WHITE PAPER

AI Does Not Fix Broken Finance Workflows

Why workflow discipline and trusted data are prerequisites to turning AI into EBITDA, cash, velocity, and enterprise value

By David Tolly | June 1, 2026

Executive thesis: AI is not a substitute for operational design. It becomes valuable when it is embedded into clean workflows, governed data, clear decision rights, and redesigned finance roles.

Executive Summary

Private equity firms and middle-market CEOs are right to press finance leaders on AI. But the most important question is not whether the CFO has purchased AI tools or experimented with automation. The better question is whether the CFO can convert technology into operating leverage.

That leverage does not come from software alone. It comes from redesigning workflows, organizing the data that drives decisions, establishing governance, and redeploying finance talent from transactional work into higher-value operating support.

AI placed on top of fragmented spreadsheets, inconsistent master data, weak process ownership, manual workarounds, and unclear decision rights can make inefficiency faster without making the business better. It can accelerate reconciliation without improving accounting discipline. It can produce dashboards without accountability. It can generate forecasts that sound precise but rest on stale or inconsistent data.

The conclusion is circumspect but firm: companies do not need perfect data before beginning AI work, but they do need disciplined workflow and data readiness before scaling AI into serious finance operations.

The CFO Problem: Activity Is Being Mistaken for Velocity

A common mistake is to measure AI progress by visible activity: software licenses, pilot projects, prompt libraries, automation experiments, and new dashboards. Those may be useful starting points, but they are not proof of enterprise value.

In a finance organization, velocity means something more specific. It means decision cycles shorten, cash visibility improves, the close becomes more reliable, pricing signals arrive sooner, working-capital risks surface earlier, and finance talent moves closer to the operating levers that affect EBITDA and enterprise value.

The danger is that AI can create a false sense of motion. A finance team can become busier with tools while the company remains burdened by the same fragmented processes underneath.

Why Fragmented Workflows and Data Are Dangerous AI Starting Points

Problem	What AI May Accelerate	Business Risk
Multiple versions of truth	Conflicting answers generated faster from inconsistent files.	Management loses trust in dashboards and forecasts.
Manual handoffs	Faster movement of exceptions through an already inefficient process.	Cycle time improves on paper while root causes remain.
Unclear data ownership	AI uses whatever data is available rather than what is authoritative.	Outputs become difficult to audit, explain, or defend.
Weak workflow design	Automation of current-state work rather than redesign of future-state work.	The company preserves waste in a more sophisticated form.
Unchanged job roles	People remain trapped in transactional routines even after automation.	Finance becomes busier, not more strategic.

What the Research Suggests

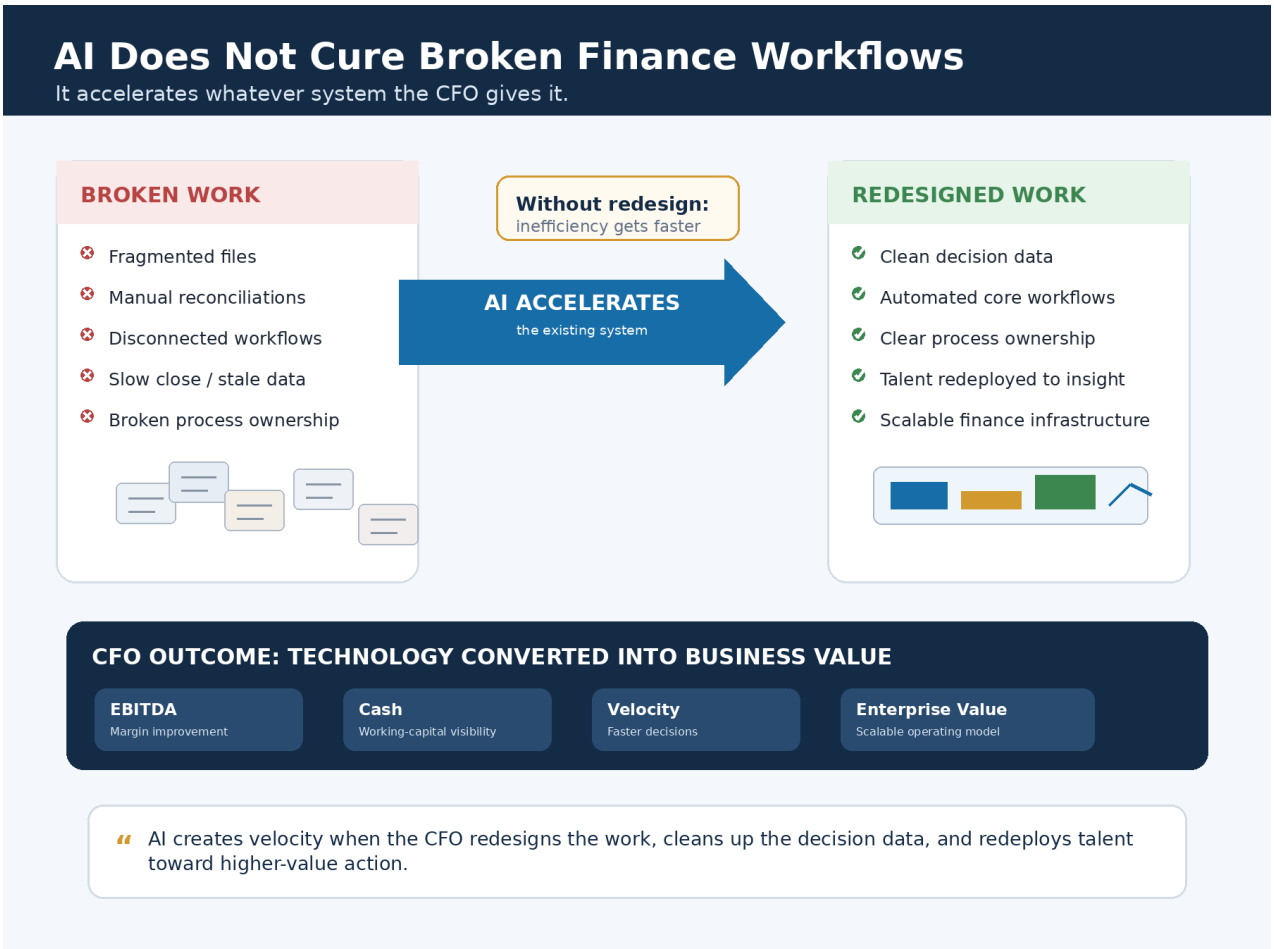
Workflow integration matters more than tool deployment. AI adoption creates value when it is tied to workflow redesign, leadership accountability, ROI tracking, and feedback loops. Tool ownership is not the same as value creation.

Fragmented data is a structural barrier. Enterprise data often sits across many systems, spreadsheets, platforms, clouds, and local files. That fragmentation weakens governance, increases cost, and makes AI harder to scale safely.

AI-ready data is contextual, not merely clean. Data must be fit for the use case. The right standard for a cash forecast may differ from the right standard for customer profitability, pricing, inventory valuation, or board reporting.

Governance is an operating requirement. AI outputs used in finance must be explainable, reviewable, and tied to control points. Governance is not bureaucracy; it is how finance protects credibility.

The talent question is inseparable from workflow design. AI only creates leverage if it changes what people do. Automating low-value tasks without redesigning roles may simply leave the organization with faster low-value work.



The Circumspect Counterpoint: AI Can Help Repair the Mess

It would be too rigid to argue that companies must fully clean every workflow and every data set before using AI. That position would delay useful experimentation and understate what AI can do.

AI can help identify duplicate records, classify unstructured information, summarize process exceptions, draft workflow documentation, compare files, detect anomalies, and accelerate data-quality work. Used carefully, it can be part of the cleanup and redesign process.

But that does not eliminate the need for discipline. It changes the sequence. The right sequence is not “clean everything first, then eventually use AI.” The right sequence is “select high-value use cases, define the workflow and decision, identify the necessary data, repair the critical defects, then apply AI with controls and measurable economics.”

The Rebuttal: Workflow and Data Readiness Are Prerequisites to Serious AI Implementation

AI cannot create organizational velocity when the organization has not defined the workflow it wants to accelerate. Technology can shorten the time between input and output. It cannot, by itself, decide whether the

input is authoritative, whether the output is actionable, or whether the business process deserves to exist in its current form.

In finance, that distinction is critical. Finance data drives lender conversations, board reporting, covenant compliance, cash forecasting, customer profitability, pricing, inventory valuation, commissions, procurement decisions, and enterprise value narratives. If those underlying data structures are fragmented or poorly governed, AI can make the output more polished while leaving the operating truth unchanged.

A CFO should therefore be skeptical of AI programs that begin with tools instead of use cases. The proper starting point is the decision the business is trying to improve. Once the decision is clear, the CFO can identify the workflow, the data, the controls, the talent implications, and the financial metric that will prove whether AI created value.

A Practical CFO Readiness Framework

Readiness Gate	Question	Evidence Needed	Value Metric
Workflow clarity	What process are we accelerating or redesigning?	Current-state map, future-state map, process owner, exception logic.	Cycle-time reduction.
Decision linkage	What decision improves because of AI?	Named decision owner, action triggers, escalation rules.	Faster operating response.
Data authority	Which data source is trusted?	Data owner, master data definition, lineage, refresh cadence.	Fewer disputes and reconciliations.
Control design	Where must humans approve, review, or override?	Materiality thresholds, permissions, audit trail.	Lower error and compliance risk.
Talent redeployment	What work disappears, and where does capacity go?	Role redesign, upskilling plan, revised job descriptions.	More business-partner output.
Economic proof	How will we know it worked?	Baseline KPIs, post-implementation KPIs, ROI tracking.	EBITDA, cash, velocity, G&A leverage.

What This Means for PE-Backed Companies

- Do not underwrite AI value based on software deployment. Underwrite it based on cycle-time compression, G&A leverage, working-capital improvement, margin visibility, and talent redeployment.
- Require AI use cases to name the workflow being redesigned and the economic result being targeted.
- Treat data readiness as a value-creation requirement, not an IT housekeeping project.
- Use AI to expose process defects, but do not allow AI to normalize or institutionalize those defects.
- Measure whether finance is getting leaner and more commercial, not merely faster and busier.

What This Means for CFOs

- Stop leading with the tools purchased. Lead with the operating results unlocked.
- Frame AI as part of finance operating-system redesign, not as a standalone technology project.
- Use AI pilots to prove measurable improvements in decision quality, cash visibility, close reliability, pricing response, and finance capacity.
- Redesign roles before declaring victory. AI should move finance talent toward analysis, action, and operating partnership.
- Protect credibility. Finance cannot afford attractive AI outputs that cannot be explained, reconciled, or defended.

Conclusion

AI belongs in finance. The issue is not whether CFOs should use it. They should. The issue is whether AI is being installed into an operating architecture capable of converting automation into value.

The best CFOs will not win the AI argument by claiming technical expertise. They will win it by showing how AI changed the operating system of finance: fewer manual handoffs, shorter decision cycles, cleaner cash visibility, better margin signals, stronger controls, flatter G&A leverage, and finance talent redeployed toward enterprise value.

That is the difference between AI activity and organizational velocity.

Source Notes

[1] McKinsey & Company, The state of AI: How organizations are rewiring to capture value, March 12, 2025.
[2] IBM Think, What Is Data Fragmentation?
[3] IBM Think, What Is AI-Ready Data?
[4] Deloitte, Generative AI in Finance Transformation.
[5] Gartner, AI-Ready Data Essentials to Capture AI Value.
[6] MIT NANDA, The GenAI Divide: State of AI in Business 2025.
[7] NIST, AI Risk Management Framework.
[8] Digital Commerce 360, MIT report finds 95% of enterprises see no return on generative AI, August 25, 2025.