



# 2018

## Finance & Accounting Outlook Survey

### THE RESULTS ARE IN

Finance and accounting leaders from fast-growing companies shared what they are focused on in 2018.



## What are finance and accounting leaders focused on in 2018?

In early 2018, MorganFranklin Consulting conducted a survey of nearly 70 finance and accounting leaders from growth-oriented emerging and middle market companies across the US from a diverse range of industries.



# Key Takeaways

## Future Focused

Finance and accounting roles are becoming more future-focused and “big picture” oriented. The ability to both lead as well as effectively forecast and vision for the future is of utmost importance.

## Business Transformation

Most finance and accounting leaders plan to focus on optimizing and/or implementing back office systems and processes in 2018. Areas cited as having the greatest opportunity for impact through transformation initiatives include:

- Forecasting and budgeting
- Financial reporting
- Revenue recognition

Most see effective collaboration with their counterparts in Operations and Sales as key to advancing these important initiatives.

## Board & Sponsor Reporting

Despite recognizing the importance of thinking strategically and focusing on the “big picture,” most finance and accounting leaders do not believe they have a strong understanding of what financial and operating metrics are most important to their board of directors and financial sponsors. Further, regularly reporting on financial and operating metrics requires moderate to extensive level of effort for most companies.

## Adoption of New Accounting Rules

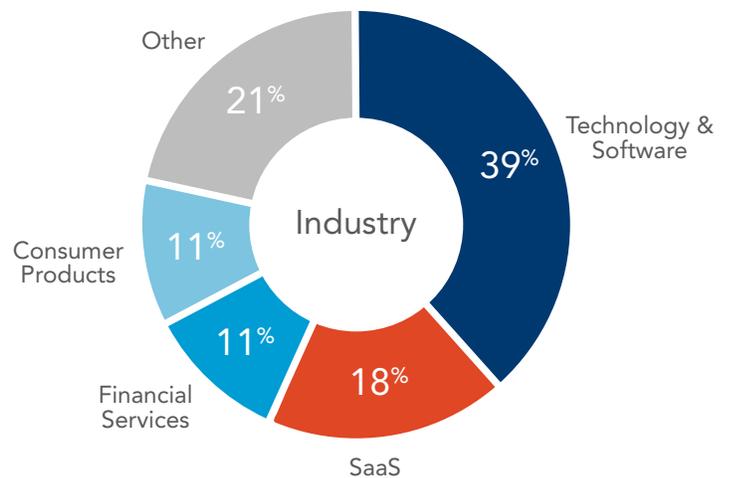
Most private companies have not made significant progress preparing to adopt the new revenue recognition standard, ASC 606. Private companies must be compliant for reporting periods after December 15, 2018. Further, most companies have not made significant progress preparing to adopt the new lease accounting standard, ASC 842. Public companies must be compliant by January 1, 2019 and private companies by the start of 2020.

What is the make-up of our survey group?

# Demographics

## Industries

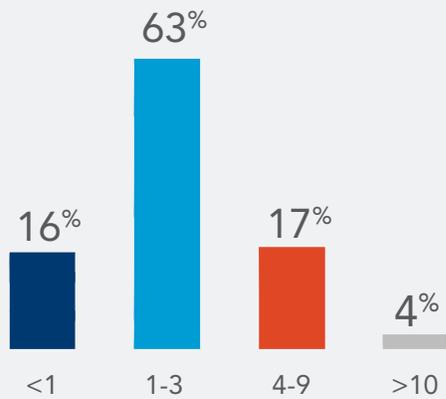
The majority of participants fell into Technology & Software (39%) or Software as a Service (SaaS) (18%). Tied for third at 11% is Financial Services and Consumer Products.



## Career Aspirations

We asked our survey participants what they looked for most when choosing their employer.

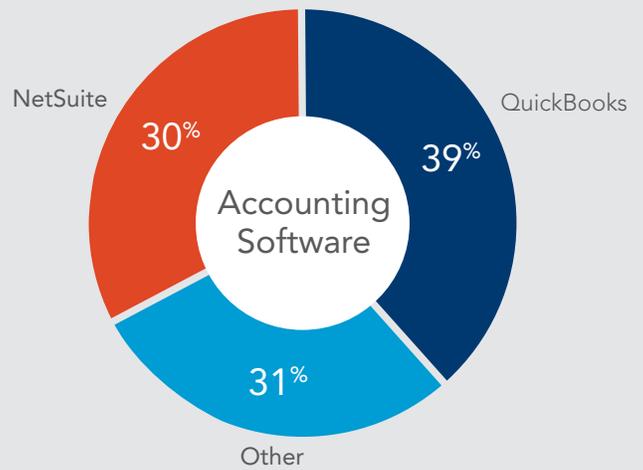
**84%** said career advancement is most important to them.



Years at Current Employer

### Tenure

We were curious about finance and accounting leader turnover. We discovered that 63% of participants have been with their current company between 1-3 years, with 16% having less than a year of tenure. Only 4% have been with the same company for more than 10 years.



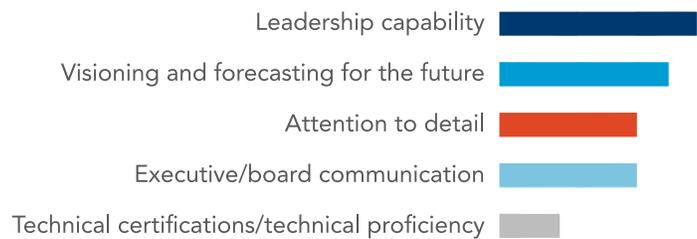
### Accounting & ERP Systems

With so many accounting software options available to companies these days, we were curious about which systems companies use. Participants reported that QuickBooks™ (39%) and NetSuite® (30%) are the most utilized.

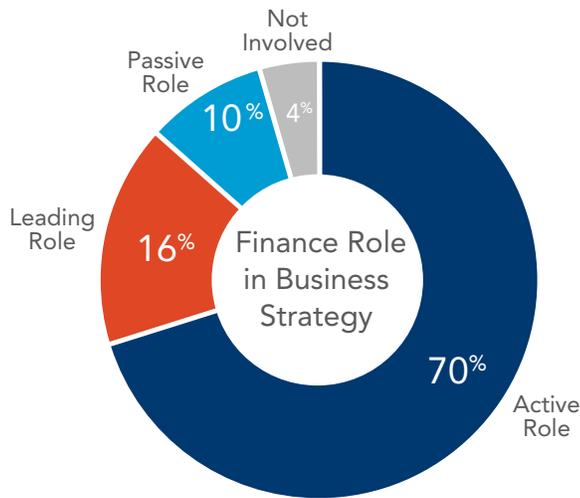
### Critical Skills

Leadership roles in finance and accounting are demanding, and we wanted insight into what skills participants felt were most critical for success. Five skills were offered as answer choices and multiple answers were permitted.

**Key Takeaway:** There's a shift in focus from merely reporting data to providing value.







### Strategic Finance

The majority of participants (70%) indicated that major decisions go through finance and that they have an active role in influencing company strategy.

**Key Takeaway:** Companies feel that their finance departments play a major role in the success of the business.



### Collaboration and Communication

How well did our survey respondents feel that they collaborate and communicate with others in their company? Six stakeholder groups were offered and multiple selections were permitted. Participants indicated that they plan to collaborate most to advance mission critical objectives with operations.

**Key Takeaway:** Finance and accounting leaders want to be more involved, to be viewed as tactical partners, and to internalize how finance can enable sales and operations.

### Metrics

Participants were asked to rate how well they understand the expectations around financial and operating metrics of their board and financial sponsors. The overall average was 7.1/10.



Participants were also asked to rate the level of effort required to regularly report metrics. The overall average was 6.9/10, with 54% of participants saying the level of reporting effort is extensive.



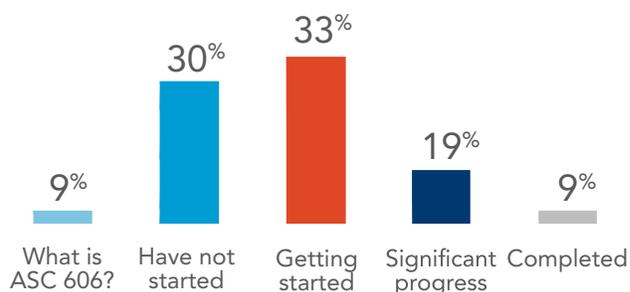
■ No understanding   ■ Unsure   ■ Strong understanding

■ Walk in the park   ■ Moderately Extensive   ■ Extensive

# New Accounting Standards

## ASC 606—Revenue Recognition

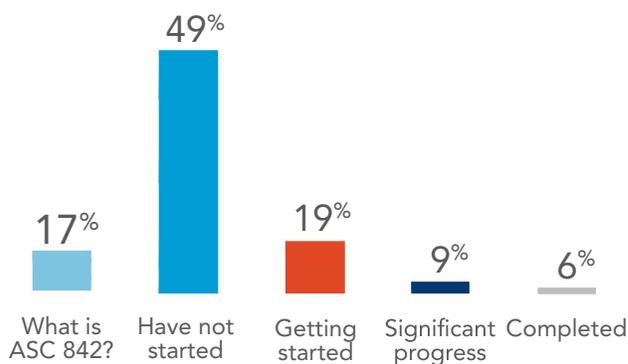
63% of participants haven't made significant progress to implement the new revenue recognition standard—ASC 606. Only 9% have completed adoption while 19% have made significant progress. Calendar year-end public companies were required to adopt the new standard on January 1, 2018, and private companies must implement for reporting periods after December 15, 2018.



Progress Towards Adoption of ASC 606

## ASC 842—Lease Accounting

Some companies (9%) are well on their way to adopting ASC 842, the new leasing standard, and others have adopted it already (6%), but most companies (68%) have not made significant progress implementing this standard. Public companies must adopt the new lease standard by the beginning of 2019, and private companies have until 2020.



Progress Towards Adoption of ASC 842