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THE CFO REPORT

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Funding growth from operations.

How CFOs can turn procurement and supply-chain improvement into cash, margin, and the capacity to invest.

THE EXECUTIVE QUESTION

What must change in the operating business to make the growth plan fundable and deliverable?

INSIDE THIS ISSUE

Public-company CFOs
PE & portfolio CFOs
The execution framework

THE ONE-MINUTE BRIEF

Three takeaways. One operating framework.

Operating improvement becomes a source of growth funding when the change is delivered, the financial benefit is verified, and its use is explicitly chosen. The task is not to find the largest savings estimate. It is to build a growth plan whose operating and funding assumptions work together.

01 **Match the benefit to the commitment.** Recurring earnings improvement, one-time cash release, and productive capacity are different outcomes. They cannot support every commitment in the same way.

02 **Deliver before relying on the benefit.** Include implementation cost, timing, and dependencies. An identified opportunity is not cash available to spend.

03 **Allocate the improvement once.** Decide what supports reinvestment, earnings, liquidity, or the balance sheet. The same benefit cannot fully fund several commitments.

Diagnose → **Design** → **Deliver** → **Deploy**

One framework connects those decisions: **Diagnose, Design, Deliver, Deploy.** Diagnose the constraint, design the operating change, deliver and verify the result, then deploy the resulting capacity.

Some growth still requires external capital, more inventory, people, or new assets. The aim is not to force every investment to fund itself, but to distinguish necessary spending from avoidable operating friction.

READ THE ARGUMENT

03 Why now
04 Benefit types
05 The framework
06 Public-company
07 PE & portfolio
08 AI in the plan
09 CFO review
10 Why VPP

THE AGENDA NOW

Productivity and growth belong in one plan.

> **Productivity and growth belong in the same planning conversation.** The CFO's opportunity is to connect operating improvement to the resources and capabilities the growth plan needs.

Gartner C-level Communities' July 2026 survey of 115 CFOs ranked operational efficiency and productivity first among enterprise priorities, growth second, and cost optimization third[1]. That combination supports a broader mandate than defensive cost reduction.

Execution also matters: among respondents prioritizing finance transformation, 61% identified competing priorities as a challenge[1]. Before treating a forecast benefit as committed, ask whether the organization has the resources and ability to deliver the change.

What this means for the CFO

Evaluate productivity initiatives alongside investment commitments, not in a separate savings exercise. Identify which operating constraint limits growth, what it costs to remove, and when the improvement becomes dependable enough to support the plan.

The survey is directional, not a Fortune 1000 census; its published methodology does not provide a company-size breakdown[1]. It establishes relevance, not the return on a particular initiative.

CFO PRIORITIES

Enterprise agenda[1]

01 Operational efficiency and productivity

02 Driving growth

03 Optimizing or reducing costs

The implication: connect productivity to the resources growth requires.

Evidence retained as of September 22, 2026.

1. Gartner C-level Communities. July 2026; 115 CFO responses. https://www.evanta.com/resources/cfo/survey-report/top-3-priorities-for-cfos-in-2026

WHAT IMPROVEMENT CAN PRODUCE

Match the benefit to the commitment.

> **Match each operating benefit to a financially appropriate use.** Recurring earnings, cash release, and productive capacity create different financial options.

Outcome	What changes	What it can support
Recurring earnings improvement	Sustainable net operating cost or contribution improves.	Recurring investment or retained earnings, subject to durability and cash timing.
Cash release	Less cash is tied up in operating working capital.	A defined use of cash, without assuming the release recurs every year.
Productive capacity	Existing resources can deliver more useful work or saleable output.	Growth or avoided spending only when demand, deployment, and incremental economics are established.

Two principles protect the financial case

Evaluate total economics. A lower supplier price may require larger orders, more inventory, or premium freight. Compare the whole operating consequence, including transition and ongoing costs, rather than optimizing one measure.

Preserve the conditions for growth. Lower inventory is not a better outcome if it undermines availability. Network decisions must account for service, inventory placement, capacity, and transition requirements, not only carrier rates.

More available capacity creates an option, not automatically revenue or cash. Define how it will be used before translating an operating improvement into a financial commitment.

The funding question is therefore specific: what is the net benefit, when does it arrive, and is its timing and durability suited to the proposed use?

THE EXECUTION FRAMEWORK

One path from opportunity to dependable funding.

> **An opportunity becomes dependable through operating change, not through a better savings presentation.** Use one sequence to connect the baseline to a funding decision.

Diagnose → **Design** → **Deliver** → **Deploy**

Stage	CFO question	Required work	Decision-ready output
Diagnose	What is constraining the growth plan?	Reconcile cost, demand, inventory, service, and capacity. Separate root causes from symptoms.	A shared baseline and a defined opportunity.
Design	Which change produces the best net outcome?	Compare feasible alternatives. Include qualification, transition spending, implementation resources, and service safeguards.	A selected intervention and funded transition plan.
Deliver	Has the change produced a dependable result?	Confirm adoption. Reconcile operating and financial effects, including volume, mix, and market changes.	A verified benefit, with remaining risks visible.
Deploy	What can the resulting capacity support?	Decide what to reinvest, retain, or reserve. Reflect that allocation consistently in the forecast.	An explicit use of the benefit, without double counting.

This sequence does not prohibit investment before every benefit is realized. It requires an explicit funding plan for the transition, milestones for releasing commitments, and a response if delivery slips.

A contract, dashboard, or named owner can support execution, but none proves that the underlying process has changed. Verification belongs inside delivery rather than becoming a separate exercise at the end.

PUBLIC-COMPANY CFO DESK

Reinvest the improvement. Protect the commitment.

> **Reinvestment and earnings commitments must share one financial view.** Apply the same framework to prevent different functions from allocating the same improvement more than once.

01 / DIAGNOSE

Establish what is incremental. Separate new improvement from benefits already embedded in the forecast. Agree the baseline, scope, and operating constraint before assigning a financial target.

02 / DESIGN

Fund the transition. Include qualification, tooling, launch inventory, temporary overlap, and implementation resources where relevant. Protect the service and capacity needed to deliver growth.

03 / DELIVER

Reconcile results and timing. Confirm adoption and net benefit, then distinguish the effect on earnings from the timing of cash. Adjust commitments when operating milestones slip.

04 / DEPLOY

Separate reinvestment from retained value. Decide how much net improvement supports growth and how much remains for earnings, liquidity, or balance-sheet needs. Show that decision consistently across budgets.

A productivity program can succeed even when deliberate reinvestment means the full benefit does not appear as margin expansion. The problem is not reinvestment; it is leaving the allocation implicit or promising the same benefit twice.

For the next review, ask which benefits are funding growth and which are protecting earnings. The answer should reconcile the investment plan, operating milestones, and cash requirements, including any funding needed before the benefit arrives.

DEPLOY / MAKE THE ALLOCATION EXPLICIT

Net improvement → reinvestment + retained value

PE & PORTFOLIO CFO DESK

Underwrite the operating change.

> **Underwrite the operating change behind the synergy.** The investment thesis should identify what must be implemented, what it costs, and when the company can rely on the result.

01 / DIAGNOSE

Validate the opportunity. Combined spend is a starting point, not proof of synergy. Test purchase comparability, supplier constraints, and the operating assumptions behind the value-creation plan.

02 / DESIGN

Underwrite integration requirements. Include qualification, systems work, transition inventory, and temporary overlap. Sequence growth commitments around a funded implementation plan rather than an aggregate synergy estimate.

03 / DELIVER

Make benefit status visible. Separate delivered improvement from implementation-dependent benefits and unqualified opportunities. These management labels distinguish dependable results from remaining potential; they are not accounting definitions.

04 / DEPLOY

Choose an authorized use of cash. Portfolio-company cash is not automatically sponsor liquidity. Reinvestment, debt reduction, acquisitions, and distributions remain subject to operating needs, financing terms, and approvals.

Preserve the baseline, implementation costs, and evidence of results during normal execution. A traceable operating record supports management decisions and transaction readiness, but does not guarantee an exit, a valuation premium, or acceptance of an EBITDA adjustment.

ILPA's sentiment research emphasizes long-term performance and disciplined traditional exits over near-term liquidity; the findings reflect Q4 2025 fieldwork, not a fresh Q3 2026 reading[2]. The practical implication is to build a plan that remains useful without depending on a particular exit date.

2. ILPA LP Sentiment Survey. Fieldwork: Q4 2025.
https://ilpa.org/resources-tools/resource-library/data-deck-top-takeaways-third-sentiment-survey-release/

AI INSIDE THE OPERATING PLAN

Accelerate the decision. Keep the same discipline.

> **AI should accelerate a consequential decision, not create a parallel transformation agenda.** Apply it within Diagnose, Design, Deliver, Deploy so technology serves the operating and financial plan.

01 / DIAGNOSE

Reconcile fragmented supplier, spend, or item data. Test whether the output exposes a real constraint or comparable opportunity, with the necessary human validation.

02 / DESIGN

Compare alternatives, contracts, and exceptions. Assess whether better information changes the operating choice, not simply whether analysis is produced faster.

03 / DELIVER

Support workflow visibility, adoption checks, and exception handling. Measure whether teams act on the information and whether the changed process produces the intended result.

04 / DEPLOY

Connect verified operating effects to financial decisions. Time saved is capacity until the organization demonstrates a useful deployment, avoided cost, or earned contribution.

Include data preparation, integration, human review, and ongoing support in the investment case. Expand the tool only when the improved decision and implemented workflow justify its full cost; faster analysis alone does not establish financial return.

THE TEST

Did the technology improve a consequential decision and help the organization act on it?

THE NEXT OPERATING REVIEW

One commitment. Four readiness questions.

> **Use one material growth commitment to test the plan.** The purpose of the review is a decision, not another inventory of potential savings.

Stage	Readiness question
Diagnose	Is the constraint and baseline sufficiently clear to choose an intervention?
Design	Is the selected change economically attractive, feasible, and fully funded through the transition?
Deliver	Has the process changed, and is the resulting benefit supported by operating and financial evidence?
Deploy	Has the capacity been allocated once and reflected consistently in the plan?

Choose a disposition that matches the evidence:

Commit: Approve a defined use supported by dependable benefit and an adequate funding plan.

Proceed conditionally: Approve staged commitments with explicit milestones, transition funding, and a downside response.

Keep in the opportunity pipeline: Retain the potential, but do not count it as dependable funding before validation.

If the intervention fails the feasibility or economic test, redesign or stop it rather than preserve a target that the operation cannot deliver.

Remember the three takeaways: **match the benefit to the commitment; deliver before relying on it; allocate the improvement once.** These are the standards against which the growth plan should be tested.

WHY VPP

Connect the financial case to the operating change.

> **The partner should connect the financial case to the operating change.** VPP combines procurement and supply-chain expertise, decision-ready intelligence, and operator-led execution to support that integrated mandate.

01 / DIAGNOSE

Make the economics visible. ERP extraction, spend visibility, supplier research, and network intelligence help establish a shared baseline and focus attention on material operating constraints.

02 / DESIGN

Test what can work in the business. Strategic sourcing, logistics, and operational-diligence experience support choices about suppliers, specifications, networks, and integration, including their implementation requirements.

03 / DELIVER

Carry the decision into execution. Operator-led implementation support connects the approved plan to changed workflows, adoption, and evidence of operating performance, rather than stopping at recommendations.

04 / DEPLOY

Connect the result to the funding decision. A proposed engagement should provide a financial bridge that separates recurring improvement, cash release, and capacity. Finance retains responsibility for validation and capital allocation.

The reason to choose VPP is fit for work that crosses functional boundaries: operating judgment, a usable analytical foundation, and continuity into implementation. The objective is a growth plan the business can fund and deliver, not simply a larger list of possible savings.

Start with one material growth commitment. Identify what the operation must change, what delivery requires, and what the resulting improvement can responsibly support.



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