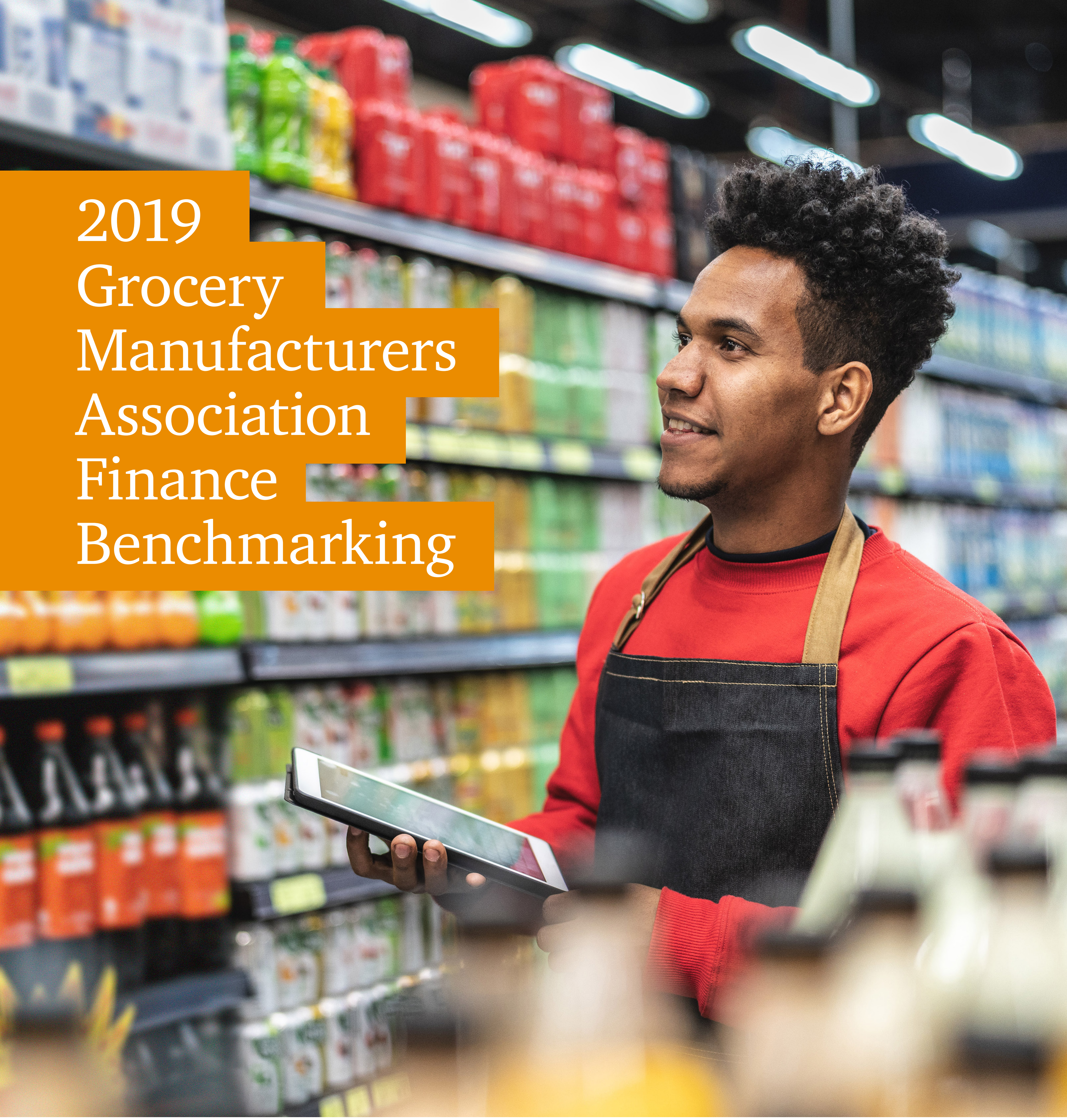
2019 Grocery Manufacturers Association Finance Benchmarking



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Introduction

Update: In 2020 GMA became the Consumer Brands Association.

Which finance initiatives are truly worth the effort, and what are the best ways to approach them? These are the questions that PwC, in partnership with the Grocery Manufacturers Association (GMA), aims to answer in our *2019 GMA Finance Benchmarking* report. Our survey this year asked GMA members about:

- Completed and planned finance initiatives, including scope, budget, cost, duration, savings, and lessons learned
- Finance benchmarking metrics that cover organization, costs, and efficiency
- Data analytics maturity in eight key categories

Findings from roundtables and one-on-one interviews with chief financial officers (CFOs) and their direct reports complement the survey results. More than 20 GMA companies, with annual revenues ranging from $500 million to $20 billion, contributed data and/or insights.

PwC subject matter specialists on consumer markets, finance strategy and operations, data analytics, robotics process automation, and more contributed further insights. PwC's host of benchmarking metrics on the broader universe of consumer packaged goods (CPG) companies provided additional data for comparison.

Here are some of the key takeaways:

- The most popular planned future initiative is robotic process automation (88% of respondents).
- The greatest average annual savings from completed initiatives came from working capital improvements (over $200 million), business costs (over $100 million,) and finance organization redesign (over $12 million).
- The most common completed initiative was in management reporting and analytics (78% of respondents).

- Top finance priorities across GMA companies include operating with a leaner finance organization and delivering value to the business via decision support and cost reduction.
- Business analysis (14.2%), general accounting (13.8%,) and accounts receivable (13.8%) represent the highest cost within finance across GMA respondents.
- Data analytics maturity is highest when finance shares ownership with a dedicated IT team. It is lowest when each business unit or function owns its respective data analytics.

To show how GMA finance leaders can build the finance function of the future, the following pages will provide data and commentary on roadmap development, top initiatives for these roadmaps, and implementation of these initiatives. In response to the survey participants' request, the report also offers an in-depth look at management reporting and analytics.

These success stories, quantified results, and lessons learned help illuminate the way forward for finance leaders.

Developing a finance roadmap

A finance roadmap in its simplest form is a strategic plan to improve the finance function, and includes a long-term vision and major initiatives crucial for success. The right roadmap will facilitate

- Stakeholder alignment and support
- Capital funding, often multiple years in advance
- Internal and external resource identification

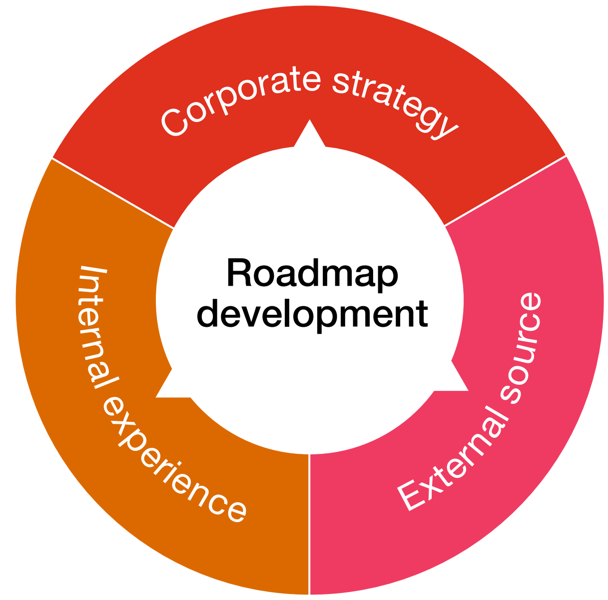
Many finance functions lack a clear vision of the desired future state. Most are busy with financial closing, forecasting, budgeting, and other day-to-day activities. Some lack experience in long-range planning and identifying or prioritizing improvement initiatives. Many aren't used to justifying investments in initiatives with a disciplined business case.

To overcome these obstacles and build a successful roadmap, leading GMA companies look to three key steps:

1. Develop a plan based on the right inputs
2. Create a business case for that plan
3. Prepare to execute through engagement, alignment, and governance

> **"Finance teams are responsible for the firm's information supply chains driving operational focus to the highest-value opportunities and most challenging risks. It's also up to finance to set an example for cost efficiency. These goals may seem to conflict, but with the right roadmap, they converge instead."**
>
> —Colby Conner, Partner, PwC

Develop a plan



Source: 2019 GMA Finance Benchmarking Analysis

Some finance initiatives justify themselves financially, creating financial benefits that well exceed their costs. Others benefit clients, employees, or other stakeholders by reducing effort and freeing up time for higher value work. Still others create exciting work for the finance team, increasing engagement and motivation, and provide better insights for leaders in finance, the business, and the C-Suite.

A successful finance roadmap, which may include many such initiatives, must strike a balance. On the one hand, finance must aim to go lean and reduce its costs. On the other hand, the finance team must increase its ability to partner with the business.

To thread this needle and do more with less, successful GMA finance leaders typically look to three main inputs: corporate strategy, internal experience, and external sources. These three categories of input are not mutually exclusive. The best roadmaps use all three.

- **Corporate strategy.** Successful finance roadmaps align with the organization's broader strategy. If, for example, M&A is on the horizon, the finance roadmap may want to prioritize working capital initiatives and processes to integrate acquisitions rapidly.
- **Internal experience.** What are your finance teams and key stakeholders telling you about finance—or what would they tell you if you stopped to listen? Smart finance functions gather data on existing pain points and look to understand the needs of key finance stakeholders.
- **External sources.** Leading finance functions look at market trends, new technologies, and peer benchmarking to help define what will add the most value. Many are using external consultants to attain this broader vision, prioritize focus areas, and define the business case for the roadmap.

> "We look externally to understand others' initiatives and what good looks like, and we look at what's going on in the world around us and discover what is possible with new technology. This, together with the finance experience that our own team has, forms the basis for the initiatives we put in place."
>
> —Tim McKean, Vice President Finance and Chief Financial Officer, Morton Salt

Create a business case

For a finance roadmap to succeed, it must clearly identify both the benefits that its initiatives will deliver and the costs to implement and maintain them. A well-developed business case will earn organizational buy-in and support accountability to business goals.

To build this business case, finance needs detailed insights into key enterprise costs and financial metrics and ratios. These insights can support not just cost reductions, but also operational improvements for the business.

The expected benefits that will support finance initiatives' business cases typically come from

- **Cost of finance.** Labor arbitrage, elimination of unnecessary and duplicate resources, and automation can provide significant savings. Mapping the impact of future initiatives to corresponding functional work activity (often developed via activity surveys or ongoing tracking) can provide a lens into a future-state lean finance function.
- **Cost of IT.** Working with IT to understand the cost drivers for technology can lead to savings on infrastructure, licenses, deferred upgrades, and other IT maintenance costs, especially when moving to cloud software. This greater understanding may also help build a case to retire legacy systems.
- **Operational improvements.** Revenue uplift, COGS and SG&A takeout, and working capital gains can all be significant. Benchmarking and other empirical data can help establish estimates and targets.
- **Cost of compliance.** Better alignment of internal and external audit resources, often in response to process and control standardization or automation, can provide significant savings.

Prepare to execute

Even after developing a plan and a business case, successful roadmaps require further steps before execution.

- **Engage with leadership and key stakeholders.** Explain how their departments will benefit from the roadmap and seek inputs and feedback. Agree on principles to support the critical decisions and changes in business practice that the initiative may require.

- **Align the resource model.** Determine the balance between assigning employees full-time to the initiative (offering business knowledge and boosting adoption) while finding backfill; assigning employees part-time to the project, while taking care not to overburden them with continuing day-to-day activities; and using third-party resources for project management, functional, and technical expertise.
- **Define program governance with an emphasis on accountability**. To make sure the roadmaps' initiatives stay on track, incorporate them into business plans; develop KPIs, metrics, and goals; consider adjusting employee compensation plans to account for progress; and install governance committees for key decisions and issue management.

With a plan, a business case, and preparation complete, finance is now ready to execute the roadmap. It should be refreshed every quarter to make sure that priorities and the resource mix are still appropriate.

In the paper's next section, we'll look at how leading GMA finance functions are working: achieving savings while also improving how the function operates, adopting new technologies, and better aligning with the business.

Realizing the benefits of success: harder than it looks

Successful finance roadmaps have a common problem: it is hard to realize the benefits. Many roadmaps start without baselines of financial metrics or work activity. Many also fail to agree on targets with functional leaders. As a result, finance may be unable to quantify the initiatives' value and hold management accountable for cost savings. Functional areas may try to hold on to internal resources or external fees.

To avoid this problem, the roadmap's business case should clearly define baselines, targets, and the method for quantifying expected benefits. Common supporting data includes financial ratios; activity hours; external fees; and measures of the level of automation in processes, controls, and reports. Finance leaders should also agree with functional management on the logic behind benefits before the initiative begins, and monitor and demonstrate these benefits throughout execution and thereafter.

The result will be more precise planning and execution of the finance roadmap, with quantified measures of success for each initiative.

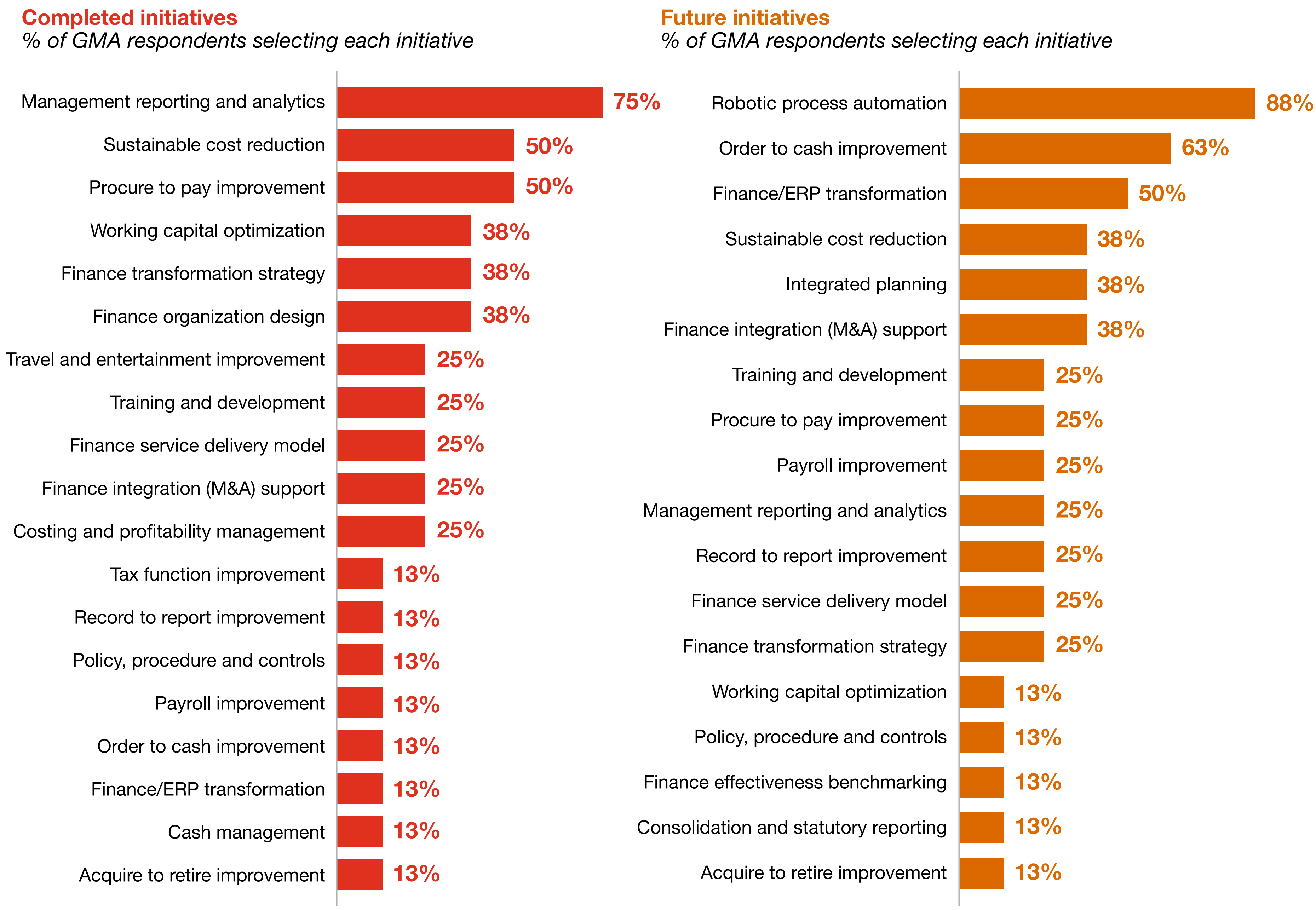
Finance of the future: lean operations in alignment with the business

Where are finance roadmaps leading? PwC's survey of GMA organizations reveals a host of initiatives (see Figure 1.) With additional insights from interviews with finance function leaders, two consistent goals emerge:

- **A strong business partnership** through initiatives to reduce business costs, improve working capital, enhance decision support, and more
- **A lean finance organization** with initiatives to cut finance costs and improve efficiency, effectiveness and scalability

> "Our finance organization is both a strategic organization as well as a support function that partners closely with the business. As we look at growth and M&A activity, we have a seat at the table in terms of work with our business partners to accomplish the right results, including supporting working capital and cash management initiatives.
>
> From a finance support standpoint, we need to make sure that our processes and our tools are supporting the needs of our business. We align our finance initiatives to business practices."
>
> —Dan Murgatroyd, Senior Director of Finance, Conagra Brands

Figure 1: Most frequent completed and planned initiatives, as reported by survey participants



Source: 2019 GMA Finance Benchmarking Analysis

A better partner for the business

GMA companies' finance functions are adding—and planning to add—significant value to the business. The two highest saving initiatives, sustainable cost reduction and working capital, achieve average results of over $100 million and over $200 million in cost savings respectively.

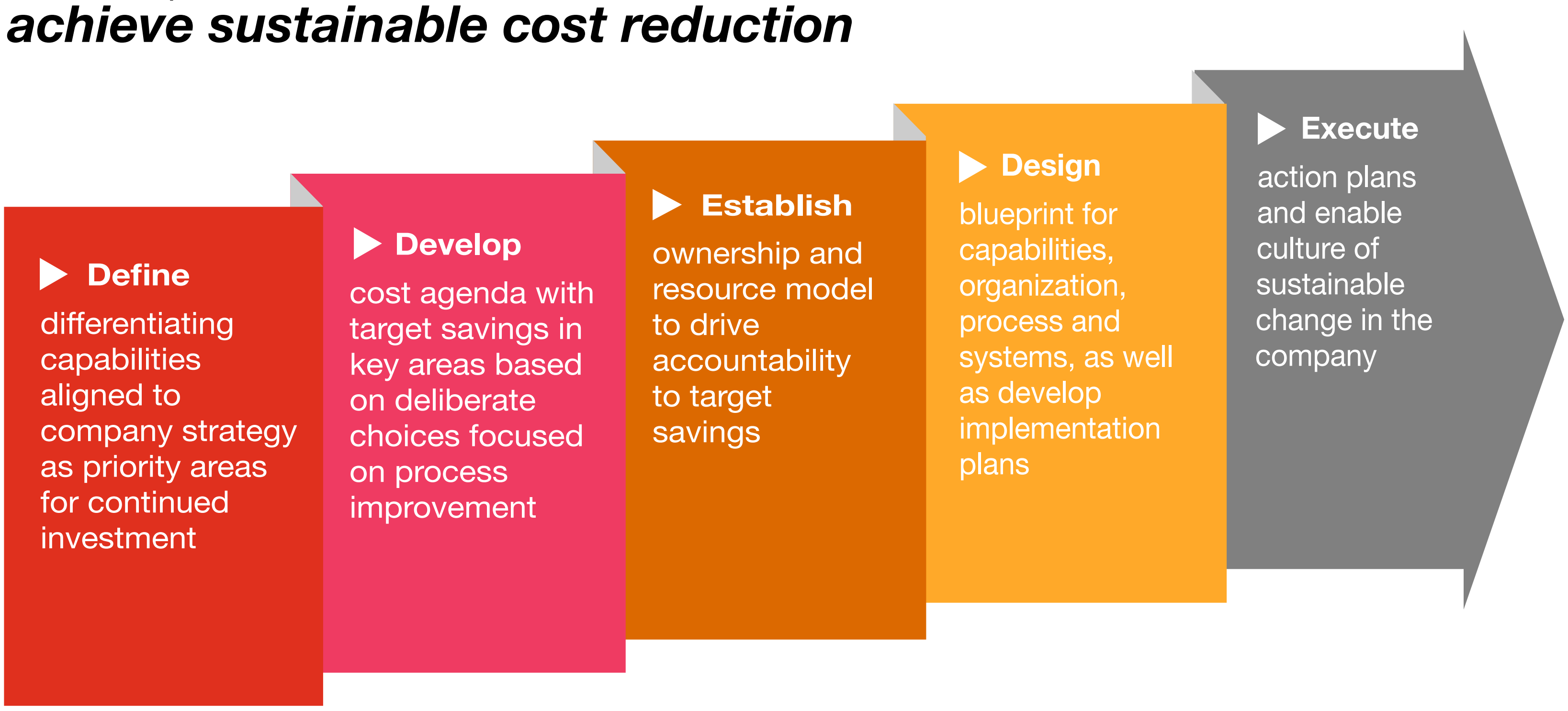
Sustainable cost reduction

Sustainable cost reduction initiatives from finance, combined with cost management and control processes, improve visibility into critical cost drivers and help the business improve margins. These initiatives have led on average to over $100 million a year in savings for GMA organizations with less than $10 billion in annual revenue.

Successful components include

- COGS and SG&A reduction through zero-based budgeting
- Competitive benchmarking for SG&A
- Analyses of cost drivers
- Supply chain optimization
- Dedicated teams within finance to improve costs and customer profitability

Action steps to
achieve sustainable cost reduction



Trust among employees is crucial for success. Some may be wary of measures such as reorganizing units or functions, slimming down reporting relationships, expanding spans of control, centralizing or decentralizing work, digitizing processes, outsourcing or offshoring, or relocating workforces. Yet with a clear and communicable rationale for every change, supporting the broader goal of sustainable long-term growth, employee acceptance and even enthusiasm is achievable.

(For more on this key element, please see *Building Trust while Cutting Costs* *in* strategy + business.*)*

> **"We approached sustainable cost reduction via a modified zero-based budgeting model, whereby we established dedicated teams and assigned them ownership of certain SG&A line items to identify and pursue cost management opportunities. To drive this effectively, we reinforced a culture of cost ownership and enhanced monitoring of key drivers via systematic tracking and reporting at a more granular level."**
>
> —Mark Belgya, Vice Chair and CFO, The J.M. Smucker Company

Working capital optimization

Working capital management and optimization initiatives identify and realize opportunities to strengthen the balance sheet, increase asset productivity, manage financial risk, and improve cash flow.

60:41

DPO ratio of companies completing working capital initiatives compared to the GMA peer median

Source: 2019 GMA Finance Benchmarking Analysis

For payables working capital initiatives, the average gain among survey respondents was over $200 million. Survey respondents with such initiatives also achieved a median days payable outstanding (DPO) ratio of over 60, compared to a peer group median of 41 and an industry median of 51.

PwC's *Working Capital Report 2018/2019* found that, to maintain working capital performance, DPO has increased to 68 days across industries over the past five years. The report also showed that, when enterprises improve overall working capital efficiency to the next performance quartile, they free up enough cash to boost capital investment by 55% on average. This boost comes without the need to access additional funding or put pressure on cash flows.

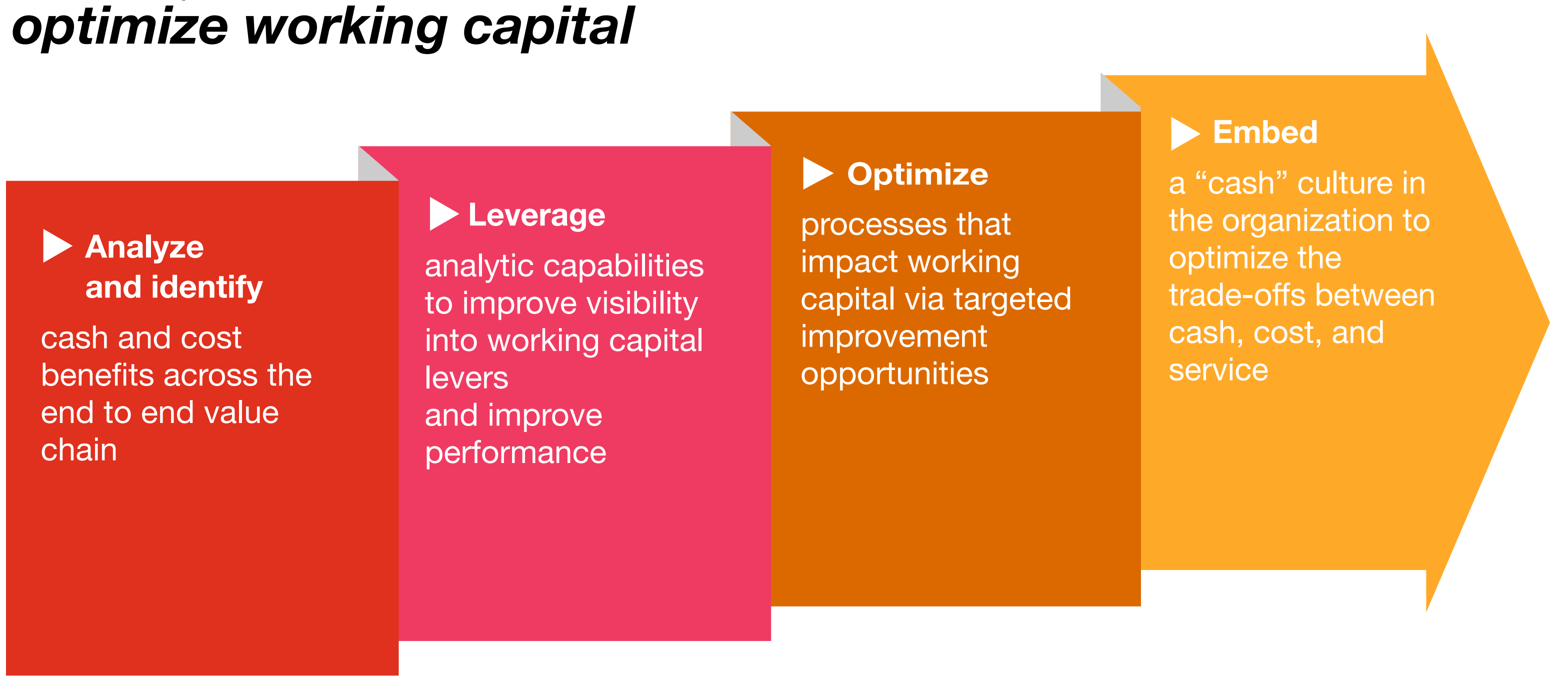
Despite these initiatives' success, only 38% of respondents in the GMA finance survey say they had completed them. Many of these companies are looking to build capital for future acquisitions or pay down debt for completed ones. But with such impressive results, even GMA companies without M&A on the horizon should consider working capital initiatives.

Successful initiatives have included

- Greater emphasis on reviewing payment timing in line with vendor contracts
- Prioritizing negotiation of payment terms in advance of large orders or upon contract renewal
- Involving finance to improve inventory management and target setting at the plant level
- Tracking and analyzing working capital to optimize invoicing via an Electronic Data Interchange platform

> **"While difficult to get traction with working capital initiatives at first, we explained to everyone: the faster we free up working capital, the faster we can get back into M&A."**
>
> —Jen Lowry, Corporate Finance, McCormick & Company

Action steps to
optimize working capital



Lean finance: lowering costs inside the function

To reduce costs without reducing functionality, GMA companies' finance functions are successfully implementing a host of initiatives within their own ranks. Many of these initiatives, though aimed at internal processes, also support the business.

Better finance organization and service delivery

Forward-looking GMA finance functions are implementing initiatives to align skills and competencies with the organization's strategy and needs, while also improving the digital acumen of employees to support the future of finance.

Over $10 million a year is the average cost savings from finance initiatives to improve their organizational design or service delivery model. These initiatives also help embed finance as a strategic business partner, providing internal and external customers with value-adding, cost-effective services. Many finance organizations are redirecting cost savings to strategic functions such as customer profitability, supply chain finance, and analytics.

Successful initiatives have included

- Spans and layers analyses to achieve the optimal amount of staff per management layer in each business function.
- Consolidation of finance into corporate or regional centers of excellence aligned to key business units.
- Consolidation of accounting into shared service centers aligned to key functional areas and relocation of finance and accounting staff to lower cost delivery locations.
- Outsourcing of non-core finance and accounting activities to third-party service providers.

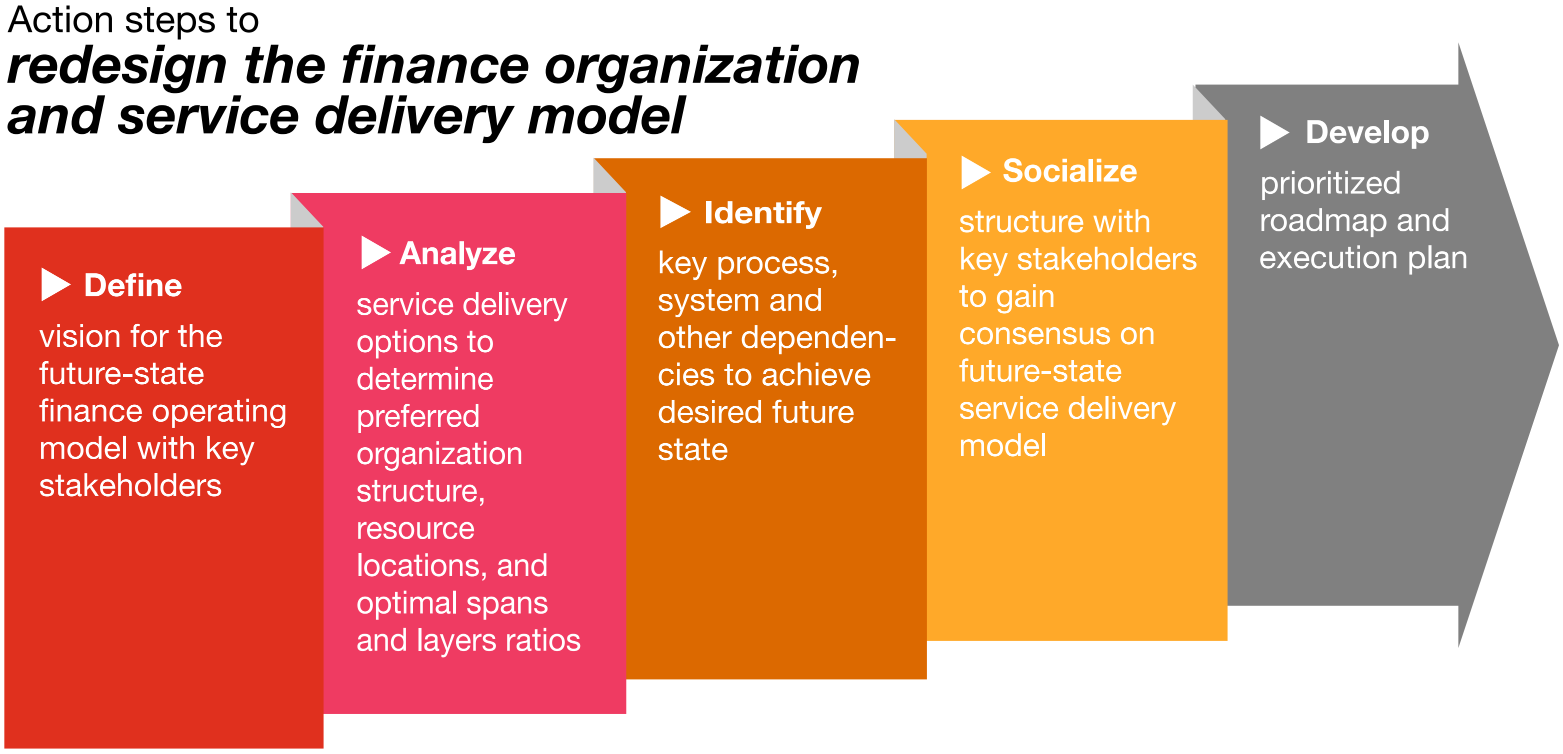
Many companies could benefit from organizational redesign and service delivery model initiatives. Survey results indicate

- Business analysis activities are currently only 14.2% of GMA finance function spend (see Appendix B,) suggesting room for a higher proportion of insight-driving activities.
- 2.7 staff to management is the median span of control for GMA-retained functions, compared to 4.8 at CPG companies (see Appendix B,) suggesting opportunities to apply spans and layers analyses in select transactional functions.

(For more on redesigning finance for the digital age, please consult this in-depth look at how the CFO can lead the change.)

> **"Part of our restructuring was to bring in talent that was more finance than accounting, and much more analytical than reporting. We've definitely upped the skill sets of our people."**
>
> —Craig Bryan, Vice President of Finance, Reily Foods

Action steps to
redesign the finance organization and service delivery model



Procure to pay improvement

A strong procure to pay (P2P) process aligns purchasing and supplier management, invoice and payment processing, and quality assurance and controls with corporate strategy and business objectives. This outcome-driven approach enables organizations to generate value for the business and drive efficiency while maintaining compliance and control.

GMA survey respondents with over $1.5 billion in revenue report significant savings from P2P initiatives: between $500,000 and $6.2 million a year, with an average of $2 million.

Successful initiatives have included

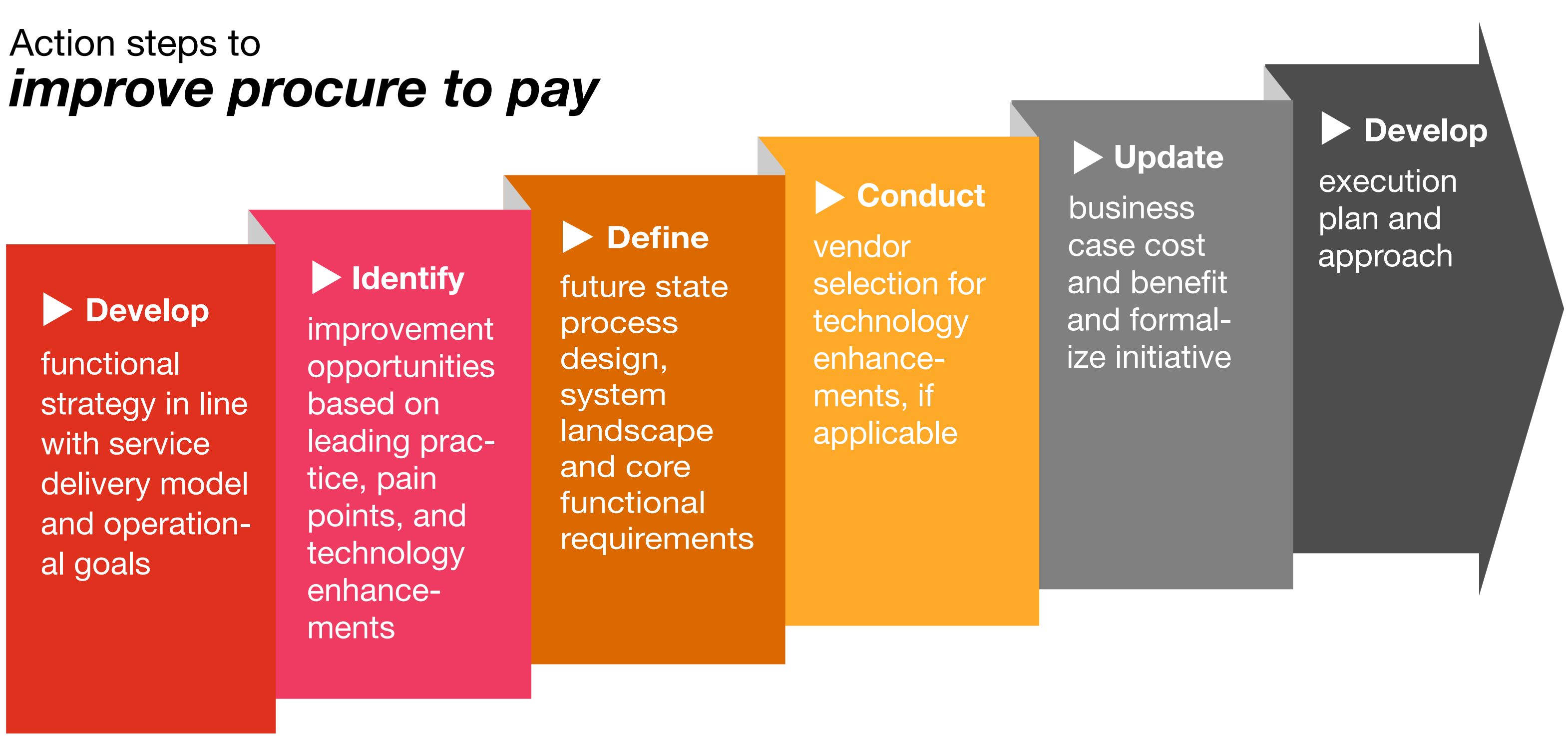
- Process standardization and centralization into delivery centers
- Improving A/P cycle time efficiencies via automation of invoice processing through optical character recognition (OCR) and workflow automation

Despite this success, several GMA companies experienced low invoice recognition rates when first adopting new OCR technology. The lesson learned is to manage initial expectations and to thoroughly test these tools' technical capabilities before going live. OCR tools may need time to "learn" new invoice templates and formats before they deliver benefits.

Blockchain technology for smart contracting with suppliers is a future P2P initiative for several survey participants. The goal is to automate transactions based on predetermined conditions or triggering events; for example, replenishing inventory automatically based on contracts with suppliers.

(Please see PwC research for more on digitizing procure to pay and smart contracts.)

Action steps to
improve procure to pay



Order to cash improvement

An efficient order to cash (O2C) process provides the right product, at the right time, at a profitable price. Billing and receivables improvements support greater, quicker access to cash flow to service the business. It also creates more satisfied customers through invoice accuracy and better dispute management.

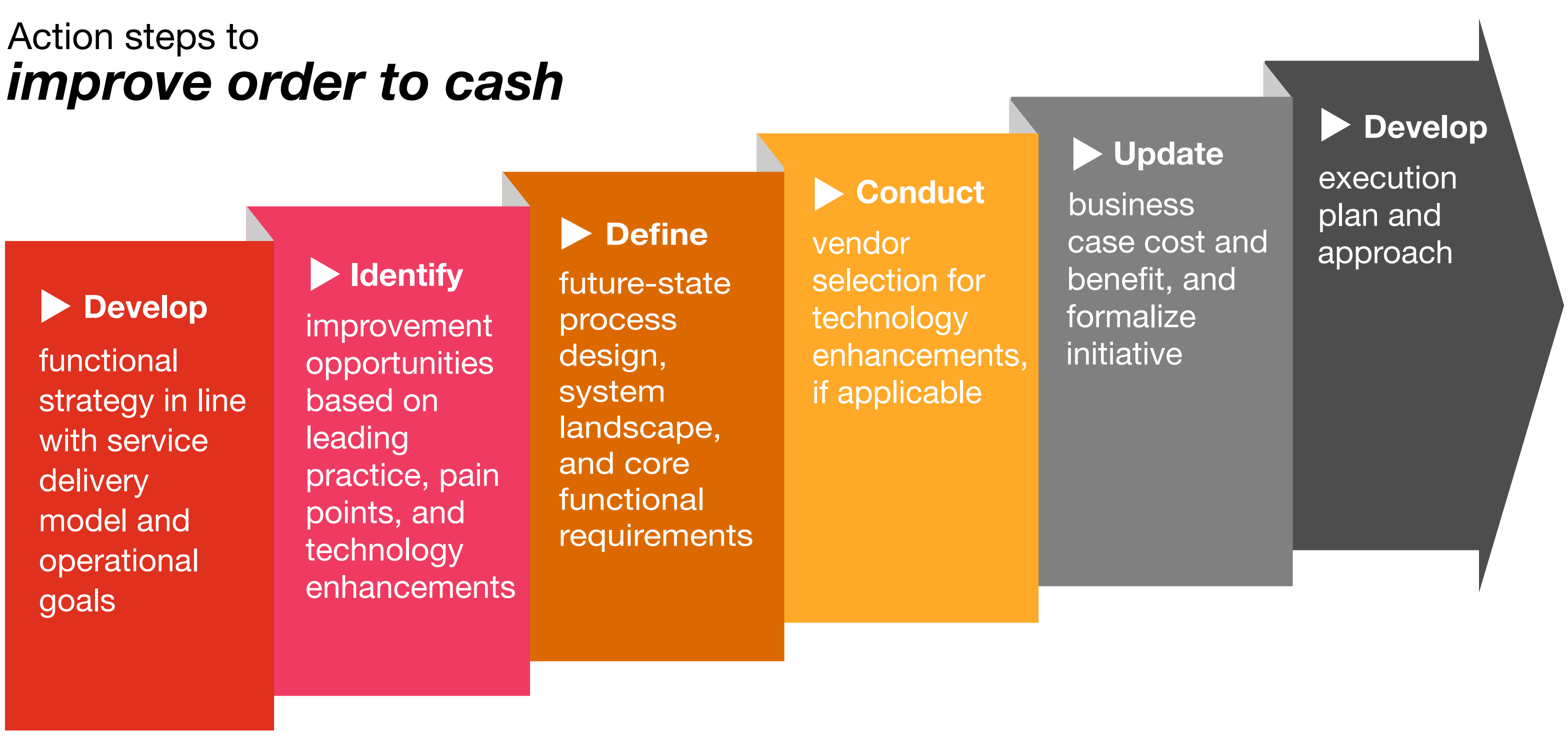
> # 4 days / 3 days
>
> Companies with stable ERP and reporting systems averaged 4 days to close and 3 days to report financials whereas companies without them averaged 12 days for both
>
> 2019 GMA Finance Benchmarking Analysis

Yet O2C processes are cumbersome for many GMA companies, due to cross-functional dependencies and trade management complexities. Their average overall finance cost in accounts receivable is 13.8%, compared to 8% among CPG industry peer companies. (See Appendix B for more details.)

Only 13% of survey respondents have completed order to cash initiatives, but 63% (see Figure 1) are planning future initiatives in this area. These initiatives will focus on

- Improving reliability of master data management, and integrating this data management so that contracting, order processing, and receivables management can access timely and accurate information.
- Process standardization and automation for trade management and order processing.
- Process improvement and automation of integrated receivables: invoicing, payments, cash application, deductions, collections, and dispute management.

Action steps to
improve order to cash



ERP transformation

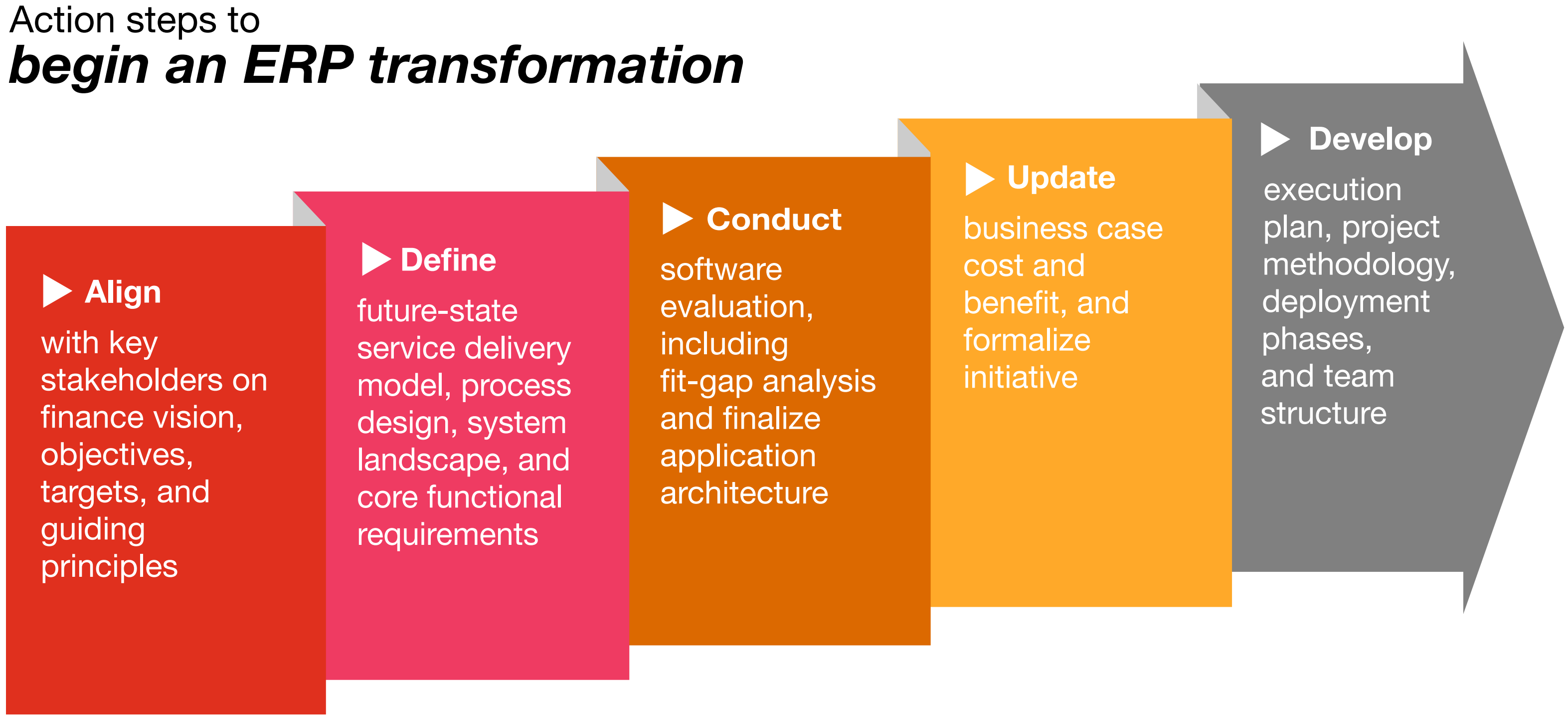
Enterprise Resource Planning (ERP) transformations entail optimizing finance technology (as provided by Oracle, PeopleSoft, SAP, Workday, Microsoft Dynamics and more) to create an integrated platform that maximizes automation, enhances data quality, and improves control.

Only 13% of respondents have recently completed ERP transformation initiatives, but 50% are planning them (see Figure 1.) Another survey result helps show why so many respondents are making ERP a priority: companies with stable ERP systems averaged four days to close and three days to report financials. In contrast, those with multiple systems, decentralized systems, or systems scheduled for retirement took 12 days on average for both.

Of the survey respondents planning on ERP transformation initiatives, 80% will combine them with finance strategy or organizational design initiatives. They are wisely looking at a holistic finance transformation to advance toward becoming the finance function of the future.

(For more on the future of ERP, please see *ERP in the cloud* *in* strategy + business.*)*

Action steps to
begin an ERP transformation



Robotic process automation

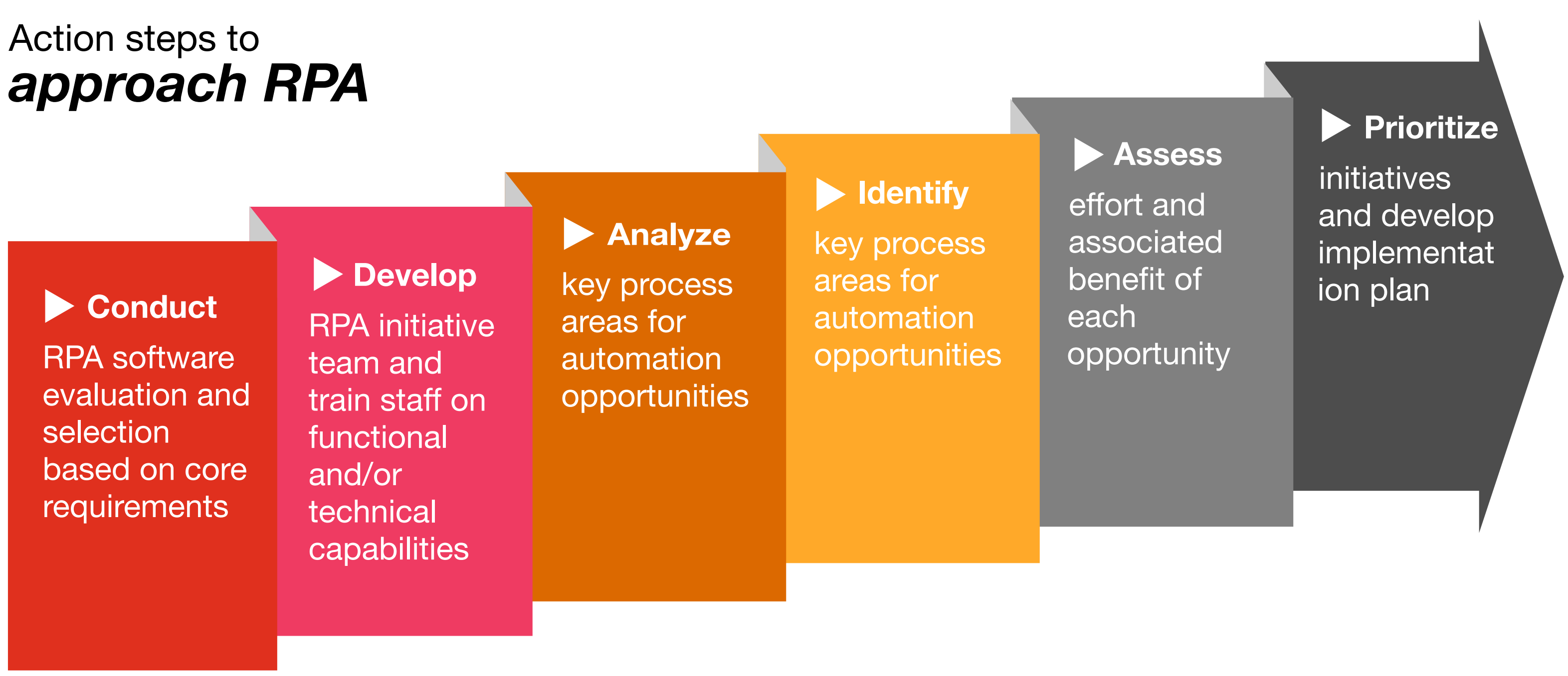
Robotic process automation (RPA) software performs manual, time-consuming, and rules-based office tasks more efficiently by reducing cycle time. It often does so at a lower cost than other automation solutions. For the finance function, RPA can lead to economic value, workforce advantages, quality and control improvements, and flexible execution. Finance can also help lead the development of a well-governed RPA platform for the entire business.

Of our survey respondents, 88% included RPA on their future finance roadmap, making it the most popular future initiative (see Figure 1.) Developing in-house RPA capabilities and piloting RPA on transaction process automation use cases are priorities for many. But there is little consensus on which software to select and how much savings to expect.

Common RPA use cases, completed and planned, include

- Data entry (order entry, etc. invoice entry)
- Advanced optical character recognition
- Extraction, population, and formatting of data for reconciliations or reports

(Please see PwC research for more on how to advance with robotic process automation.)



Management reporting and analytics: succeeding where many fall short

Seventy-five percent of respondents have completed initiatives in management reporting and data analytics, making it the most popular initiative. There's good reason why so many GMA finance functions have made this area a priority.

> **"We're trying to interpret the numbers so the business can make decisions that fuel growth and improve margins. When someone asks, 'Can we decrease inventory levels or will service levels suffer?' we want to dig into the numbers to be able to answer that."**
>
> —Jen Lowry, Corporate Finance, McCormick & Company

With strong data analytics, finance can improve its own processes—and be a better partner to the business. It can deliver reports and insights that support decision-making in marketing, sales, supply chain management, and even the C-Suite.

Furthering analytics capabilities, artificial intelligence and other advanced analytics tools are also leaving the laboratory and becoming part of many enterprises' day-to-day activities. That means that the cutting-edge analytics of a few years back may soon be obsolete. Enterprises are now looking for standard, meaningful and "verified" management information available at their finger tips as opposed to kicking off a series of ad hoc reports.

> **"Dave Marberger, our CFO, loves to joke about having an Alexa on every conference room table, so we can say 'hey, what's the margin of this business' and it would tell us the answer. And that's our vision: to get tech savvy, organized, and automated enough to make that happen."**
>
> —Dan Murgatroyd, Senior Director of Finance, Conagra Brands

Difficult progress

Despite the emphasis placed on better reporting and analytics, many companies are not satisfied. When our survey respondents self-rated their data analytics maturity in eight key categories, on a scale of one (the lowest) to five (the highest), the median across all the categories was only 2.9. The assessment was especially harsh for finance insights, data analysis skills, reporting capabilities and timeliness, as Figure 2 shows.

Defining outperformance

Based on discussions with survey participants, as well as PwC's experience with leaders in management reporting and analytics across industries, here are some of the common ways in which leading finance functions define outperformance in the eight key categories:

- **Financial analysis.** a coordinated, enterprise-wide language to run the business, with financial information and insights distributed to stakeholders via a central platform.
- **Data insights.** real-time, adaptive analytics to monitor performance, continuously adjust models, and offer actionable predictions.
- **Value recognition.** the broader organization values analytics-based insights and understands their importance.
- **Reporting capabilities.** business units and back office functions use advanced analytics, such as data visualization and dashboarding.
- **Reporting timeliness.** data warehousing and reporting takes place in real time.
- **Data governance.** the organization has a governance committee, a senior-level governance lead, and enterprise-wide incentives for good data governance.
- **Data quality.** error levels for end users are near zero for critical and non-critical data.
- **Skills availability.** employees have the right technical and business skills and are collaborating effectively, with external help on call as needed.

Figure 2: Ownership of analytics capabilities affects data analytics maturity

Data analytics categories	Finance ownership current state	Finance + data analytics team current state	Decentralized analytics current state	Overall GMA peer group current state	Overall GMA peer future-state goal
Financial analysis	3.3 / 5	4.5 / 5	2.5 / 5	**3.4 / 5**	**4.7 / 5**
Data insights	2.3 / 5	3.0 / 5	2.5 / 5	**2.7 / 5**	**4.3 / 5**
Value recognition	4.0 / 5	4.5 / 5	3.5 / 5	**4.0 / 5**	**4.8 / 5**
Reporting capabilities	3.0 / 5	2.5 / 5	2.5 / 5	**2.7 / 5**	**4.7 / 5**
Reporting timelines	2.8 / 5	3.5 / 5	2.0 / 5	**2.7 / 5**	**4.2 / 5**
Data governance	3.8 / 5	4.0 / 5	2.0 / 5	**3.2 / 5**	**4.5 / 5**
Data quality	3.3 / 5	N/A	2.0 / 5	**3.0 / 5**	**4.4 / 5**
Skills availability	3.0 / 5	3.0 / 5	2.5 / 5	**2.9 / 5**	**4.6 / 5**
Median	**3.2 / 5**	**3.6 / 5**	**2.5 / 5**	**2.9 / 5**	**4.5 / 5**

Source: 2019 GMA Finance Benchmarking Analysis

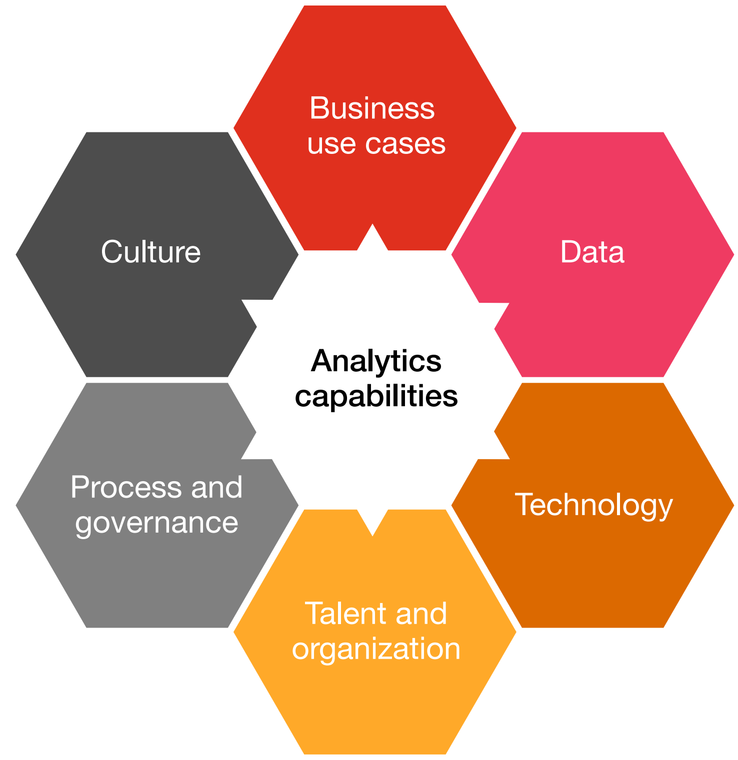
Ownership helps determine success

What sets apart the companies that excel in these eight categories? One important variable, the survey suggests, is who owns the analytics capabilities.

Outperformance comes most frequently when finance shares ownership of data analytics with a centralized IT analytics group. Under this model, the average reported maturity level rises to 3.6 from 2.9, as Figure 2 shows.

Full centralization of analytics in the finance function correlates with the second highest level of analytics maturity, a 3.2 average. The model that appears least conducive to analytics maturity is decentralized ownership of data analytics across business units and functional areas (2.5 average). This model correlates with especially low maturity levels in reporting timeliness, data governance, and data quality.

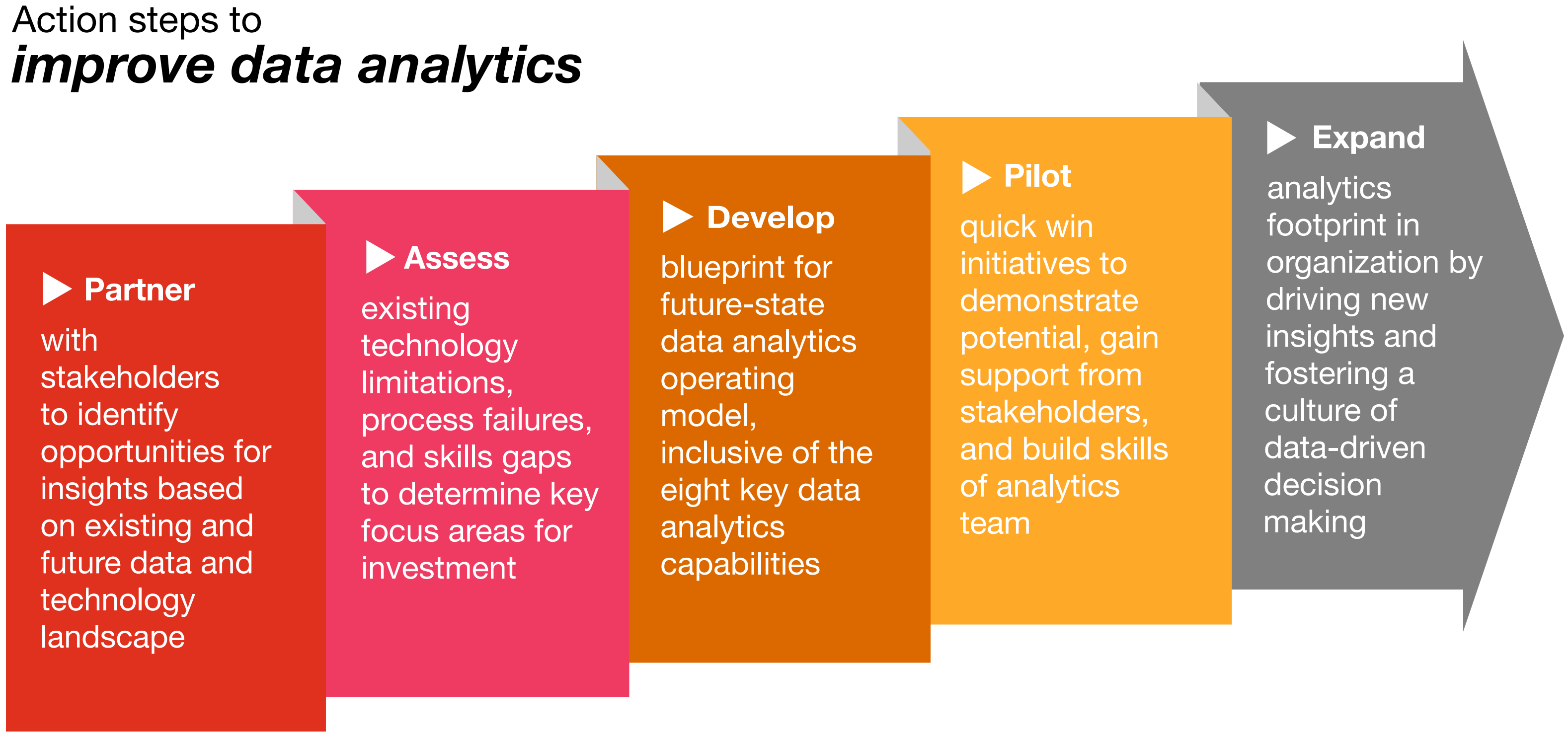
Getting to maturity



Ownership is merely one piece of the puzzle. From our survey results, interviews, and on-the-ground work, it's clear that successful management and data analytics initiatives focus on six priority areas.

- **Culture.** Build a data-driven downstream business culture that looks to analytics not just for rear-view reporting, but for forecasts and actionable insights.
- **Processes and governance.** Consolidate and centralize key activities; streamline metrics and interactions between analytics teams and business owners.
- **Talent and organization.** Upgrade skills constantly; source skills sets and capabilities as needed; consolidate for greater efficiency.
- **Business use cases.** Identify and prioritize where analytics can drive downstream business value; engage the business for use cases and market the capability.
- **Data.** Establish a technology architecture framework to consolidate data sources, along with robust quality processes and exception handling.
- **Technology.** Use existing infrastructure where possible; add a mix of tools for fast results and longer-term technology investments, including for rich media and natural language processing.

Action steps to
improve data analytics



Conclusion

GMA finance functions are implementing a wide range of roadmaps, aimed at improving their own efficiency, cutting costs, and supporting the business. Top initiatives within these roadmaps have generated over $100 million in average savings. Others have significantly increased the median days payable outstanding ratio, reduced the time required to report financials, and supported M&A initiatives.

Leading practices for building a roadmap include

- **A rigorous plan** that aligns with the broader organizational strategy, learns from internal experience, and draws on external sources and expertise.
- **Business cases** that fully map out estimated savings—including ones beyond labor costs—and other benefits to the business and the overall enterprise.
- **Execution readiness** that includes engaging with key stakeholders, defining the resource model, and establishing program governance with an emphasis on accountability.

When it comes to choosing the right initiatives to include in the roadmap, it is advisable to align closely to the business's needs, even when considering initiatives that focus primarily on the finance function's own operations.

While many initiatives have proven to create great value as indicated in this report, we recommend GMA finance functions consider the following initiatives as they build or refresh their roadmap:

- **Working capital optimization** to free up capital resources for the enterprise—and to fund the finance roadmap's execution.
- **Finance organization redesign** to align with the business and realize cost savings via spans and layers analysis.
- **Management reporting and analytics** to improve decision making and add value to the business.
- **Robotics process automation (RPA)** to automate transaction tasks and free up resources for analysis or project work; the goal is to backfill with robots, not people.

Competition is rising, and pressure from the C-Suite and rest of the business is constant. Finance functions must make smart investments and adopt a fast rate of change to be top-of-class, and learning from peers' best practices and most successful initiatives is an excellent way to get there.

Acknowledgments

We would like to thank the executives from the following companies for their in-depth contribution to the 2019 Financial Benchmarking Report:

Coca-Cola North America

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McCormick & Company

Morton Salt

Post Consumer Brands

Reily Foods

The J.M. Smucker Company

Unilever

We would like to thank the following PwC professionals for their contribution to the 2019 Financial Benchmarking Report:

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Appendices

Appendix A: GMA performance across key finance metrics

48%

GMA respondents operate with 48% less FTEs and pay over 5% more per FTE than industry peers

Companies in the top quartile for DPO had completed working capital initiatives

Companies in the top quartile for entity close and financial reporting had stable ERP systems

Key finance metrics	GMA median	GMA top quartile	Industry median	Industry quartile
Cost as a % of revenue*	0.68%	0.39%	0.85%	0.59%
FTE/$B revenue	**44.8**	**37.5**	**93.0**	**60.0**
Remuneration per FTE	**$103,956**	**$96,132**	**$98,196**	**$77,901**
Span of control	2.7	4.0	4.8	6.2
A/P cycle time	8.5	5.5	11.3	6.5
Days payables outstanding	**41.0**	**62.2**	**51.0**	**60.0**
Automated cash remittance posting	53%	75%	28%	61%
Days sales outstanding	26.5	23.0	47.4	27.4
Entity close	4.5	4.0	5.0	3.3
Days to report financial results	**7.0**	**3.0**	**4.4**	**2.6**
Reports per $B revenue	39.8	10.8	1,621	566
% of standard management reports	80%	94%	61%	75%
% of automated management reports	33%	38%	23%	38%
Data collection %	55%	31%	55%	44%
Days to complete budget	131	113	145	98

*Overall finance process cost as a % of revenue excludes facilities and technology cost
Source: 2019 GMA Finance Benchmarking Analysis

Appendix B: GMA finance function cost as % of overall finance cost

13.8%

Overall finance cost spent in accounts receivable is 13.8% compared to almost 8% in industry peer companies

Finance function cost as % of overall finance cost	GMA median	GMA top quartile	Industry median	Industry top quartile
Accounts payable	6.35%	8.39%	7.97%	8.09%
Customer billing	3.83%	0.88%	3.68%	3.67%
Accounts receivable/ credit/debt	**13.77%**	**16.74%**	**7.99%**	**8.40%**
Payroll	3.34%	3.25%	6.10%	4.53%
General accounting	13.83%	8.32%	13.04%	14.74%
Financial / external reporting	1.28%	1.73%	3.80%	4.14%
Management reporting	11.52%	10.88%	8.69%	8.25%
Treasury	3.06%	2.21%	4.22%	4.26%
Internal audit	3.42%	3.20%	3.54%	4.18%
Process controls and compliance	3.00%	2.95%	4.50%	4.25%
Tax accounting and compliance	6.44%	8.52%	5.20%	3.00%
Tax planning	1.11%	1.14%	2.69%	2.36%
Strategy and planning	4.28%	7.07%	6.75%	6.48%
Budgeting and forecasting	9.06%	9.76%	8.49%	9.62
Business analysis	**14.20%**	**13.39%**	**10.13%**	**9.98%**
Performance improvement	1.54%	1.55%	3.21%	4.04%
Total	100.00%	100.00%	100.00%	100.00%

Source: 2019 GMA Finance Benchmarking Analysis

14.2%

14.2% of finance resource spend allocated to business analysis