
THE ROLE OF A CFO

According to EY's recent report *The DNA of a CFO - 47% of CFO's 'say their current finance function does not have the right mix of capabilities to meet the demands of future strategic priorities.'*¹

If you are a CFO reading this piece, that means there is almost a 50% chance that your finance team, as good as they may be, are restricting your abilities to deliver fully what is expected of you in a CFO role.

It is quite clear that the role of a CFO has changed dramatically over the last 5 years, and naturally the role of the team supporting a CFO should also change. Unfortunately, finance functions are often overlooked when it comes to investing in talent that is able to influence whether a company achieves its financial, strategic and operational objectives.

First of all, let's consider what is perceived to be the role of a CFO. They should be:

- A steward
- A strategist
- An operator
- A catalyst

ON FIRST GLANCE, THIS DOESN'T SEEM OUT OF THE ORDINARY:

- 'CFOs work to protect the vital assets of the company, ensure compliance with financial regulations... communicate value and risk issues to investors and boards.'
- 'CFOs have to operate an efficient and effective finance organization providing a variety of services to the business such as financial planning and analysis, treasury, tax, and other finance operations.'
- 'CFOs take a seat at the strategy planning table and help influence the future direction of the company. They are vital in providing financial leadership and aligning business and finance strategy to grow the business...they can play an integral role in supporting other long-term investments of the company.'

- 'CFOs can stimulate and drive the timely execution of change in the finance function or the enterprise...they can selectively drive business improvement initiatives such as improved enterprise cost reduction, procurement, pricing execution, and other process improvements and innovations that add value to the company.'²

IT IS QUITE CLEAR THAT THE ROLE OF A CFO HAS CHANGED DRAMATICALLY OVER THE LAST 5 YEARS

According to EY however '...four new forces are changing the expectations placed on CFOs: digital; data; risk and uncertainty; and stakeholder scrutiny and regulation'¹.

- Digital – '58% of finance leaders say they need to build their understanding of digital, smart technologies and sophisticated data analytics.'
- Data – '57% of group CFOs believe that the delivery of data and advanced analytics will be a critical capability for tomorrow's finance function.'
- Risk & Uncertainty – '57% of finance leaders believe that risk management will be a critical capability in the future.'
- Stakeholder and scrutiny and regulation – '71% of finance leaders say they will increasingly be responsible for the ethics of decision-making in support of their organization's purpose.'¹

The aim of the above is not to scare CFO's into thinking 'If I am not delivering on all of these topics then I am not delivering on my objectives', it is more to raise the following points:

THE ROLE OF A CFO

- Is my ability to deliver being hindered because I do not have the capacity to take on all of these responsibilities?
- Is my ability to deliver being hindered because I do not have the confidence in my finance team to take on more responsibility as my workload increases and changes?

As responsibilities continue to become more complex, creating a talented finance function takes away the day to day elements required that ensure you fulfil the roles of Steward, Operator, Strategist and Catalyst.

‘WHAT DOES A FINANCE FUNCTION THAT HAS THE RIGHT MIX OF CAPABILITIES TO MEET THE DEMANDS OF FUTURE STRATEGIC PRIORITIES LOOK LIKE?’

According to the EY report, there are 4 key areas that disrupt finance leadership:

- Ability to delegate
- Tension between old and new
- Role stretch
- Concern over finance function

By resolving just one of these areas of concern, there will of course be a positive effect on the other areas; but only by fully resolving the first 3, will you ultimately eradicate the final point.

ABILITY TO DELEGATE

You need to do a strategic analysis of your current finance function, what risks are present (gaps in skills set, lack of strong leadership), what opportunities are being over looked (under-utilisation of skills, internal moves). Then compare what this means for the business now and what it means for the business once it has achieved its strategic objectives. Just because the finance team delivers on the current business needs, it doesn't mean it will deliver once the business has achieved its strategic objectives. By succession planning, talent pooling and building a finance function that you are confident can operate effectively even in your absence, you will feel confident in the delegation of duties, freeing up your time to focus on strategic priorities.

TENSION BETWEEN OLD AND NEW

Many growing businesses will come across new and challenging issues, it may be the tax around entering new jurisdictions, it may be meeting banking covenants or it may be a cost cutting exercise driven by a change in ownership. These are all time consuming issues that a competent Financial Controller should be taking responsibility for. But if you have created a finance function that you have the confidence to delegate to then you don't need to worry...

ROLE STRETCH

People generally now accept that finance really does link into every operational element of a business, which means the CFO is now expected to become involved in more operational issues. It might be working with the CMO to identify a new marketing strategy, or supporting the Procurement function with the selection of a new internet provider. There is no reason why a capable, trusted member of the finance function cannot support with these areas. By creating a finance function that 'provides a variety of services to the business', in this instance Business Partnering, they can take the lead on these types of projects.

CONCERN OVER FINANCE FUNCTION

Take a moment to reflect, look at it objectively – are you one of the 47% of CFO's who 'say their current finance function does not have the right mix of capabilities to meet the demands of future strategic priorities.'¹ If you are then it is imperative that you address the above points, because if you don't, you are restricting your abilities to deliver fully what is expected of you in your role as CFO.

To discuss further if your finance function is fit for purpose and how Partner Financial can help create a team that supports you and the business' objectives, please contact us on 0203 178 4996

1 [http://www.ey.com/Publication/vwLUAssets/EY-the-disruption-of-the-CFOs-DNA/\\$FILE/EY-the-disruption-of-the-CFOs-DNA.pdf](http://www.ey.com/Publication/vwLUAssets/EY-the-disruption-of-the-CFOs-DNA/$FILE/EY-the-disruption-of-the-CFOs-DNA.pdf)

2 <http://www2.deloitte.com/us/en/pages/finance/articles/gx-cfo-role-responsibilities-organization-steward-operator-catalyst-strategist.html>