

# THE TRANSFORMATIONAL CFO

Worth Their Weight in Gold



**T**he role of the CFO has changed drastically over the past decade. Today's financial leaders' remit has broadened, and their profiles have evolved from "number crunchers" into multi-tasking strategic stewards of the CEO's vision, who simultaneously steer profitability and productivity.

Accountability and transparency are more vital than ever. With their finger on the pulse of what drives profit and value creation, the CFO is uniquely positioned to lead change, to be the conscience of the business, and to build trust among shareholders, employees, and clients alike.

Business environments are getting more competitive, and companies are upping their technology and management abilities in order to perform more efficiently.

So, how does all this affect your organisation's hiring and succession planning for the financial leadership position?

## THE DESIGN-THINKING CFO

Large-scale organisational change is becoming as common as change itself. In a McKinsey survey, 91% of respondents said their organisations underwent at least one transformation from 2015 to 2018. These results also reveal that the CFO is the second-most-common leader, after the CEO, leading enterprise-wide transformation.

The willingness to embrace disruption is now an unwritten requisite for CFOs. These design thinkers are learning to guide entire organisations through change, to experiment, and to iterate. As IBM explains in *Elevate your Enterprise*, CFOs are reinventing their companies



before competitors make them obsolete, and are using data to interrogate existing environments, creating new contexts, and revealing customer insights.



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### **FROM ACCOUNTANT TO STRATEGIC LEADER**

As companies embark on their digital metamorphosis, the CFO is emerging as a key strategic partner for companies’ general managers and shareholders.

As Adriana Fraga, Principal Latin America, explains, “There’s no one who knows the numbers of the company better, in terms of EBITDA, costs, margin, profit, or stock market. Today this classic knowledge base needs to be supplemented with softer skills and the ability to lead company-wide strategy on productivity, for example,” she says.

As Yates illustrates, clients today are looking for more from the finance function: they expect someone with a wide base of core competencies. “The modern CFO is expected to be a commercially aware business leader who will help define strategy and drive the performance of an organisation. Certain parts of the CFO role are still a given, but it’s their



responsibilities outside of the core finance, control, and compliance aspects that differentiate an average CFO from a good or a great one,” he adds.

So then, can we see the modern CFO as an activator and a collaborator? “Of course,” Jane Zhou, Partner Asia Pacific says. “Teamwork is changing; the CFO is now seen as core contributor, generating ideas to add value to the business. Their know-how in business partnership, investment analysis,

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As companies explore the possibility of digitalisation, CFOs often drive these projects – so their ability to understand business strategy, foresee the future, provide insights, and work with stakeholders both internally and externally is the differentiator your executive search partner is looking for.

## STEWARDS OF TRUST AND VIABILITY

According to McKinsey, the share of CFOs who say they are responsible for board-engagement activities almost doubled in two years, from 24% in 2016 to 42% in 2018, unsurprisingly as they are the ones in the driving seat when it comes to the company’s financial viability.

As Yates explains, modern organisations are in constant states of flux, and any change-maker with a solid track record is ‘gold dust’. “Someone that has experience and can deliver genuine transformation or change, whether as an interim or as a CFO, will find the world their oyster. Quite a turnaround considering finance was previously the function that wanted the status quo to remain.”



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The modern CFO is charged with establishing and propagating trust – a huge commodity in the digital age – throughout diverse channels. How does the CFO build this trust throughout the business?

Through their laser focus on the financial health of the company, they can use the lens of value creation to challenge the effectiveness of current operating models and shape priorities for future ones.

## THE COLLABORATIVE C-SUITE

Positioned at the junction of finance, strategy, IT and compliance, the CFO's role is more complex and crucial than ever – and gone are the days of working in a bubble.

Fraga explains, “Big multinational companies, especially, are outsourcing transactional work – resulting in smaller teams,” she says. Zhou explains that there are also “discussions around replacing repetitive tasks with technology tools and automated processes to improve efficiency and accuracy”, as it gets harder to retain qualified staff.

Additionally, there is a major focus on increasing the diversity of finance departments in terms of ethnic background – as well as gender balance at the top level, “where the ratio is typically 80/20 and it is not unusual for CFOs to have leadership teams with no women,” says Yates.

CFOs are rising to the challenge of attracting and keeping top talent by offering them opportunities to add real value, alongside innovating to reflect changing employee demands like flexible working, and “consider offering higher salary packages that reflect the need for stronger and broader skill sets,” says Zhou.

## KEY TAKEAWAYS

Today's CFO is much more than a number cruncher and analyst. As digitalisation and automation reshape the working environment, new skills are increasingly important, in some cases nudging the harder edge of technical prowess to the side. CFOs are being summoned to build trust throughout the organisation. Their transformative efforts are a unifying force between the market and the C-suite.

- ▶ Financial decision-makers need to embrace disruption that focusses both on the short-term impact, as well as the long-term, to pilot companies to success
- ▶ In today's rapidly transforming environment, CFOs must go beyond numbers to develop interpersonal skills, strategic leadership, and digital savvy
- ▶ CFOs must build trust, addressing current concerns like cybersecurity, while retaining their role as the “conscience” of the business
- ▶ Savvy leaders should set up collaborative eco-systems to get agile support from the right people, organisation-wide, and deliver maximum effect, while addressing shifting employee demands