Accurate yet not comparable

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Three weeks into the role, the new CFO chaired his first performance review with the two major business units. The numbers had been circulated in advance and the slides were clean. Within minutes it became clear that although everyone was looking at the same numbers, they were not talking about the same things.

Western Division proudly reported margin expansion driven by favorable project mix. Eastern Division calmly explained a margin decline, largely due to corporate IT allocations that West apparently did not recognize. Group finance added, helpfully, that the allocation logic had recently been updated during the ERP migration, though not everywhere in the same way. One unit reported gross, another net, each convinced that their method was the standard.

That is the moment when a new CFO realizes something is structurally wrong. The organization is operating with different constructions of the same metric. The numbers reconcile, yet they do not align. What should be a performance review becomes a translation exercise.

The issue is not the dashboard or the report. It is the construction of the numbers. Definitions, allocation logic, hierarchies and system configurations have evolved separately across units. Each local adjustment made sense when introduced. Together they produced a system in which margin is accurate, but not comparable. This is not a technical reporting issue. It is a governance issue. If the organization cannot rely on consistent meaning at group level, performance management becomes negotiation rather than steering.

And that changes the mandate.

The most tempting response is to tighten control. Issue a memo. Standardize definitions. Add another reconciliation. Manage around the inconsistencies. The alternative is harder. Expose how the key metrics are actually constructed and decide which economic perspective will govern the group. That exposure is uncomfortable. It forces visibility on what sits inside margin in each unit, how allocations are applied, and where meaning shifts between local and group reporting. Once that construction is clear, a second question follows: can the chosen perspective be produced cleanly by the current chart of accounts, dimensions and allocation engines? If not, the issue is structural.

This is where many CFOs hesitate. Adjusting the data model is not a memo. It is a project. It affects dimensions, mappings, allocation logic, segment definitions and historical comparatives. It may require reconfiguring parts of the CPM environment. It consumes management attention and political capital.

But avoiding that step has a cost too. If the governing metric cannot be produced directly and consistently from the system, finance will continue to rely on bridges, adjustments and explanatory footnotes. The organization will operate with two realities: the official system view and the managerial view. Over time that split erodes credibility. The real decision is whether the CFO is willing to align the system with the economic logic the company claims to steer on. If the answer is yes, parts of the CPM will have to change. If the answer is no, translation will remain embedded in every performance discussion.

That is the crossroads. Not system ambition, but governance courage.