

Data, digitisation and dynamism: How UK finance leaders are redefining their role



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UK finance leaders remain upbeat and confident, despite headwinds

Our latest research of finance leaders at larger UK businesses reveals, despite increased uncertainty, they remain assured around business performance.

88%



are confident about their business's prospects and performance in the next 12 months

60%



predict that their business's financial performance will be better this year (2023), compared to last year (2022)

90%



rate the current financial health of their business as good

95%



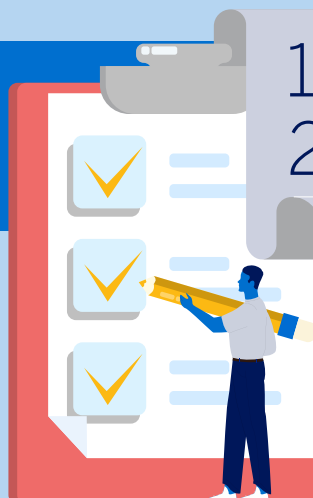
rate their business's current relationship with customers as good

However, this confidence does not mean finance leaders aren't fully aware of the challenges and issues before them – or that they aren't taking action to mitigate these obstacles in the period ahead.

When asked about the most pressing challenges for their business in 2023, inflation and / or rising costs (cited by 45%), uncertain economic context (45%) and labour or talent shortages (31%) top the list – quickly followed by tackling sustainability (27%) and supply chain problems (26%).

Businesses are also taking clear action to boost competitive advantage in the months ahead. While reducing costs tops the list, there is also a wealth of proactive investment and spending activity planned to help find and maintain a commercial edge – with only around one in ten (11%) businesses scaling back growth ambitions.

Top 5 actions being taken to improve competitiveness



1. Reducing operating costs
2. Increasing sales / marketing activity
3. Strengthening the supply chain
4. Increasing automation and / or adopting new technology
5. Renegotiating with suppliers / partners

Finance leaders score the performance of their function highly

Finance leaders are confident when it comes to the capability and performance of their team. However, there are clear indicators of scope for efficiency improvements.

94% 

rate the overall quality and performance of their finance team as good

88% 

rate their ability of their finance team to respond to unexpected events as good

92% 

say the relationship of their finance function with the wider business is good

92% 

rate their risk management strategy as good

While helping the business reduce costs is top priority for finance leaders, they are also investing in internal relationships to help foster better collaboration; four-fifths (79%) say their finance function needs to service a greater number of internal stakeholders today than in the past.

Increasing efficiency was singled out by finance leaders as the single most effective strategy to improve the function and safeguard its success.

The second most popular suggestion was that the function should continue to focus on becoming more strategic.

When asked what finance activities take up the most time and resource, forecasting (38%) came top of the list, followed by reporting and control (36%), strategic planning or financial analysis (34%) and transaction processing (33%).

A well-organised, well-run finance function will, in turn, be better positioned to help the business unlock growth. When asked what the biggest opportunities for their business are in 2023, respondents said:



Improving the efficiency of operations



Entering new markets



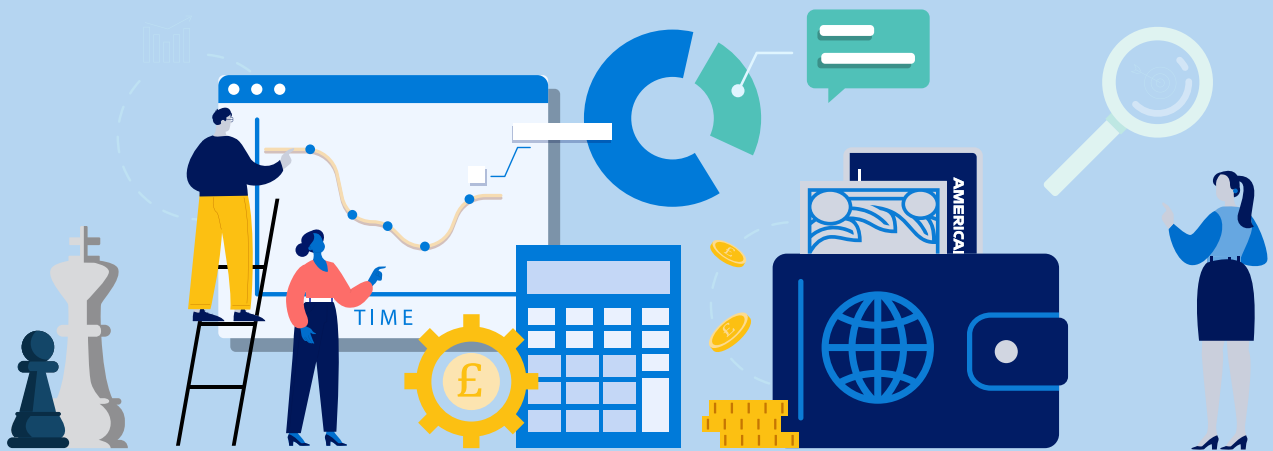
Exploring new partnerships



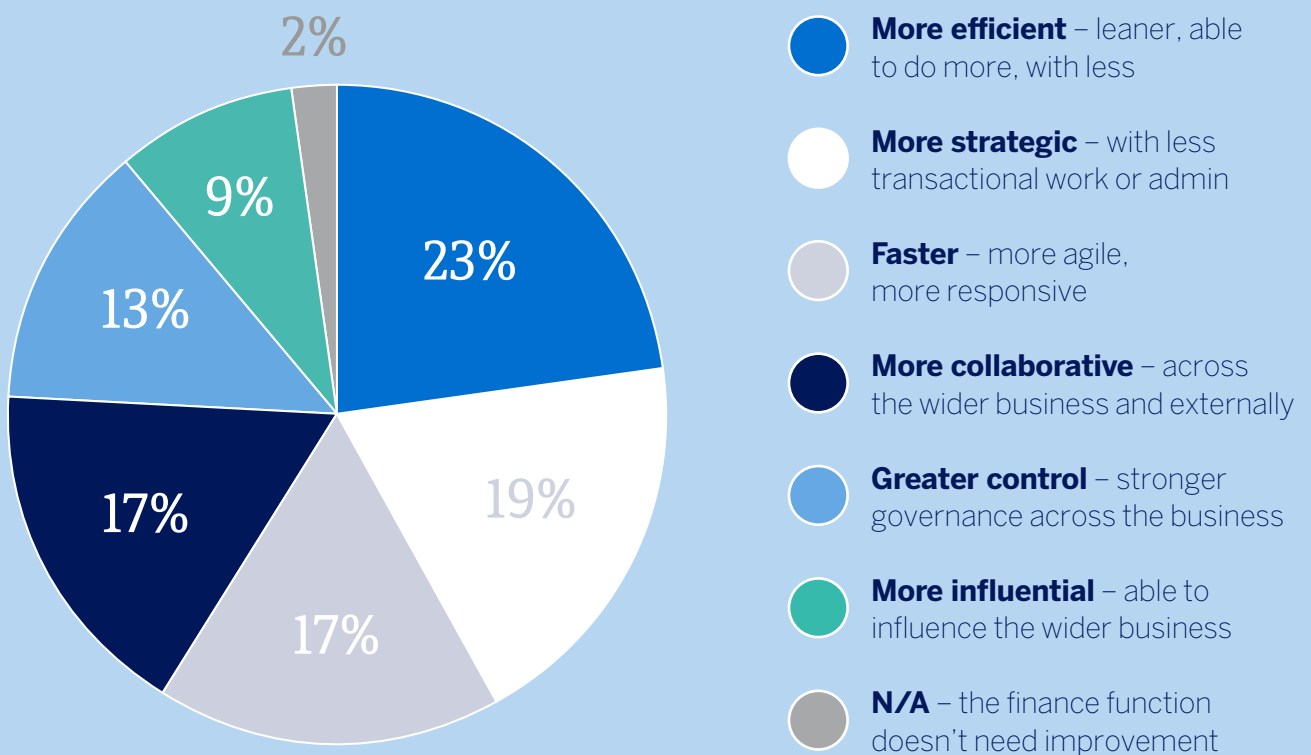
Becoming more digitised/
tech-focused



Becoming more agile



What would be most effective in improving the finance function and ensuring future success?



Methodology

This research is based on a survey of 250 senior financial decision-makers, including CFOs, Heads of Finance and Finance Directors, in companies of 250+ people conducted by Opinium on behalf of American Express. Fieldwork was conducted between 16 December 2022 and 4 January 2023. Turnover represented by respondents' businesses varied from £5m per year to more than £500m.

How finance leaders are responding to current challenges

Finance teams are highly accustomed to flexing their focus to suit the times and supporting where their business needs it most. The future looks no different. To support this agility, robust data and insights that offer a clear view over the horizon are needed to drive faster and more effective decision-making.

81%

say a more flexible and agile finance function will be more important in the year ahead

82%

say a strong finance function is more important to the business now than in the past

83%

say they need access to better quality data to support the running of their finance function

43%

say they expect to rebudget or reforecast monthly or more often to help remain agile

Greater access to improved data quality or insights is called out as the top aid to help improve the running of the function (35%), for example by enabling better control over spend through greater visibility. Around a quarter (24%) say improving access to quality data and insights / business intelligence was a priority.

85% say more accurate forecasting is critical to their success. But finance functions have

also increased how frequently they rebudget or reforecast – with one third (33%) expecting to do this monthly in the year ahead, compared to 28% who did this as frequently prior to the pandemic.

All this points to opportunities to help the function perform more strongly, by leveraging automation to free up teams from time-intensive admin tasks and using the data insights derived from this to drive smarter strategic activity.



“Finance teams are well-practiced at adding value to their businesses - it's in their DNA. But what's clear is that opportunities remain to make efficiency gains, with signs that their full potential is being held back by less strategic transactional activity. Higher quality data, and the insights it can provide, will help finance teams become more strategic and flexible as they respond to a rapidly changing world.”

**Stacey Sterbenz, General Manager,
UK Commercial at American Express**

Leading the charge on ESG

Environmental, Social and Governance (or ESG) is now firmly established as a decision-making factor when it comes to spending decisions. Finance teams are proactively helping to lead the charge for their business on this area.

89%

say ESG considerations are important when considering business spend and investment decisions

59%

say climate change is a bigger factor in their finance policy and spending decisions today than in the past

77%

agree that they need to balance business travel with sustainability

This commitment to ESG is underlined by how many finance functions have already put in place KPIs and metrics to track their business's performance across various ESG pillars. These include ethics (70%), carbon reduction (69%), employee diversity, equity and inclusion (DE&I) (66%), supply chain equality and fairness (64%) and energy use, reduction or sourcing (63%).

This work is also still in progress. Topping the list of areas where KPIs on ESG are not currently in place but where finance leaders have plans to implement are: Customer DE&I (35%), community engagement and outreach activity (33%), giving and philanthropy (33%) and climate risk (32%).

Finance functions are helping their businesses be more sustainable, a vital component of ESG activity. While six in ten (60%) finance leaders say that business travel is important to the success and future growth of their business – underlined by the fact that almost half (46%) expect to spend more on business travel / T&E in 2023 – over three quarters (77%) also acknowledge the need to balance business travel with its environmental impact.

The importance of ESG at American Express

At American Express, our ESG mission is to back people and businesses to thrive and create equitable, resilient, and sustainable communities globally.

In 2021, we launched a new roadmap for our global ESG strategy, establishing new long-term goals and objectives across three critical areas for our company, stakeholders, and society: Promote Diversity, Equity, and Inclusion (DE&I); Advance Climate Solutions; and Build Financial Confidence.

To find out more about our ESG strategy and commitments, visit about.americanexpress.com/corporate-sustainability



It's about people, not just the numbers

Finance leaders anticipate that their team will grow in size over in the coming years. But it's becoming harder to find and recruit new talent, while the skills sought in finance professionals are changing rapidly.

55%

expect to increase headcount in the finance function in the next 2-5 years

74%

say it is getting harder to find and recruit talent into the finance function

81%

say today's finance function needs to be more reactive and responsive

56%

say data analytics and tech skills will become more important over the next 2-5 years

The finance function of today won't be the same as the one tomorrow. Around a quarter (24%) of finance functions say they are restructuring their finance team or changing operating model to better meet the current demands placed on this new, evolved function.

Furthermore, it's clear from the survey that the function is becoming increasingly digitised, with 80% saying that automation and new technology is helping reduce the burden of finance admin. In turn, this is altering the skills needed within the function.

When asked what skills, if any, will become more important over the next 2-5 years, over half (56%) said data analytics or tech skills, while 36% said strategy development skills. Just 35% cited traditional finance, accounting or treasury skills.

Respondents also indicated a bigger future emphasis on collaboration (34%), change management (32%) and people or soft skills (31%), pointing to more strategic demands on the function as it continues to work closely with the wider business.

A significant 84% say they need to invest in upskilling their finance team to keep pace with new demands and futureproof their talent pipeline.

The three key actions for finance teams in 2023

Alongside wider changes to the function itself, finance leaders are taking some signature steps to ensure their business remains fighting fit in 2023. Tackling these will not only help keep costs and processes under control, but ensure there is time and resource available to focus on more strategic activity.

1

Strengthen supplier relationships

With 85% saying good supplier relationships are even more important during ongoing uncertainty and a quarter (25%) looking to improve supplier relationships in the year ahead, these are set to remain a key focus in 2023.

An improved B2B payment experience is critical to this. When asked what steps they are taking, around a third (34%) are improving the ease of payment processes, while around a quarter are either improving payment terms (26%), speeding up payments (25%) or improving the range of available payment options (24%). Over one third (35%) say they are renegotiating contracts.

2

Tackle out-of-policy business travel and expense (T&E) spend

Despite an overall focus on reducing unnecessary costs, finance professionals expect to spend 23% of their turnover on business travel / T&E, underlining its critical importance to growth.

Despite this, about three quarters (76%) say out-of-policy T&E spend happens regularly or occasionally in their business, so no surprise that a similar proportion (74%) say they need more detailed data and insights on T&E spend. This will enable them to make more strategic decisions around this spend and improve overall compliance.

3

Better managing FX volatility

Managing currency fluctuations is a perennial challenge for finance teams. But with a quarter (25%) saying currency volatility is one of the most pressing challenges for their business in 2023, these have become even more critical.

As a result, almost one in five (18%) say better managing FX volatility is a priority in 2023. It's vital that finance teams adopt a proactive strategy to manage FX in the period ahead, one that prices in an agreed level of risk, to help them avoid unexpected hits to their bottom-line.

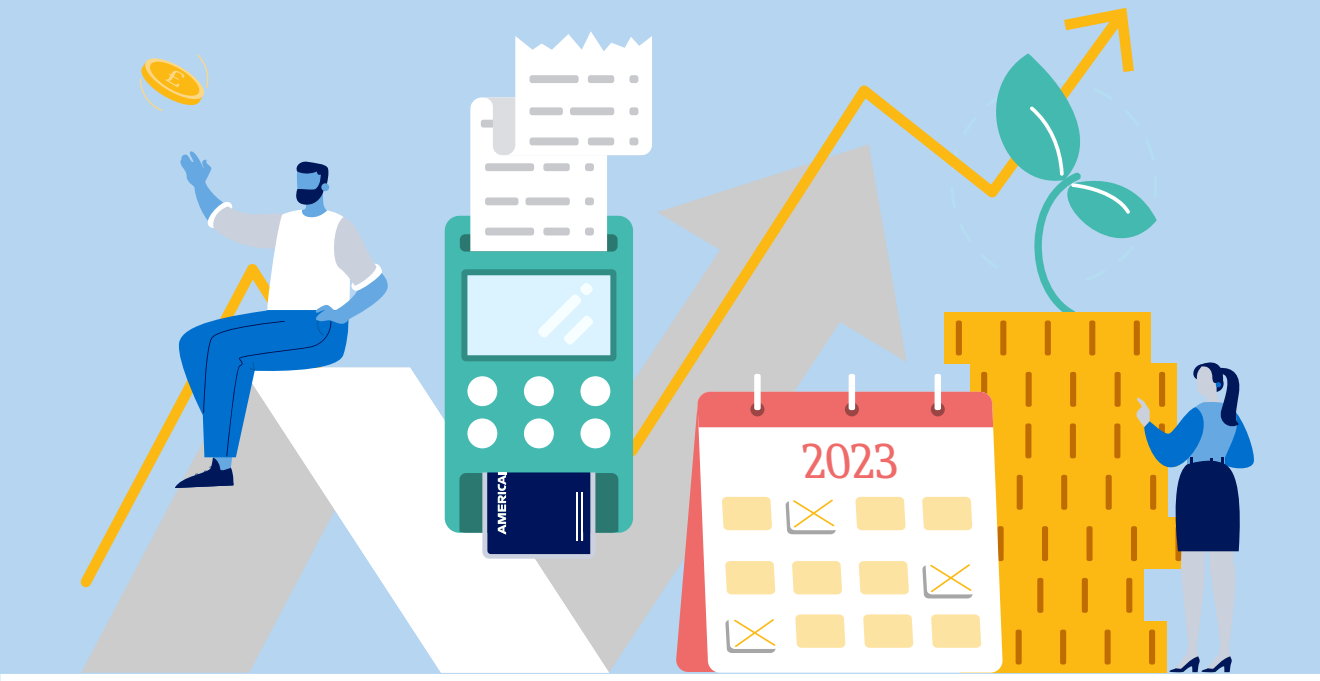


Conclusion:

Data, digitisation and dynamism are redefining the finance function

It's clear that senior UK finance leaders are tackling a wide range of both short- and longer-term challenges. But it's also true that they remain firmly optimistic about the performance of the business in the period ahead, and confident in the abilities of the finance function itself. This positivity is likely down in part to a clear understanding of the way the finance function itself is changing.

Data	Digitisation	Dynamism
As seen in our research, the function is becoming even more data driven than it is today, with this increasing focus on data reflected in skills sought for new hires. Today's finance teams need keen data and analytical skills, as well as a strong foundation of people skills and a collaborative nature.	The function is also increasingly digitised, helping free up teams to focus on higher-value strategic activity. This is vital as greater demands are placed on finance by its partners and stakeholders. In turn, this automation helps provide rich sources of data to inform decision-making.	Finally, it's clear from this research that finance functions are prioritising speed, agility and proactivity. Not only are they tackling areas outside their traditional remit, they are taking action to help mitigate some of the more immediate issues their organisation might be facing.





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We're a global leader in business payments and the number one Business Card issuer globally.

American Express offers a range of options to manage local or global purchasing solutions and control how your employees spend on goods and services

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Our digital payment solutions such as vPayment, Buyer Initiated Payments platform and Corporate Purchasing Cards help track, schedule and control supplier spend, provide insight into spending patterns and simplify reconciliation, meaning improved cashflow and less time spent on paperwork.

We work in close partnership with customers to deliver value through flexible and often tailored working capital solutions that help their business grow, maintain good supplier relations and reduce the need for external financing by accelerating cashflow.

For more details on our range of solutions visit: www.americanexpress.com/uk
