

The Fearless Thinkers Podcast | Season 2, Episode 17  
**From control to enablement: the evolving finance function**  
with Katy Young and Ignacio Vaccaro

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**Masami Cookson:** Welcome to Fearless Thinkers, the BTS podcast. My name is Masami Cookson, and our host is Rick Cheatham, head of marketing at BTS. On today's show, Rick sits down with Katy Young and Ignacio Vaccaro.

Katy Young is a senior vice president and partner at BTS. Throughout her career, she has partnered with the world's largest organizations across industries. To enable strategy execution and change, Katy specializes in working with SAS organizations to enable digital transformation and continued hyper growth. Katy is a published author and active thought leader on the BTS blog.

Ignacio Vaccaro is a senior director and head of the Strategic Alignment and Business Acumen Center of Expertise for BTS Europe. Based in Amsterdam, Ignacio started his career as a business analyst in his native Argentina and joined BTS after obtaining his PhD in management innovation. Since then, Ignacio has enabled strategy implementation around the world in industries including finance, telecommunications, banking and medtech. Aside from his role at BTS, he has held senior positions in capital planning and commercial finance.

Hey Rick, how are you doing today?

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**Rick Cheatham:** I'm doing really well. How about you?

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**Masami:** I'm doing great. I have some news. After, uh, going to so, so many weddings, my number is finally up. I'm now engaged.

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**Rick:** Wow, that's awesome. What a great adventure. Y'all will have a blast planning for it and then, uh, forging through life. It's phenomenal.

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**Masami:** Thank you. I'm so thrilled.

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**Rick:** Well, hey, today I'm talking with Ignacio and Katy about a trend that they started to see out in the marketplace where the role of finance has really shifted at some of the world's top companies, and how that function can really be a better partner to the business. It's a lot more about using data as a windshield versus a rear-view mirror and getting in front of challenges before they really impact the bottom line. Let's go!

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	Katy, Ignacio, welcome back to the show.
<b>Katy Young &amp; Ignacio Vaccaro:</b>	Thanks. Great to be here. Thanks, Rick. Good to be back.
<b>Rick:</b>	What's been going on in your world, Ignacio?
<b>Ignacio:</b>	A lot of work, lots of really interesting conversations. projects on a more personal note. I'm redoing my office at home, and DIY projects that takes three times as long as the originally planned, so quite intensively trying to finish painting.
<b>Rick:</b>	It can be so rewarding to accomplish something like that, but it is always like three times the time and unfortunately, at least 1.5 times the money. How about you, Katy?
<b>Katy:</b>	Oh, you know, a lot of the same. I'm, uh, gearing up right now to go coach eight year old boys in soccers. Uh, getting ready to, uh, lead them to victory, hopefully, but at least to a good time.
<b>Rick:</b>	Oh, I love it. I think you know this. I've got four kids and that early soccer where it's just like a little herd of them chasing the ball constantly is always a ton of fun. I know you both get to speak with a lot of clients across Europe and even around the world. I'm curious, what trends are you seeing right now?
<b>Ignacio Vaccaro:</b>	A lot of the uncertainty that's come through in the last couple of years from COVID to now has really opened up different issues, and a lot of organizations have noticed that they've been cut out in an environment that is really volatile and they cannot match the speed of that change with the speed of their adaptability in processes like budgeting, like reallocation, like rethinking how to best approach those new challenges. The spread of what's possible right now [is] a lot bigger than it used to be. And a lot of organizations are beginning to realize that they're not quite set up to match that spread of possibilities. They're rethinking how they organize themselves and what role they can play in organizations.
<b>Katy Young:</b>	We actually have done some research around what it takes to be what we're calling a future-relevant organization. So, a company that's really set up to operate now in a really rapidly changing world and into the future and explore[s] possible futures, as opposed to planning for one possible future, right?

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To dynamically shift resources as conditions change in the organization is critical moving forward.

We're seeing that, while that's really critical, a lot of organizations aren't really set up successfully to do this. And one of the levers that we see as Ignacio refers to is, how the finance organization interplays with the rest of the organization.

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**Rick Cheatham:**

I'm definitely familiar with the future-relevant research, but as you just described it, I would think that that would fly in the face just a bit of what traditional great leadership looks like. I think as a great leader, I'm supposed to provide a clear vision and direction on how we're going to get there. And this seems different.

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**Katy Young:**

Well, I think a clear vision is critical, but the ability to move within it and adapt within it is what we're really getting at. Shift resources around really rapidly. Conditions are changing in the market – suddenly inflation is booming; suddenly there's supply chain issues; consumer preferences or patterns are shifting in terms of purchasing. And companies need to be able to adapt.

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**Ignacio Vaccaro:**

One of the things that I observed with one client in particular: their vision hadn't changed. In fact, you know, the targets were the same. The interesting thing was that they realized in the face of inflation and how things were changing around them – they had to do a much better job at pairing the sales organization with the finance organization to look at the evolving profile of the costs, to the point that the most strategic and economic decision for them was to actually stop selling certain products.

So, it's not a matter of changing the vision or changing the goals, but rather, to complement parts of the organization and find that interface – in this case, it was sales and finance, but it could be any other pairing – and see what is the smart decision now. And these coming from an organization that really prize themselves on the sales force and they're really intense about winning in the marketplace. So it was, it was quite an interesting conversation, quite an interesting realization for them. That they really had to stop and reassess what was the smart move for them.

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**Rick Cheatham:**

If I were going to just make it simple in my head, I'm going to the same city no matter what. But what we're talking about now is the difference between using Google Maps and using Waze. As conditions change, I'm still going to the same place, but I might need to take a side road. Fair?

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**Ignacio Vaccaro:**

Yeah, and what you see is that there's a call for flexibility, but there's a call for actually understanding the reality of the business. Because the business environment has become so volatile, the business has been really quickly adapting – sometimes changing the economic logic of what they do, sometimes launching new products.

Some finance organizations have been caught in this mindset of being really strong at controlling the controlling part of an FP& A function; maybe looking backwards quite a bit. And the shift that they've had to make is to that of a co-pilot to the business, looking forward, providing that optionality around inner world of constraint resources and ever-changing dynamics.

What options do we have ahead of us? What are the smart ways in which we could tackle this complexity [by] reallocating, optimizing; without that blanket statement [of] cut all spending – because some businesses will prosper out of these environments. Some businesses will make it, and therefore it's in everybody's best interest to work together to understand: where can we go from here?

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**Rick Cheatham:**

Yeah, it's so funny – the whole use it or lose it mindset around budgeting, or, “Okay, we're going to turn everything back off, and we're not going to really tell you when we can turn it back on,” but then all of a sudden, like, you run and you talk about it – you are a co-pilot, you are marketing, [etc.].

We all know those things don't work, but I'm wondering, Ignacio, if you could just expand a little bit more on the concept that you're both unfolding here: What does it mean for finance to be the co-pilot in the business?

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**Ignacio  
Vaccaro:**

**What it means to be a co-pilot is to think like the executive is to think from the point of view of the business. How do we enable the business to achieve its objectives? How can we support? To realize a strategy, knowing that there will be some constraints, but also knowing that we can play the enabling role within the organization.**

So, for instance, you know, we see innovation in the way organizations carry their budgets. We see innovation in the way organizations work together with the business.

Several of our clients come to us as finance teams, trying to evolve their thinking, [but] not so much in a technical capacity. They don't come to us telling us we need to be better controllers. They come saying we need to be able to influence the business that allows them to **have that gravitas**: to be able to articulate the optionality and what the business can do differently.

**It takes the form of being more proactive around understanding what the market is doing, what our business is doing as a result, and providing a more intelligent view around [allocating] resources to realize that.** If we're going to deploy lots of capital, where is the smart way of deploying it? If we need to have a better cash flow, how can we pair our sourcing strategy, our procurement with finance, to work on better parts of the business?

**So, it's being ingrained in the business – not looking backwards, not looking in the rear view mirror, but looking forward, you know, what do we need to go?** How can we support the business to get there?

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**Katy Young:**

We see that there's a need for a similar shift that we've observed in how HR partners with the business... Because in some organizations, finance is viewed as really a service function. In other organizations, it's more of a controlling function.

The future state should be that finance is a partnership with the rest of the business: they're really sitting down and exploring strategic alternatives, modeling possibilities, helping people make the better business decision because they understand the alternatives and the implications to the business much more effectively.

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**Rick Cheatham:** Katy, that's, that's actually where my mind was going as we were talking earlier about what effective strategy execution looks like in today's world. It's sounding very much like the finance team, as you're proposing, is really the catalyst for helping people to understand "What if?"

Building on Ignacio's example, how can I use my data to be forward looking and prevent problems before they happen versus using the data to explain what went wrong.

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**Ignacio Vaccaro:** That notion of the co-pilot is really being at the table with the big conversations; understanding the reality not only of your function, but of functions across the business; and understanding the environment in which they're happening. The scope of possibility and unpredictability is much wider now, so that calls for almost **an inverse reduction in the rigidity** of the planning function, or finance function – [that calls for having] that flexibility to the business, the "what-if" analysis, the scenario planning, the modeling of different opportunities, so that you can be more proactive around the choices you make – always keeping the business strategy at the heart of what you're doing.

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**Rick Cheatham:** So it is all about getting in early, being a part of the business, and looking forward with your business leaders instead of just reporting data / looking back.

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**Ignacio Vaccaro:** Yes, you're getting it, Rick. Essentially, it comes down to having that seat at the table, being part of the big decisions; looking forward, not so much looking back and reporting; and critically, I think, is finding that interface with different parts of the business, complementing them by adding the data and the intelligence that comes from the finance team, and supporting them in making better decisions that play to the overall organization.

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**Rick Cheatham:** I'm curious about [how] the role that the rest of the organization, and their understanding of the real trade-offs the organization faces at any given time, plays into this way of working.

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**Ignacio Vaccaro:**

[...] Because we've seen lots of finance organizations trying to evolve how they work... Equally, it's the rest of the business. More than ever before, they need to understand the language of finance. You know, how their organization creates value. What are the main levers of the business, and how they can act on those levers?

Especially now, [when] we come in on the back of maybe 10 years of fairly unstable, but at least not crisis, times. Now things are moving a lot quicker, so it's very critical that people understand how their businesses create value, what are their levers at their disposal to pivot when needed to make the right call, and also how to be able to effectively partner with finance. The more they speak, [and] the better [they do] in the same language, the better they're going to be able to work together.

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**Rick Cheatham:**

That makes a ton of sense to me. I think it's an ongoing battle for people to fully understand those levers, and what's available to them, and the implications. It connects back with what Katy was saying earlier about the role in finance of helping to model potential outcomes and helping people to understand the implications of our decisions.

Well, I always like to ask: Let's say I'm not a person that could make this change in my organization. I'm not the CFO. I'm not the CEO. But I hear what you're saying. What can I go do now?

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**Katy Young:**

Most finance professionals and finance organizations see [that] this need that organizations are big, unwieldy, and hard to adapt to these kind of processes very easily. What I've seen successful in our clients is kind of three things.

One is really challenging the status quo, right? Anybody can do that and sort of look at ways to question and rethink the operating model between finance and the rest of the business and how can it become more adaptive and servicing the needs of the business.

The second is really helping be a partner in educating the rest of the business about: the financial model, the business model, the strategic trade-offs of their choices. And so, becoming an enabler in actually building that understanding and breaking through the complexity of finance for the

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rest of the organization is really powerful. We've seen some great examples of CFOs being deeply engaged in, uh, really helping upskill the organization and the financial and business model.

And then the third is helping the finance organization to become better partners, so: things Ignacio was referring to in terms of building skills around influencing, gravitas, [and] the ability to model and sit down with people and help them explore choices and influence their thinking and break down that complexity for them.

I think those three levers are really powerful.

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**Rick Cheatham:** Those really great insights, Katy, and I think that both at the individual and organizational level, those are things that people can go do quickly. I really appreciate you both joining us today. You've given our audience a lot to think about and some really cool things to potentially go do. Appreciate you joining.

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**Katy & Ignacio:** Thanks very much, Rick.

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