White Paper

From Control to Compounding Value:

The CFO's New Mandate in an Era of Economic Turbulence

In an environment where capital is constrained, uncertainty is persistent, and technology is widely accessible, competitive advantage will not come from investing in more initiatives. It will come from aligning the organization around the right value drivers, converting strategy into disciplined execution, and continuously measuring the enterprise value created.

2026

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Executive summary

Uncertainty is no longer an occasional disruption that companies can manage through temporary contingencies. It has become a structural condition of business. Volatile trade policies, growing competition, inflationary pressures, high energy costs, regulatory complexity, and geopolitical fragmentation are increasing the demands placed on finance leaders.

The 2026 Horváth CFO-Study, based on contributions from more than 240 finance leaders across industries, countries, and company sizes, finds that more than 40% of respondents evaluate the current economic situation as unfavorable. Only 14% expect positive economic development to continue, while 44% expect business to remain at its current positive level and 35% expect their economic situation to remain depressed.

This weaker outlook is not leading companies to abandon transformation. It is making them more selective. 41% report that only essential or strategic investments will continue, while another 18% are postponing most investments until conditions improve. When companies do invest, digitalization and automation lead the priorities at 29%, followed by corporate transformation at 19%.

This creates a defining challenge for the CFO: how can the organization protect liquidity and maintain cost discipline while still funding the capabilities required to compete tomorrow?

The answer is not indiscriminate cost cutting, nor is it technology investment in isolation. It is a more integrated system of value creation, one that connects strategic choices, organizational alignment, human judgment, artificial intelligence, execution discipline, and measurable financial impact.

The joint Horváth and CovQ® thought leadership approach captures this distinction clearly: organizations rarely suffer from a shortage of ideas. They struggle to maintain alignment, identify the most important value drivers, prioritize across competing initiatives, translate strategy into action, and demonstrate the value created. The shared proposition is therefore not "more strategy", but **better strategy execution, with measurable impact at its core**.

The CFO is becoming the architect of strategic selectivity

The traditional image of the CFO as the guardian of financial control is no longer sufficient. Control remains essential, particularly as securing liquidity gains importance, but today's finance leader must also help the organization decide where transformation capital will create the greatest return.

The CFO study shows that the leading strategic priority is still the harmonization, standardization, and optimization of financial processes, rated a top or increased priority by 87% of respondents. Employee development and modern competencies follow at 84%. Accelerating digital investment and strengthening predictive planning, forecasting, and reporting capabilities each stand at 73%, while 71% prioritize global data integration and integrated platforms. Securing liquidity rises to 65%, up from 59% in the previous study.

These priorities are closely connected. Standardized processes improve data quality. Better data strengthens forecasting. Stronger forecasting supports more disciplined capital allocation. Modern skills enable teams to use digital capabilities effectively. Liquidity creates room to act.

Yet companies often manage these priorities as separate workstreams. A process-optimization program may operate independently of an AI initiative. Strategic planning may remain detached from operating performance. Transformation portfolios may measure activity, milestones, and spending without consistently demonstrating the financial value produced.

That fragmentation is increasingly unaffordable.

When resources are abundant, companies can support overlapping programs and tolerate slower returns. In a selective investment environment, every initiative must make a credible contribution to strategic and financial outcomes. The CFO therefore needs to move from approving individual business cases to orchestrating a portfolio of interconnected value-creation initiatives.

The critical questions become:

- Which strategic initiatives address the organization's most important value drivers?
- Where is capital currently committed without sufficient value potential?

- Which capabilities must be strengthened before additional technology investment can deliver?
- How will outcomes be measured beyond implementation milestones?
- How quickly can leadership redirect resources when assumptions change?

This is the meaning of strategic selectivity: not investing less by default, but investing with greater clarity, alignment, and accountability.

The value gap is an execution gap

Most organizations already possess strategies, transformation roadmaps, operating plans, performance dashboards, and technology portfolios. The problem is that these elements frequently remain disconnected.

CovQ describes this as a gap between strategy and execution. Its Plug & Compound: CovQ API for AI and Strategy Yield Surges article argues that strategic plans often remain in presentations, spreadsheets, documents, OKRs, or project-management tools without a systematic mechanism for translating strategy into cascading priorities and action. CovQ's stated approach is to structure strategies into execution pathways, track value drivers, identify bottlenecks, and support ongoing adjustment.

This execution gap is visible in the CFO-study findings. The principal roadblocks are not a lack of ambition or technology. They are defensive attitudes and silo thinking, cited by 19%; insufficient change management, cited by 14%; reluctance to make substantial investments and a lack of qualified experts, each at 12%; and insufficient willingness among managers to change, cited by 11%.

These findings carry an important message. Transformation does not fail only because of an inadequate business case. It can fail because leaders interpret priorities differently, functions optimize their own objectives, accountability is unclear, or the organization lacks the skills and change capacity required to deliver.

Consequently, strategic alignment cannot be treated as a communications exercise at the end of strategy development. It must be understood as an operating capability.

CovQ focuses on assessing Corporate IQ and empowering its continuous improvement, strengthening executive alignment, identifying critical value drivers, and establishing strategic priorities. Horváth brings the transformation, performance-management, operating-model, and implementation expertise required to turn those priorities into measurable operational outcomes.

The combination addresses both sides of the value equation:

- **Strategic intelligence:** Determine what matters, where the organization is aligned or misaligned, and which value drivers offer the greatest upside.
- **Execution architecture:** Translate priorities into programs, operating-model changes, processes, KPIs, governance, and accountable actions.
- **Value measurement:** Track whether execution is generating ROI, stronger earnings, improved cash flow, or incremental enterprise value.
- **Continuous adjustment:** Reassess assumptions, identify bottlenecks, and redirect effort as market conditions change.

This shifts strategy from a periodic planning event to a continuous value-management process.

AI is not the advantage. Value-centered intelligence is.

The CFO study confirms that organizations see technology as central to resilience. Strengthening digitalization and process automation are each rated highly effective responses to economic uncertainty by 63% of respondents. Scenario analysis follows at 60%, while leveraging AI and generative AI is rated highly effective by 49%.

But access to technology does not create differentiation on its own. AI tools are becoming broadly available. The differentiating capability is the organizational intelligence surrounding them: proprietary context, high-quality data, clear value drivers, strong processes, sound governance, human expertise, and the ability to embed AI into decisions and execution.

> "Every company can buy AI. Very few companies know how to create value from it."

The central question is not which tools an organization is implementing, but how AI will improve decisions, execution, and enterprise value.

CovQ frames this as an intersection between artificial intelligence and human intelligence. Human intelligence contributes understanding of mission, vision, culture, business context, and strategic intent. AI can support pattern recognition, identify correlations, help prioritize opportunities, and generate initial strategic options. In CovQ's operating model, structured value drivers and organizational context provide the foundation intended to keep AI outputs aligned with business objectives.

This distinction should shape how CFOs evaluate AI budgets. The relevant question is not whether an AI use case appears innovative. It is whether the use case:

- addresses a meaningful cost, cash, margin, risk, or growth driver;
- uses reliable enterprise context and data;
- is embedded in a process with clear ownership;
- improves the speed or quality of a decision;
- has measurable success criteria; and
- can be scaled without undermining governance or control.

The CovQ platform serves as an intelligence and orchestration layer designed to connect enterprise data, knowledge bases, strategic priorities and preferred AI or machine-learning models with strategy execution and value measurement. CovQ It!, the intelligence instance, can integrate with existing AI environments and data sources to identify and prioritize opportunities while providing centralized governance and orchestration.

The broader lesson for the CFO is independent of any single platform: AI should not sit beside strategy as a separate innovation portfolio. It should operate within a value-creation system governed by strategic priorities and financial outcomes.

From project ROI to enterprise value

For years, transformation governance has concentrated on budgets, timelines, milestones, and delivery status. These measures remain necessary, but they do not answer the question executives and investors increasingly care about: **What value did the initiative create?**

Most companies measure project success, while leading companies measure value creation. CovQ proposes connecting strategic initiatives, execution, ROI measurement, and enterprise value within a unified framework.

CovQ's ROI Module describes two related levels of measurement. The first is strategic ROI, covering the return generated by individual initiatives as well as the aggregate return across a portfolio. The second is enterprise value impact, which seeks to connect incremental revenue and earnings effects with enterprise-value uplift. CovQ also defines value creation as a repeated cycle of identifying upside, deploying initiatives, measuring impact, and reinvesting or adjusting.

This compounding perspective is particularly relevant in the CFO-study environment. If 41% of companies are proceeding only with essential or strategic investments, an initiative should not survive merely because it is already funded or because implementation is progressing according to plan. It should remain in the portfolio because its expected risk-adjusted contribution is still competitive relative to alternative uses of capital.

A value-centered transformation portfolio can therefore be governed through a hierarchy of measures:

Execution measures
Milestones, adoption, process deployment, data readiness, system integration, and capability development.

Operational measures
Cycle times, forecast accuracy, working-capital productivity, process costs, automation rates, service levels, or decision speed.

Financial measures
Cost reduction, margin improvement, cash-flow impact, avoided losses, revenue contribution, investment requirements, and ROI.

Enterprise-value measures
Durability of earnings, scalability, risk reduction, strategic optionality, and the incremental value associated with sustainable financial improvement.

This hierarchy prevents two common errors. The first is claiming value too early based only on delivery activity. The second is waiting until the end of a multiyear transformation to determine whether the original value thesis was valid.

Alignment is the starting point, not a soft outcome

Before leaders can allocate capital effectively, they need a shared understanding of the organization's current position. Leadership teams may agree on high-level ambitions while holding very different views of the risks, capabilities, and priorities underneath them.

The CovQ Corporate IQ assessment system, embedded in a neural network architecture, examines 60 core value drivers. They are designed to reveal alignment gaps, hidden risks, high-leverage opportunities, and potential pathways for value creation. Rather than ending with a diagnostic report, the findings establish a strategic baseline within the CovQ platform, connecting identified priorities with initiatives, ownership, execution, and recurring value measurement. The CovQ assessment system can also be customized for specific transformations, transactions, industries, or organizational situations.

This is highly relevant to the CFO study's finding that finance departments frequently remain surrounded by organizational silos. Finance leaders continue to prioritize the harmonization and standardization of processes because fragmented processes and uneven capabilities undermine efficiency and decision-making quality.

Alignment should therefore be treated as measurable infrastructure for execution. A leadership team that disagrees about the most important value drivers will struggle to prioritize investments. A transformation team that does not understand decision rights will lose speed. A business unit that measures success differently from the enterprise will optimize locally rather than create company-wide value.

An effective starting point is a fact-based alignment diagnostic around strategy, capabilities, risks, value drivers, and expected outcomes. The objective is not artificial consensus. It is transparency about where critical differences exist, followed by explicit decisions about priorities and ownership.

A practical CFO agenda for compounding value

The combined Horváth and CovQ perspectives suggest five priorities for finance leaders:

1. Make value drivers the common language of strategy.
Connect strategic ambitions to the operational and financial drivers through which value will actually be produced. This creates a consistent basis for prioritization across functions.

2. Diagnose alignment before scaling investment.
Identify where leadership perspectives differ regarding risks, opportunities, capabilities, and priorities. Resolve material gaps before launching broad transformation programs.

3. Fund AI as part of a business-value thesis.
Require AI and digital initiatives to define the decision, process, or value driver they will improve. Platform activity, use-case volume, and technical deployment are not substitutes for business outcomes.

4. Govern transformation as an integrated value portfolio.
Create visibility across strategic initiatives, dependencies, resource consumption, risks, expected returns, and realized impact. Redirect capital when the evidence changes.

5. Measure, learn, and compound.
Use recurring assessments and value reviews to identify bottlenecks, adjust execution, replicate effective interventions, and build on achieved results.

This agenda connects the CFO's stabilizing role with a broader strategic mandate. Finance protects liquidity and controls cost, but it also creates transparency, challenges assumptions, accelerates decisions, and ensures that transformation resources flow toward the most promising sources of value.

Conclusion: Strategy should end with impact

The companies best positioned for the current environment will not necessarily be those with the largest transformation budgets or the greatest number of AI experiments. They will be those that can distinguish activity from value.

The 2026 Horváth CFO-Study shows a finance agenda shaped by caution, liquidity, efficiency, digitalization, automation, predictive capability, and organizational roadblocks. CovQ Insights, drawing on a dataset of more than 10,000 value creation intelligence data points, adds new perspectives through an execution and measurement lens: identifying value drivers, exposing alignment gaps, connecting human and artificial intelligence, translating strategy into action, integrating planning and forecasting, and measuring the resulting ROI and enterprise-value contribution.

Together, these insights point to a clear CFO mandate:

> Protect the business today, while building a disciplined system that converts tomorrow's strategic

opportunities into measurable and repeatable value.

In an era of turbulence, control remains indispensable. But control alone is defensive. The next level of finance leadership is to combine control with alignment, intelligence, execution, and measurement so that value does not merely emerge from isolated initiatives. It compounds across the enterprise.

CovQ® is a registered trademark of 8W8 Advisors Inc., developer of the CovQ platform, in the United States, the United Kingdom, and the European Union.

CovQ, short for Compound Value Creator Quotient, is the developer of the circular, end-to-end and AI-agnostic CovQ value creation management platform and CovQ Insights: a cohesive system and method encompassing intelligence, strategy management, reporting and forecasting. Harvard Business Review Analytic Services produced the research report "Mastering Value Creation by Centering Strategy and Execution" in association with CovQ.

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About Horváth

Horváth is an international, independent management consultancy with more than 1,400 employees at locations in Europe, the USA and other global markets. As a top consultancy for transformation, performance management and digitalization, we lead companies and public organizations to sustainable success and long-term value creation. Horváth represents profound, innovative approaches and solutions – based on our roots and values, shaped by our founder Professor Péter Horváth. Our clients, from executive to specialist level, appreciate our focus on efficiency and effectiveness as well as our trustful cooperation. Horváth has received countless awards for its outstanding project results and high-level customer satisfaction.

About CovQ

CovQ by 8W8 is a New York City-based technology and applied knowledge firm specializing in the development of the CovQ® Value Creation Management Platform. CovQ, short for Compound Value Creator Quotient, provides an end-to-end system for assessing, developing, prioritizing, executing, measuring, and continuously improving strategy. By connecting intelligence, strategic priorities, execution, progress, and accountability within a single environment, the platform helps leadership teams strengthen alignment, improve execution discipline, increase visibility, and translate strategy into measurable outcomes.

CovQ integrates existing strategies, initiatives, operating plans, enterprise data, knowledge bases, and preferred AI and machine-learning models to support growth, transformation, productivity improvement, operational excellence, and sustainable enterprise value creation.

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