



3 Steps to Adopting an Enduring Finance Strategy

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Finance Strategy in a Nutshell

Finance strategy is the long-term planning of financial business goals. While those goals vary between different businesses, they share two big-picture objectives - long-term gains and continuous growth. It's all about the long haul, maximizing value over time while managing risk and ensuring stability. Strategic decision-making does require sacrifice, and often comes at the expense of tactical, short-term benefits, which, as you can imagine, is not always well-received by stakeholders. But is it worth it? Absolutely.

The first steps towards strategic financial management entail defining objectives, identifying resources, and devising a strategic financial plan.



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Step One: Defining objectives

Size, sector, and status are just a few of the differentiating factors between companies' needs and demands. Unfortunately, there's no ready-made template for successful finance strategy. It has to be custom-tailored to fit goals in terms of direction, scope, and time demands, and involves several teams and individuals of high-level professionals, including FP&A and strategic financial managers. On a brighter note, there are advanced financial tools available that can significantly ease the process and enhance efficiency. More on that in a little bit.

Risk management is an integral part of goal-setting. Defining appropriate boundaries and tolerance to financial exposure is key to maintaining financial health, as well as managing stakeholders' expectations.

Step Two: Identifying Resources

Effective finance strategy capitalizes and optimizes resources as means to achieve its goals. The role of a strategic financial manager is to identify and evaluate available and potential assets, considering capital structure, operational costs, human resources, debt and equity, among other financial factors. Resource reallocation, for example, is a powerful strategy to increase efficiency and profitability, and as all successful strategic financial plans, must rely on continuous, accurate, and data-based assessments.



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Step Three: Devising a Strategic Financial Plan

After a dynamic process of evaluating resources, identifying weak and strong points, and recognizing opportunities, finance strategy professionals devise a strategic financial plan. A vision for the company's future, and a practical, applicable plan of action, considering risk levels and ongoing financial endurance.

Forecasts and projections are designed in collaboration with FP&A teams, who evaluate extensive, business-wide data analysis to create in-depth insights. It's safe to say forward-looking strategies rely heavily on financial data, placing accurate, real-time information at the top of the priority list. Not easy to accomplish, but certainly possible, in large part due to technological innovations in the world of finance.



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The Benefits of Using Advanced Technologies in Finance Strategy

At the foundation of financial analysis lies data, and you can never have too much of it. The ability of digital advances to process an immense amount of data enables a broad financial view. Of course, the information by itself is not enough, data has to be accurate and up-to-date in order to yield relevant assessments and insights that help shape the financial strategy.

Let's take a look at expense management for example. Integrating smart platforms and automation improves both the processing and managing of company spend, that support the analysis and implementation, respectively.

With a smart spend platform, all levels of financial management, from transactions to record-keeping, reporting to compliance, can be automatically centralized in a repository, easily tracked and monitored, and efficiently analyzed. Visibility and transparency facilitate dynamic decision-making, and the platform itself can become an expense forecasting tool. Using real-time expenditures and BVAs provide sustainable clarity on the status and direction needed at any point in time.

In a post-pandemic world, resilience and flexibility are fundamental to financial longevity. The volatile economic environment encourages businesses to implement new strategies, consider fresh perspectives, and adapt advanced financial technologies, to achieve long-term success.

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