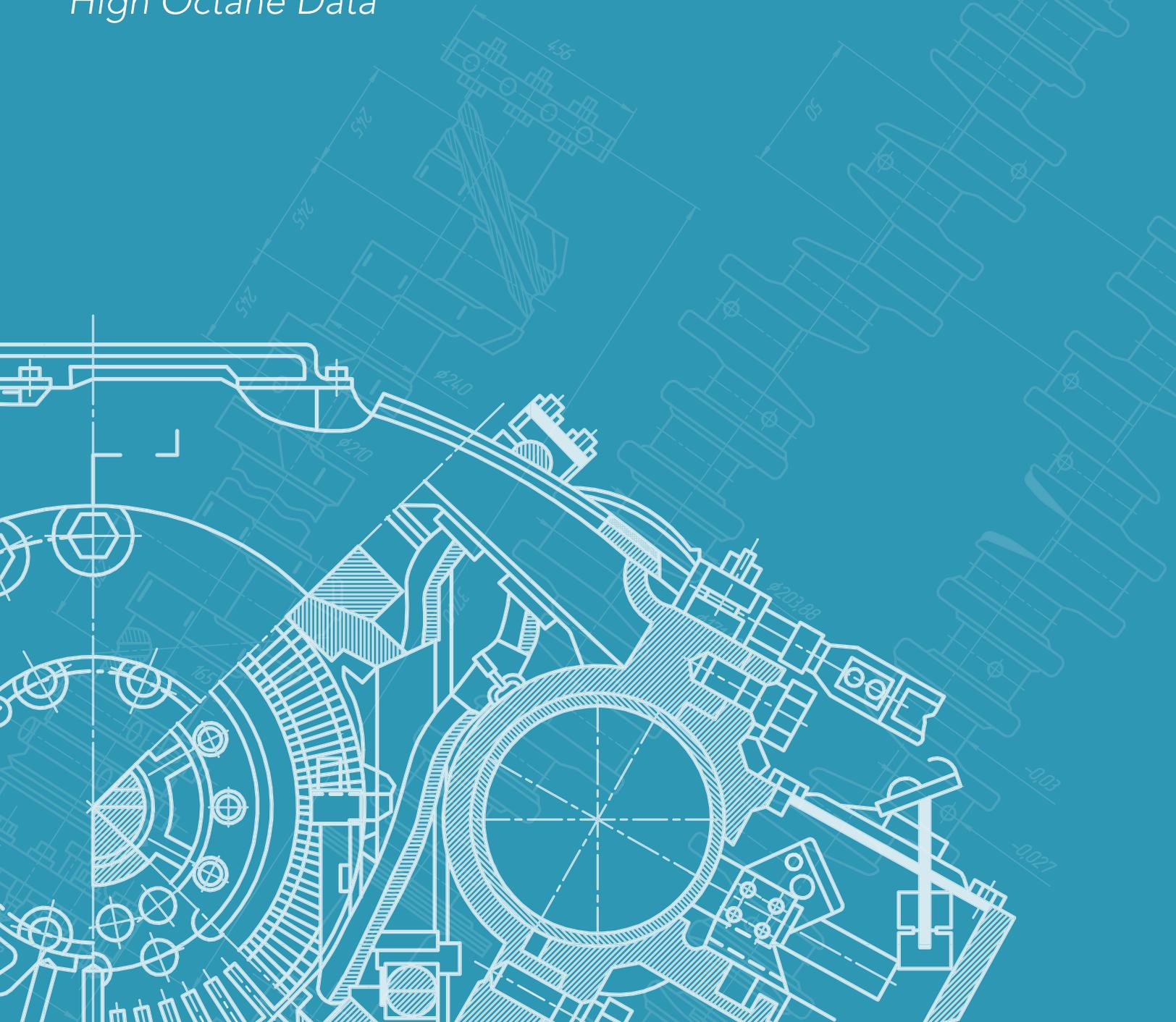


# Fueling the Revenue Engine

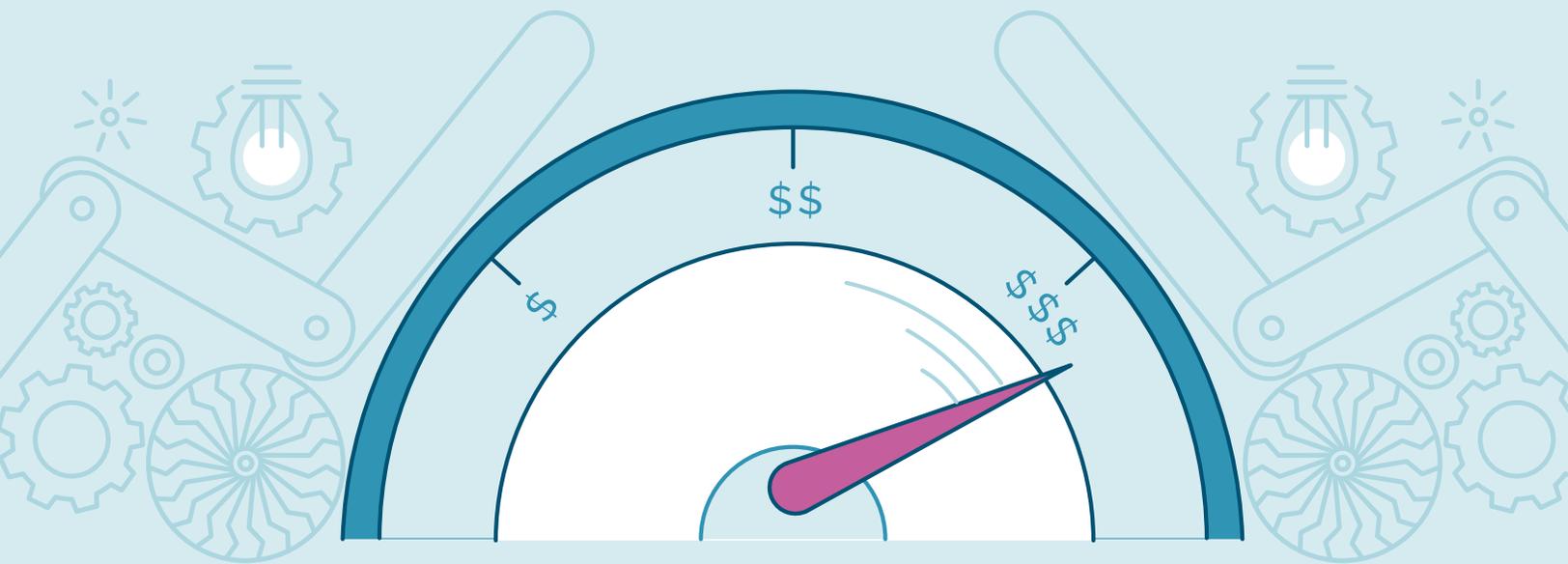
*4 Ways Finance Teams Can Fuel Sales with High Octane Data*



# Introduction

The finance department exists at the center of every organization — it's where everything comes together. Finance teams see everything — from what drives revenue to what incurs costs for the organization. Finance can develop benchmarks to show where the company stands compared to its competitors as well as provide input to formulate margins and pricing, helping to drive the strategy of the overall business.

The CEO and business leaders look to finance for information and insight into how to run the business. Finance can share everything from what products are selling well and which ones need improvement, to the best ways/practices to balance the entire liquidity and stability of the firm. Their insight can help leadership decide when to use cash to make an acquisition or invest in certain products or organizations that would benefit the business, or pay down debt. These critical decisions are what inevitably steer the direction of the organization as whole — the success of the business relies on them.



## NAVIGATING INCREASING COMPLEXITY & GLOBALIZATION

A highly crucial component of the finance leader's success in managing these high stakes is a strong, data-inspired partnership with the credit team. There's more data available to finance organizations today than there ever has been before, but there are also a lot more moving parts. As companies have more opportunities to do business globally, with many different suppliers, customers, and partners, they have a lot more data to manage and more decisions to make. They need to be able to use the data they have to conduct predictive analyses to inform their decisions.

In the past, there were a number of companies that operated vertically—managing everything themselves, such as Ford 100 years ago. Ford manufactured automobiles by making every part in house. Today, integrated supply chains utilize many different companies that specialize in specific services and products. Now, an automobile company will only make certain parts of the vehicle and buy the others from external suppliers. Organizations have to figure how to manage those suppliers, how to pay them and how to benchmark and measure their contributions. With this data, finance and credit teams can then decide how they manage risk for their firms.

In tandem with growing complexity — or perhaps even the cause of it — is globalization. As companies become more global, they start to have issues with counterparties, in terms of payments and leveraging relationships to develop their products. This increases the need for data even more across finance organizations who will need to rely on predictive analytics to remain competitive. The value of a partnership between finance and credit departments to determine risk becomes even more important — if not vital — for drawing insight from the data that resides with them.

For credit departments especially, they become more valuable to the inner workings of their organizations as they shift to using their data to drive revenue and growth. By leveraging their data for insights in this way, they are able to connect with sales, technology, operations and even product development. Now that the data they need is available, they can monitor what their competitors are doing, how the industry is evolving as a whole and other information to contribute value that spans across the organization.

## DOING MORE, WITH LESS: THE SHRINKING CREDIT TEAM

While their roles are becoming more complex, many finance and credit departments are growing leaner in response to increasing automation and global workflows. This puts finance teams in a bind to find ways to do more with less. Finance leaders now have to think more strategically about how they're going to handle the growing volume of work coming in with less people to manage it. Teams need to shift away from older ways of doing things and act more efficiently to function in this environment.

The way credit teams manage their data is one of the most impactful changes they can make. In the past, the data reports that credit teams relied on were created manually. Credit teams might manually run a credit report or work with a third party to run a report, using the data to inform decisions. This process would be done manually by a series of analysts and could take hours to days or weeks to complete. These one-off reports would also typically come with inconsistencies, as each analyst does things a little differently. With so much variety in the different ratings and data that analysts used, this could create ten different answers from ten different people looking at the same data.

To do more with less, credit teams need a more consistent approach. By using data to automate or semi-automate this process, credit teams can effectively do a lot more with less. They can set automated approvals or denials for straightforward cases, setting aside the more complex or difficult cases for manual approval. This way, analysts are focusing the bulk of their attention toward the most strategic work — and effectively doing more, with a leaner team.

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# Chapter 1:

## DISRUPTING FROM WITHIN: HOW TO GO FROM RISK-AVERSE TO GROWTH-MINDED

Traditionally, credit teams are primarily responsible for helping their organizations avoid unnecessary risks by providing analyses of prospective customers. By identifying potentially poor customers, they help their company reduce losses and mitigate risk. In doing so, credit departments also typically possess and manage a wealth of data — much of which goes untapped but could be used to identify new business opportunities and grow revenue.

As organizations are starting to look to finance leaders to drive revenue, they're beginning to look at their customer data in a whole new light.

Corporations are facing pressure to reduce costs and find new sources of revenue. Departments typically considered to be “cost-centers” are now expected to demonstrate how they can add value and increase the company's bottom line. The credit department is no different and many credit managers already understand that they need to enable sales teams. But fear of risk is holding back some credit teams from driving business growth.



ROI  
and  
Growth

## WHAT'S HOLDING CREDIT TEAMS BACK?

So, what's the disconnect? Even though credit managers want to work with sales teams to drive revenue, their hands are tied. Credit departments are usually compensated based on the level of risk within their portfolios, while sales professionals are rewarded based on commissions. The two teams often operate at cross purposes. Credit professionals can even be reprimanded for lax credit standards, causing them to act cautiously in order to minimize bad debt and slow pay, as well as avoid other risks. Additionally, the lack of integration between the two teams' information systems, databases and processes hinders knowledge sharing. Until this changes, credit teams simply aren't able to take the risks that are necessary for growing the business — despite having a desire to do so.

The mindset and compensation structure for finance and credit departments has to change first before a shift towards innovation can take place. Credit teams should be both empowered and rewarded for taking strides to collaborate across departments, share data and drive revenue.

## HOW DATA TRANSPARENCY DRIVES GROWTH

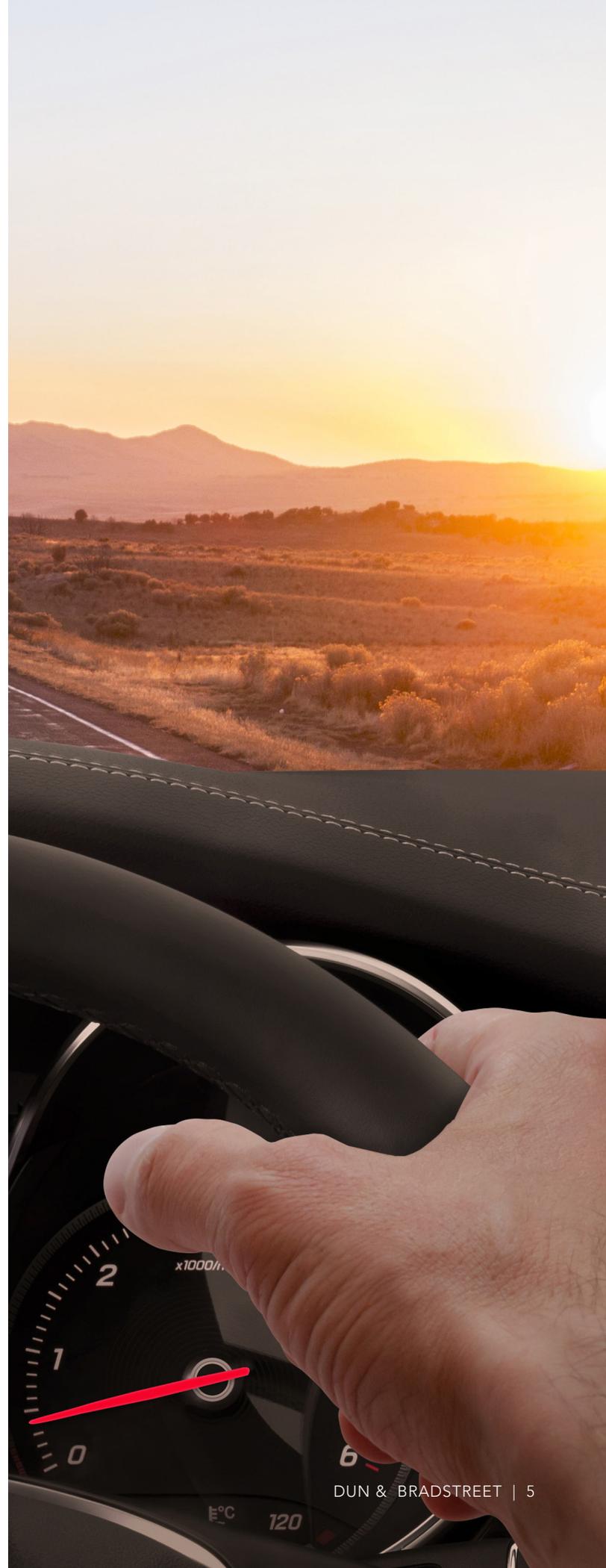
Both finance and sales departments want to see the company grow its revenue and profits as well as maintain consistent and predictable credit policies. When finance and sales teams collaborate, they can each combine their unique knowledge and insight to help the other succeed. This is especially effective when their data is combined for ongoing analysis of the customer lifecycle.

The biggest collaboration challenge that finance teams face is a lack of transparency around customer data. Before finance teams can shift toward more efficient and transparent processes, they'll need to put new systems in place to support their team through this change. We recommend a 4-pronged approach:

1. Analyze customer data to identify growth opportunities
2. Segment data to show which customers pose good or bad risk
3. Leverage automation to do more with smaller teams
4. Make cross-functional collaboration a priority

The data and capabilities already exist to automate the prescreening of credit applicants. By partnering with third party vendors, finance teams can create customized sets of credit rules, using financial and risk measures, to automate prescreening. They can also create separate screening processes and rules for new customers to minimize risk even more.

The prescreening process is more straightforward with automation, making it easier to be transparent and collaborate with other teams. With automation for prescreening and approval, companies can push their internal credit policies to the point of sale. Additionally, sales teams won't need to waste their time pursuing prospects who won't help the business grow.



# Chapter 2:

## OVERCOMING DATA BOTTLENECKS TO SPUR COLLABORATION

When finance and sales teams work closely together, growth happens. Finance and credit departments have access to a wealth of information that sales professionals need in order to do their jobs more efficiently and effectively. When sales teams have access to pre-approved credit lines, for example, they're more empowered to drive new revenue. When they have access to data that shows them which companies and industries will drive the most strategic growth for the business, they're more empowered to pursue the best deals and partnerships.

Credit managers clearly understand the need to enable sales. In a survey by Credit Today, 34 percent of credit and finance professionals said that working more closely with sales was a top priority. The majority of credit leaders understand that they could provide even more value to the company by enabling sales.

These partnerships are blocked when credit departments are forced to act as data gatekeepers to prevent bad credit decisions. The lack of integration among information systems, databases and processes prevents information sharing. However, when customer data is centralized and processes, like prescreening, are automated and moved to the point of sale, credit departments can instead support sales' efforts.



## CENTRALIZING AND SHARING CUSTOMER DATA

By centralizing the company's data, finance, sales and marketing teams can better understand the entire customer lifecycle. This opens the door for greater collaboration between all departments, but especially credit and sales, through the sharing of insights into customer characteristics, trends and needs. This effort has been proven to lower costs and expand opportunities — especially when that data is reported on and communicated in a way that is accessible to all contributors across the organization.

When data insights are difficult to understand, finance teams will remain the data bottleneck. Here are four ways to make sure that data is flowing freely and is transparent across the organization:

- 1. KEEP THINGS SIMPLE.** What may seem obvious to finance teams can be lost on those who aren't as familiar with financial data. To avoid under-communicating (or over-communicating), be selective with which metrics you choose to incorporate into your reports and how you share the information. As you begin to build out reports, present your data to colleagues who are unfamiliar with the data as well as to colleagues who know the information well. This way you can aim to strike the right balance in how to share the information.
- 2. USE VISUALIZATION TO SHOW, RATHER THAN TELL.** Presenting data with visuals is an effective way to give your colleagues a lot of context, quickly. Aim to share data visualizations that are easy for your team to grasp within 10-15 seconds (or less). This way, they're effective and not so complex that your audience has difficulty interpreting the information.

**3. SURFACE PATTERNS AND DATA INSIGHTS.** Reporting on trends is important for the success of the business, but it's also crucial to share how you're drawing insight from the data. Share with colleagues how your team identifies patterns and how that process informs your portfolio segmentation strategy. This level of transparency helps align the company in creating a data-driven culture.

**4. BE MINDFUL OF HOW INFORMATION IS SHARED.** While finance teams and data experts can derive a lot of meaning from spreadsheets, other departments might not experience the same thrill. To spread the joy of data and make it easier for other teams to interpret, try using tools, like cloud-based dashboards, to make it easy for other teams to access data reports, understand and interact with them.

Credit and sales departments naturally share many of the same goals. Both teams want to drive revenue and increase profits as well as establish consistent and predictable credit policies that are guided by data. Each team brings a unique perspective and insight into customer behavior to the table, especially when they combine their data. When they put their heads together to analyze the customer lifecycle, these teams can collaborate to strategically grow the business.

 Credit and sales departments naturally share many of the same goals."

# Chapter 3:

## IMPLEMENTING DATA & TECHNOLOGY TO OPTIMIZE LEAN TEAMS

While the responsibilities of finance and credit departments are growing, their teams and resources are shrinking. The contrast between the increase in expectations and decrease budget is one of the top challenges cited in a [Finance Key Issues](#) study by The Hackett Group in 2015. Over 75 percent of finance executives stated in the survey that their highest priority is supporting their organization's growth and innovation.

The challenge is that the majority of finance teams are faced with executing on this new strategy without new funding for support. On average, the majority of finance teams experience having both their headcounts and budgets reduced by at least one percent in 2015, according to The Hackett Group's study.

What's needed is a shift toward increased efficiency and collaboration, but that is easier said than done. Finance teams need to rethink processes and invest in technology to increase efficiency. With data analytics and automation, for example, finance leaders can provide their teams with the flexibility they need to pursue strategic goals. Additionally, by increasing data transparency and collaborative efforts, finance organizations can contribute value even more meaningfully across the organization.

### FASTER, EASIER CUSTOMER PRESCREENING

One way that a number of finance and credit teams have integrated technology to save time is by automating the prescreening processes. By automating the prescreening and approval process, finance teams push the company's credit policies to the point of sale — regardless of where the sale takes place. This not only saves the credit team time that would otherwise be spent doing this manually, it also increases the benefits of having a mobile sales force. Customers are served a lot more quickly when the approval process is automatic.

Integrating automation into this process takes the daily tasks of making credit decisions off of credit team's plates and gives them more time and flexibility to spend on going after growth opportunities. Additionally, the sales team won't waste time pursuing prospects that won't be able to pay. With a fast and efficient approval process, they can immediately move forward with customers who are approved to be a good fit for the company. While not all credit approval decisions can be automated, this process will quickly approve or reject the straightforward cases, so that the credit team can focus more on strategy and growth.

As finance and credit teams take on more strategic roles and responsibilities within their organizations, they'll need to implement more efficient processes. By replacing manual processes with automation, they can free up more of their team's time and energy. This shift also has the added benefit of creating more consistent processes and data transparency across the organization — making collaboration with growth-minded teams, like marketing and sales, much easier and more effective.

# Chapter 4:

## USING CUSTOMER PORTFOLIO SEGMENTATION TO DRIVE GROWTH

Finance leaders looking to drive growth within their organizations should take a page out of the marketer's handbook and explore how they could use data to do the same. Expert digital marketers find seemingly endless ways to mix and match data points that will help them increase purchase behavior. They do this using customer segmentation strategies that give them the ability to customize marketing campaigns for different types of customers.

When it comes to customer data, finance teams have arguably more insight than any other group within an organization. They have deep familiarity with corporate controls, systems and technology, budgets, customer behavior, resource requirements, processes and organizational goals and data. With this data, financial teams can develop a rich database of business insights and use customer portfolio segmentation to drive intelligent growth for the company.



## BETTER BUSINESS INSIGHTS, SHARED ACROSS THE ORGANIZATION

When you look at your customer portfolio, how do you identify your A-players from your B or C-players? As credit professionals know, some customers pose a much higher risk for bad debt than others. With data analytics, finance teams can more easily see which customers who will be most likely to help drive growth and which ones could pose a hindrance to growth. With insight into financial data, such as payment behavior, profitability or failure risk, finance teams can better inform sales and marketing to help them target the best customers for the business.

Customer segmentation is one way that finance teams can increase cash flow, collaboration and growth for their companies. When customers are appropriately segmented, the clean data can be used to create targeted strategies for each customer group to increase revenue. Additionally, segmentation is a way that finance teams can define and align the entire organization using key pieces of information.

Only 38 percent of companies share the results of their analytic insights outside their departments, according to Dun & Bradstreet's 2016 Enterprise Analytics Study. Performing segmentation in a silo can result in structural misalignment or even a poor customer experience. Data transparency and collaboration doesn't just financially benefit companies; it also provides customers with better experiences.

## TELL THE RIGHT STORIES WITH DATA

Every time a business transaction takes place, from customer service calls to supplier shipments, a record is generated. Because of this, organizations are constantly inundated with customer data. While it may be tempting to include as much data as possible in your analysis, doing so can work against you in a big way. It's important to make sure that the data you're using for analytics the right data for the company's strategy and mission.

For instance, if you choose to segment customers using their full credit limits, also look at the likelihood that they'll stay in business. Then you can add things like their score for propensity to buy and customer satisfaction to gain insight into how your company can benefit from doing business with them in the long-term. When analyzing customers, make sure to first establish which metrics will best help your organization make the most informed decisions.

Much like marketers, the next step for finance teams when they segment customer data is to develop predictive and prescriptive analytics that ask, "What next?" By employing behavioral and descriptive analytics, you can use segmented customer data to prepare for the future of the business and see what could be coming down the line. This can include which industries your company will want to move into next, what partnerships would be advantageous to develop and even modeling pricing trends to decide which suppliers will be best going forward.

## EVANGELIZE DATA TRANSPARENCY

Before you can begin to use customer segmentation to increase growth, you need an efficient way to make the data consistent across the organization and available to all functional areas of the business. If you're looking to drive revenue, sales and marketing need a way to easily access the data your team is developing. If you're looking to increase efficiency and cut costs, your operations team will need to be able to access the data as well. To do this at scale, finance teams need tools that can help them automatically make the data insights available.

While investing in tools requires a lot of managerial time and resources, it's a critical part of creating a successful customer segmentation program. The insight that finance has into how each part of the business impacts company goals can be surfaced with a customer segmentation strategy. When the entire company is informed and aligned, finance can steer innovation in the best direction for the business.

# Conclusion:

## REVVING THE REVENUE ENGINE

As the responsibilities of credit and finance teams grow, so does their potential to innovate and spur growth and value for the organization. The industry and customer insights from finance and credit teams can guide leadership, helping them to make strategic decisions.

By shifting processes to enable more transparency and collaboration, finance and credit teams can empower sales and marketing to pursue the best opportunities for the business as well as avoid bad credit decisions. In summary, finance and credit teams can execute on these four key initiatives to drive revenue for the company.





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