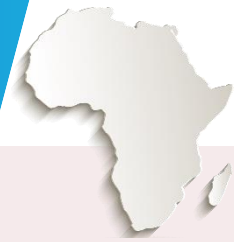


21% of Global respondents and 35% of African respondents feel that their organization is insufficiently skilled at embodying "lean finance" principles and capabilities.

CIBM respondents feel much more capable at embodying lean finance, 77% of respondents feel that their organization is somewhat skilled and very skilled. This is in contrast to Africa organizations where 60% of respondents feel that their organization is unskilled or neutral in this area.



# Importance of embracing & adopting “Lean Finance”

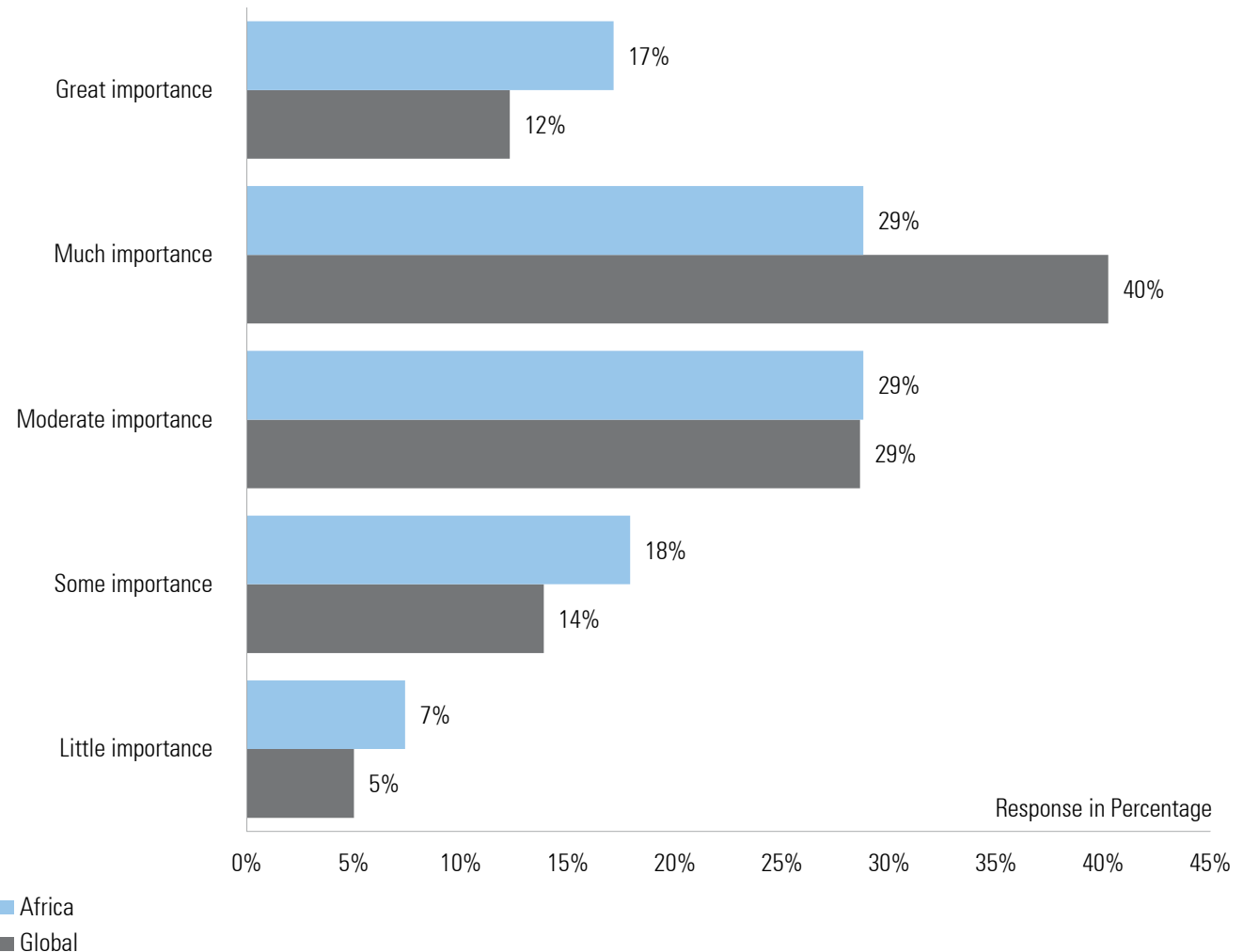


How important is embracing and adopting lean finance principles and capabilities to your organization?

52% of Global respondents feel that adopting “Lean Finance” is of significant importance for their organization compared to 46% of African respondents and 49% of high performing respondents.

74% of CIBM respondents feel much or great importance in adopting lean finance compared to 46% in Africa.

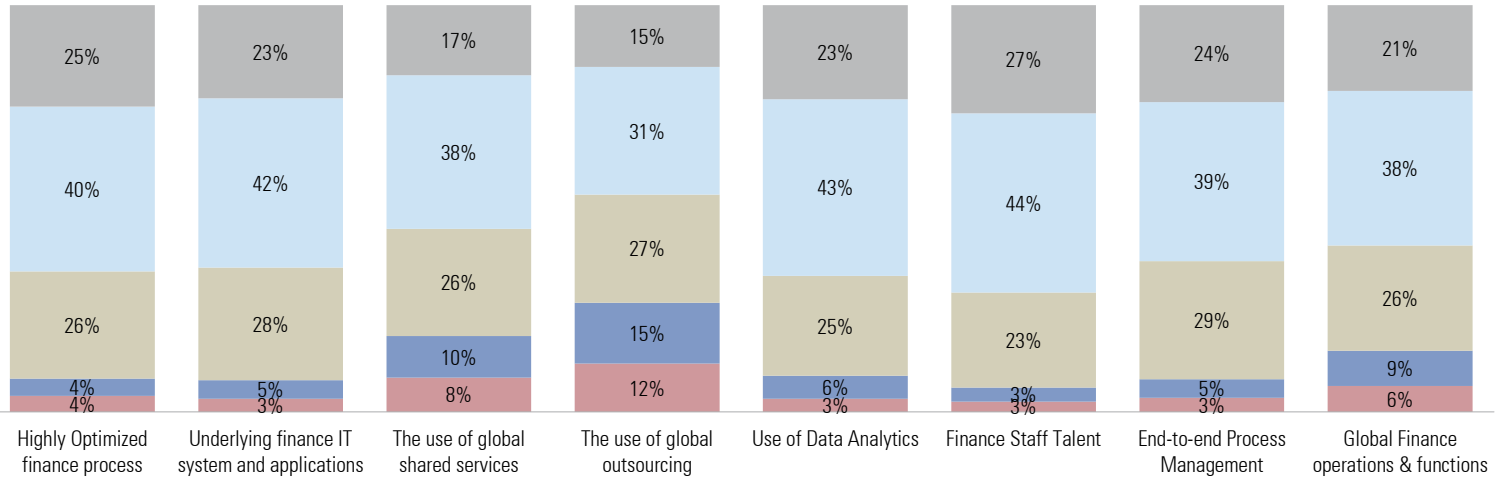
## Importance of embracing & adopting “Lean Finance”



# Importance of the factors to enabling "Lean Finance"

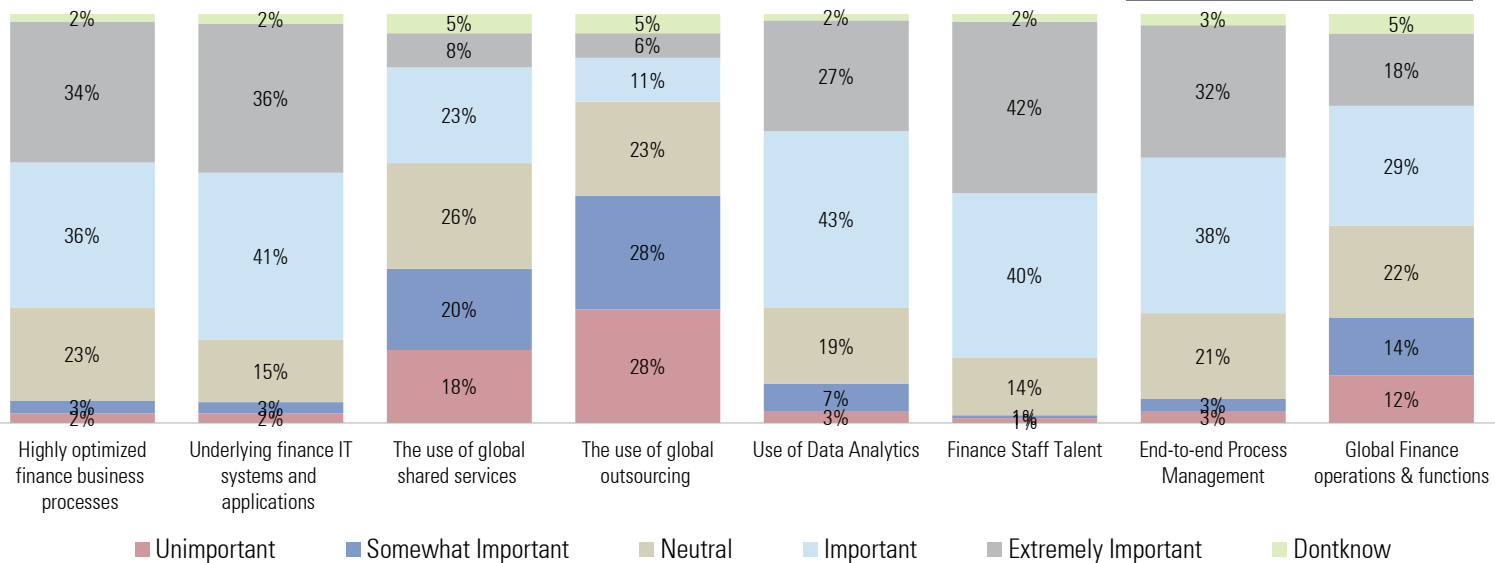
## Importance to enabling Lean Finance - Global

Total No. of respondents = 440



## Importance to enabling Lean Finance - Africa

Africa respondents = 264



Participants from Africa feel that global shared services and outsourcing is less important to enable "Lean Finance" in their organisation.

However, Global participants feel all the factors are equally important to enable lean finance in their organization.

The importance of the various enablers towards lean finance is comparative on most areas, however African organizations reflected a lesser importance on the use of global services and global outsourcing.

# Important Factors in enabling “Lean Finance”

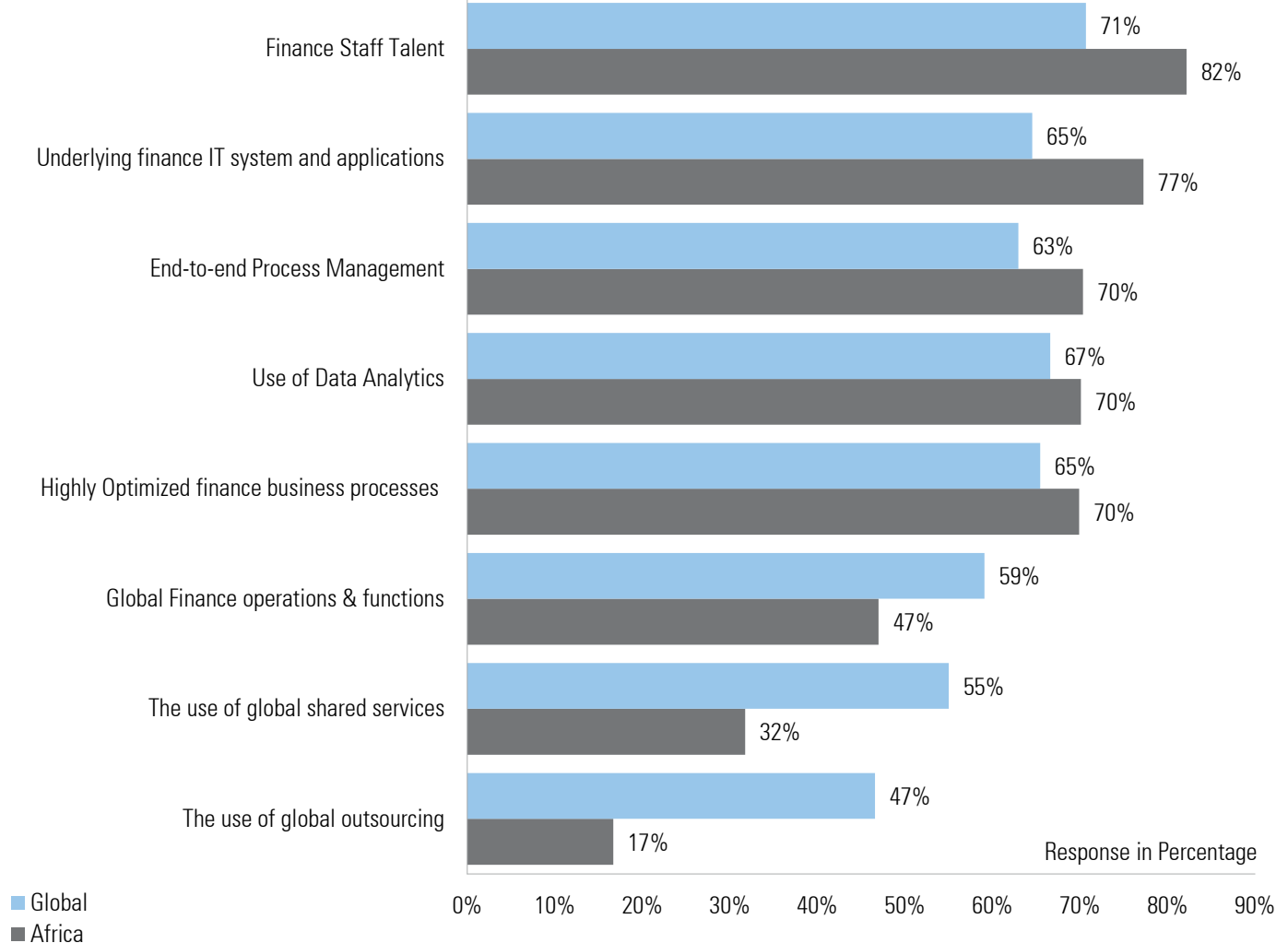


Global as well as African respondents feel that “Finance Staff Talent” is the most important factor in enabling “Lean Finance”. This is even stronger in high performing respondents (91%).

African respondents feel that “Underlying finance IT system and applications” is the second most important factor to enable “Lean Finance”

How important do you feel are the following to enabling lean finance in your organization?

## Important Factors in Enabling Lean finance



# Percentage of Finance Organization's Efforts – Current & Future (After two years)



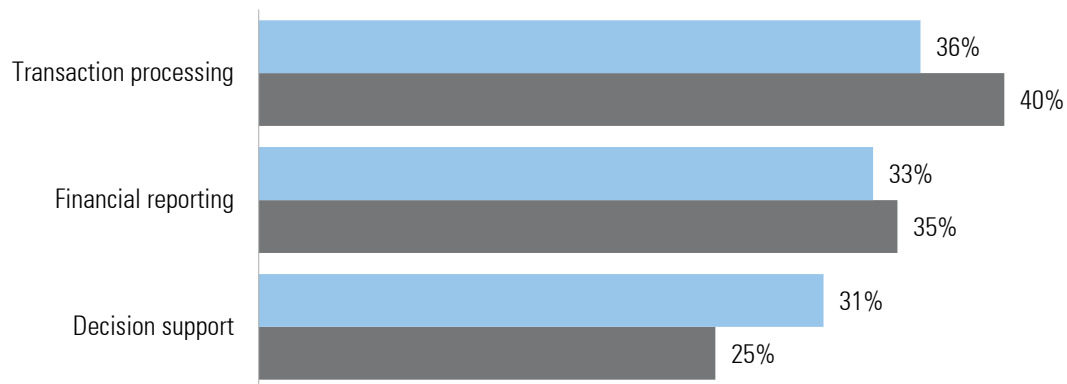
Global as well as African Respondents feel that finance organization's efforts will increase on "Decision Support" and reduce on "Transaction Processing" in the next two years as compared to current levels

Decision support plays a larger role in CIBM entities and takes an equal share with financial reporting and transaction processing. In Africa the balance is leaned towards transaction processing however organizations feel that this will change in the next 2 years with a larger focus on decision making.

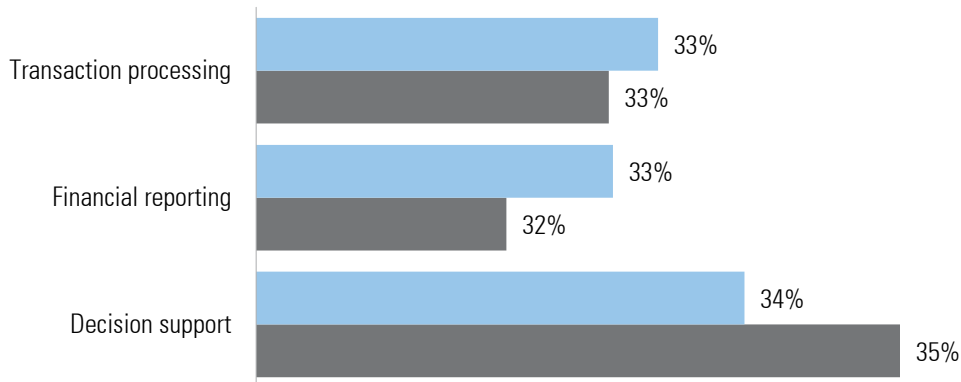


What percentage of your finance organizations collective efforts are spent on each of these three categories of activities? (Current vs. After two years)

## Percentage of Finance Organization Efforts - Current



## Percentage of Finance Organization Efforts - After two years



■ Global  
■ Africa

# Investment in the next two years



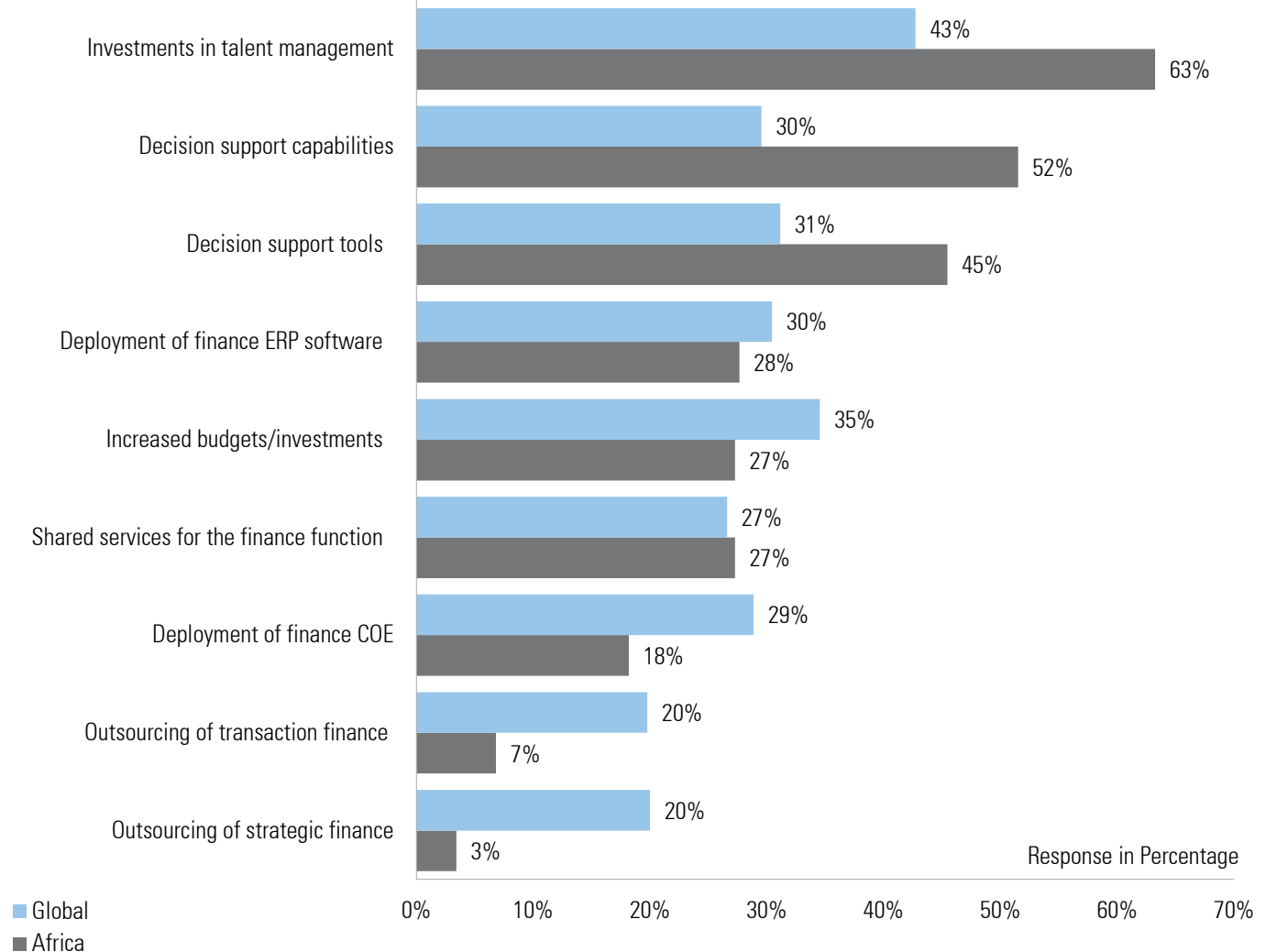
Global participants feel they will be investing **majorly in talent management** in next two years

For African respondents major area of investment would be in **talent management** and **decision support tools and capabilities** in the next two years

The trend toward an emphasis on decision support is visible in the focus of investments towards decision support tools, skills and methods. That being said the focus of investments by African organizations is still heavily focused on investments in talent.

In which of these enablers is your organization making increased, tangible investments in the next two years?

## Investment in the next two years



# Willingness to Spend Money to Improve Finance Function

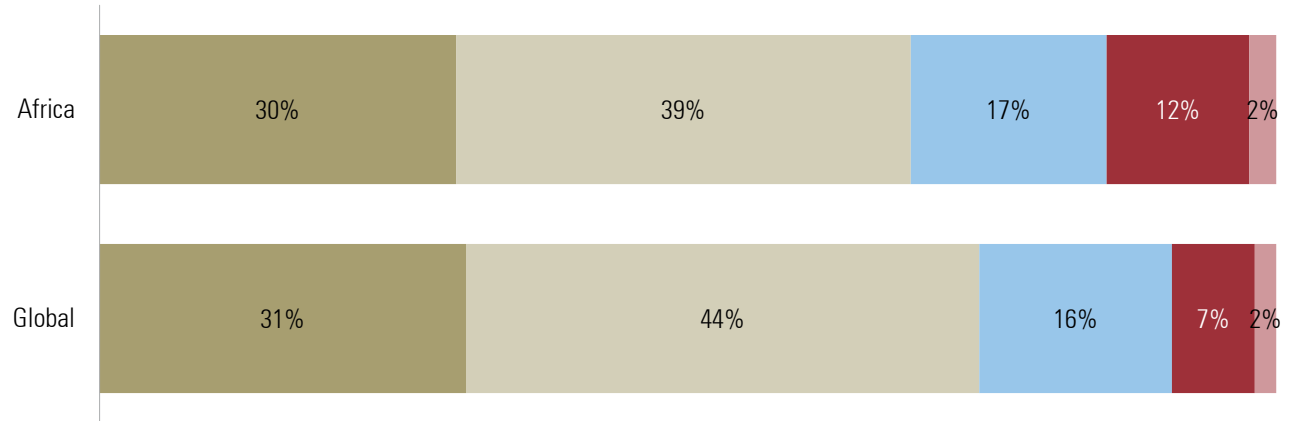


How willing is your organization to spend money and devote resources to improve finance effectiveness?

Global as well as African respondents are willing to spend money and devote resources to improve their finance function

This focus on lean finance within Africa still reflects a disparity to Global and CIBM trends where respondents showed a higher appetite towards spending; 75% of Global and 93% of CIBM respondents are willing or very willing to invest in lean finance.

## Spending Appetite



- very willing
- Somewhat willing
- Neither willing or unwilling
- Somewhat reluctant
- very reluctant

# Role of Finance Function in company's development and execution of Business Strategy compared to today – Five years ago & Five years from now

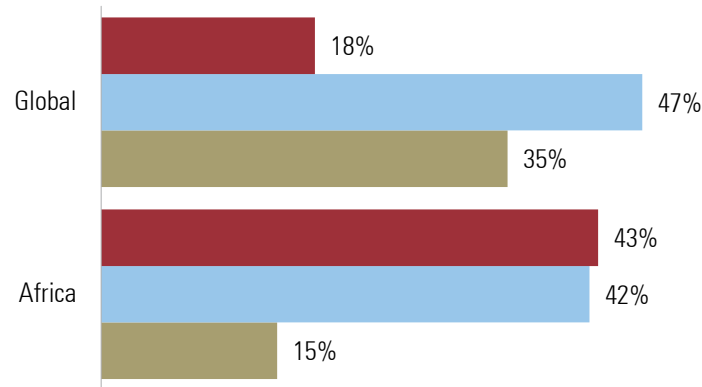


Five years ago, the finance function at my company played a \_\_\_\_\_ in my company's development and execution of business strategy, compared to today.

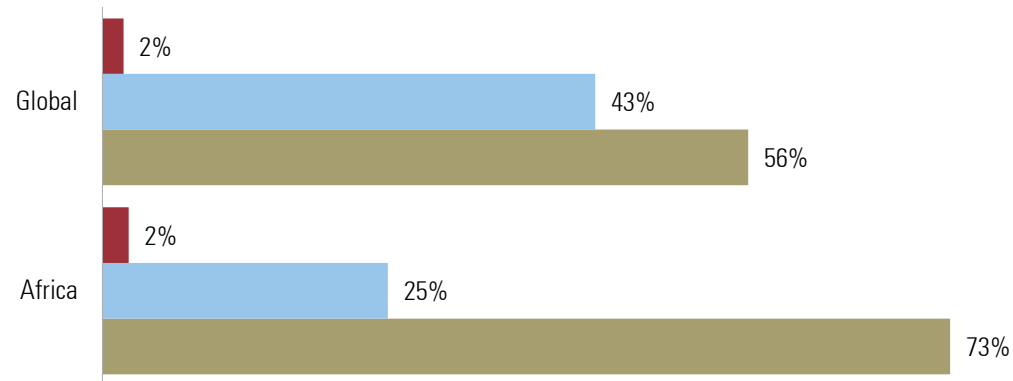
56% Global respondents (59% more) feel that the finance function will play a 'Larger Role' in their company's development and execution of business strategy in five years from now than the number of respondents who felt the same about their finance function five years ago

73% African respondents (383% more) feel that finance function will play a 'Larger Role' in their company's development and execution of business strategy in five years from now

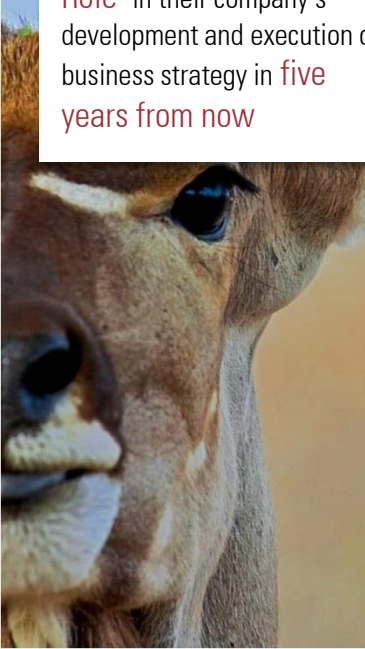
## Role of Finance Function - Five years ago



## Role of Finance Function - Five years from now



- Smaller role
- Similar role
- Larger role





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