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Thirty years ago, when I was a freshly minted graduate entering the corporate world, the role of the CFO was, in essence, fairly straightforward. The CFO fundamentally had three main tasks: the books and records of the company, financial reporting, and statutory compliance. CFOs tended to be number-crunchers who operated behind the scenes and were usually the ones who said “no” to things due to budgetary reasons. Strategy and decision-making were left to the rest of the C-Suite, while the CFO was confined to more of a “sign-off” role than anything else.

But in the thirty years that I have been operating in this function—in which I have

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Our Changing Business Environment We Operate In

The purpose of this article is therefore to outline the roles and responsibilities of the modern CFO. I will first run through an overview of the role, and will then share some of my own personal insights that I have developed over my thirty-year career.

The Role of the CFO of Today and Tomorrow

“People used to think the CFO was there to tell you there isn’t enough budget when you needed something or to simply report financial results after the fact. Today’s CFOs must break away from the number-cruncher stereotype and think of themselves as more of a strategic player in the company. CFOs today need to be creative, understand best practices, and know how to create more value for the company. There will always be a need for someone to balance the books, crunch the numbers, and perform critical routine tasks but the CFO role is much more dynamic today.” – Bill Tobia, LLR Partners’ Managing Director of Strategic Finance

There’s no doubt that the historical tasks of the finance function such as books and records, financial reporting and statutory compliance are still of fundamental importance. These tasks continue to be mission critical and fall squarely under the responsibility of the finance team, and consequently, the CFO that leads the team. But while they continue to be relevant, **these tasks are now taken for granted by CEOs**. This does not mean they are any less important, it’s just that they are now seen as minimum requirements for finance.

What has significantly changed, however, is that the CFO of today and of the future must be able to take financial data and **use it to influence operational decision-making and strategy**. CFOs must possess many more skills than just the technical accounting background of the past. Today’s CFOs are also effectively Chief Operating

Officers in addition to their finance role. They are business partners to the CEO, who

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provide the service that the CFO of today and tomorrow is expected to provide. I believe that the required skillset of the modern CFO rests on the following four fundamental pillars:

1. **Leadership** – To be an effective business partner, today's CFO must have the necessary leadership and communication skills. They must give advice and counsel as well as provide a voice of reason. They are often asked to lead group-wide transformation programs and must be able to translate detailed information into clear, concise, and accessible messaging. It goes without saying that creating a top talent pipeline to ensure the right people and leadership skills are in place within the finance function is also critical.
2. **Operations** – they should possess a strong understanding of the company's business model and industry and be able to use this knowledge to provide an independent perspective and to constructively challenge the commercial and operations teams, ensuring that business decisions are grounded in solid financial criteria. They must navigate complex data and provide analytics and predictive scenarios that drive action and decision-making. The CFO should also identify opportunities for top-line growth and drive profit improvement, not just through the traditional methods of cost control, but through examples such as product line/regional profitability analysis and benchmarking against industry peers.
3. **Controls** – in an increasingly global and volatile environment with additional regulatory burdens, it often falls to the CFO to ensure adequate assessment and mitigation of risk, and compliance with applicable regulatory or other legal requirements. They must understand risk through a commercial as well as a financial lens. Therefore, they need to manage risk as the business executes on its strategies and initiatives as well as maintain a strong internal controls environment and financial reporting processes.
4. **Strategy** – supporting strategy development and helping enable its execution. The CFO also plays a role in prioritizing and ensuring the strategy can be funded. The

finance skillset is very applicable to building predictive modeling, analyzing

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A Seat at the Table Must Be Earned

Behavioral competencies are key to the business partnership role—a “seat at the table” must be earned. A CFO needs to be a visible leader in the business, an excellent communicator, and an influencer. Curiosity is an attribute often highlighted as a required skill—a previous CFO boss of mine would turn up to meetings he had not been invited to, just in order to find out more about what was happening in the business and challenge where he felt decisions were being taken without the necessary finance input.

Finance Must Be Embedded Throughout the Company

Finance needs to be embedded throughout the business, providing decision support to key functions such as commercial, operations, manufacturing. The most effective finance teams I have worked in had dedicated finance analysis and support attached to the most important functions in the business. This opens up the dialogue between finance and operations and it fosters a better flow of data between areas of the business. This makes the functions more accountable for their financial metrics and also allows the finance team to provide more insightful commentary through a better understanding of the business. Another previous CFO boss of mine gave me one of the best pieces of feedback I have received—“Don’t be a postbox,” meaning that it’s not enough for finance just to produce static snapshots of the company’s financial health. The CFO must paint the picture for the business and translate the financial data into meaningful commentary, trends, and actions.

Automation and Technology Are Critical

Access to timely, accurate data is a key enabler to finance productivity and decision support. Automated reporting and analytics allow more time to be dedicated to

forecasting and predictive analysis. Technology will play an increasingly important

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should be occurring — the very best and brightest finance talent should be placed into ERP project implementation teams to ensure success.

Focus on Results, Not Efficiency

CEOs want “more for less” from their finance function. The finance function is now increasingly being assessed in terms of its effectiveness (its ability to deliver what the business needs) rather than a narrower focus on its efficiency (its cost in serving the business).

Are We Ready?

As we have seen, the CFO role is developing and expanding. The CFO of the future will add most value as a business and strategic partner to the CEO, being commercially savvy and managing external relationships. But are CFOs ready? Do they have the necessary skillset to meet the new requirements of the role? What do CEOs and other key stakeholders/peers think?

The answer seems to be a cautious “yes.” [According to](#) the 2014 Accenture High Performance Study, “CFOs have taken the right steps and finance is advancing. We see evidence of a stronger and more capable finance function and CFO, which contributes to their growing influence.” In the same report, Accenture found that high-performance businesses:

- Are more likely to report high levels of satisfaction with their finance function across most dimensions.
- Tend to have CFOs who have seen their strategic influence grow in recent years. For example, finance leaders of high-performance businesses report a greater increase in influence over providing insightful analytics to the business, executing business transformation initiatives for the broader enterprise, and influencing the strategic planning process.

- Are more likely to have carried out operating model rationalization and moved to

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KPMG, in their survey “The view from the top,” also noted the top concerns that CEOs had with regard to the CFO skillset.

Focus Areas for CFO of the Future

In order to gain the skillset required to perform the role, the finance career path looks very different than it did previously. One must:

- Gain a breadth of finance experience, especially in roles which offer exposure to the commercial and operations functions in the business. Depending on the nature of the business and industry, it may be advantageous to take roles outside of the finance function.
- Develop a global perspective through international exposure, especially in emerging markets. This experience can help manage through the volatility and complexity often associated with these regions.
- Look for leadership opportunities and team-building skills through transformation initiatives and major change programs. This will help develop the communication and influencing skills that are necessary for dealing with both internal and external stakeholders.

Investment in digital technology will be vital in managing complexity and driving productivity. The CFO must raise their game in managing, analyzing, and presenting data in a way that yields the greatest value for the business. According to Accenture, “Technology will play a key role in business transformation. It is already transforming the role and expectations of the finance function. Digital technologies present finance leaders with a powerful opportunity to improve and accelerate decision-making, but their effectiveness depends on the accuracy, availability, and consistency of data, and on robust, integrated technology infrastructure. Many

companies are still struggling to put these foundations in place. To succeed, CFOs

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leadership skills within their team. They judged their own capability on the strength of the team they had around them.

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Paul Ainsworth – Finance Expert – Paul is an international CFO with experience across multinational companies ranging from \$250-\$900 million in turnover. After roles of increasing responsibility with General Electric and Orica, he now freelances to help companies with his operational finance and transformation experience. He has led simplification projects across geographically disparate finance teams and has worked in the UK, Germany, Belgium, and Hungary.

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