

# CFO & FINANCIAL LEADERSHIP INSIGHTS





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## TODAY'S CFO: MASTERING MANY ROLES

**T**HE WORLD IS CHANGING AT AN EVER INCREASING PACE. DIGITALIZATION, DEMOGRAPHIC CHANGES, A REBALANCING OF THE GLOBAL ECONOMY – ALL LEAD TO INCREASINGLY CHALLENGING ENVIRONMENTS FOR COMPANIES AND THEIR DECISION MAKERS.

### THE CFO HOLDS A CENTRAL ROLE IN THE SENIOR MANAGEMENT TEAM. WHY IS THIS?

There has been a shift away from the traditional financial model towards a more proactive, agile one, giving the CFO a pronounced, strategic profile with deeper integration in planning, strategy and performance management.

Among these changes, there are two that stand out. The first is that the CFO is more involved than ever in shaping company culture, having a far wider impact on the business than before. The second aspect is that CFOs require the proper tools for their messages to be heard and understood as they strive to improve the business.

In this CFO & Financial Leadership Insights report, we drill down into the challenges around talent acquisition and retention, and the skills shortages financial leaders see daily – discovering they are not the skills you would think. In our article on data and new technologies, we explore the different ways in which CFOs are fostering capacity for intelligent data evaluation in an bid to drive company strategy. We address leadership from the perspective of CFOs themselves, understanding what it means to lead in today's climate.



Our article on compliance and regulations helps in understanding that the technical goal posts change regularly for finance, and that this complexity keeps CFOs laser-focused on this arena. Finally, we take a look at cybercrime and security, and the effects they have already had on data and storage – and what new legislation means for current working practices.

Enjoy discovering the insights from our new series of CFO & Financial Leadership articles.

Kelvin Stagg  
CFO PageGroup



# THE FOUR ROLES OF THE MODERN CFO

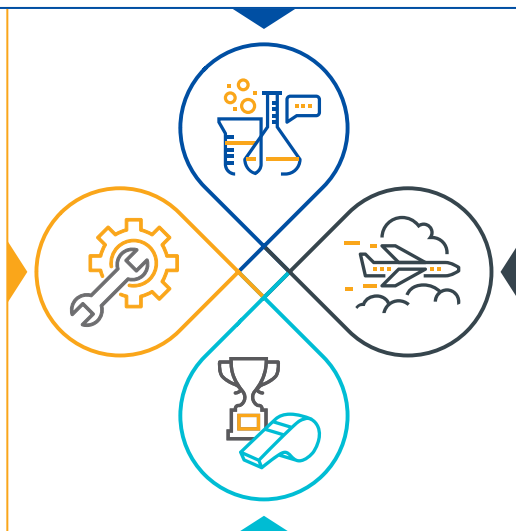
**O**UR INTERVIEWS WITH AN INTERNATIONAL PANEL OF CFOS HAVE REVEALED THEIR INSIGHTS FOR THE YEAR AHEAD. THEIR RESPONSES TO URGENT CHALLENGES SUCH AS COMPLIANCE, CYBERSECURITY AND TALENT MANAGEMENT HAVE REVEALED FOUR DISTINCT APPROACHES TO SOLVING THOSE ISSUES. THESE APPROACHES OR "ROLES" ARE AS FOLLOWS:

## THE SCIENTIST...

is the CFO who generates data, manages IT architecture and aligns systems for efficient reporting. The Scientist looks for ways of presenting data in understandable formats, finding new avenues of profitability as well as looking for unused capacity across the functions.

## THE ENGINEER...

is the CFO who organises and coordinates rules and regulations within the company, building lasting legacies for the CEO that will guide the company for years in the future. They construct strategies around regulations, derive ways of extracting value from the CEO's vision, and manage the functions of accounting, treasury, admin, budgeting and planning. This role can be considered the CFO's handicraft, the base of performance that by doing it right can increase shareholder wealth.



## THE PILOT...

is the CFO who brings their own business and strategy competencies into the mix by measuring, managing and creating performance and value throughout the organisation. They need to see strategic and operational issues early enough, thanks to their overall understanding of the whole company, ensuring dialogue between stakeholders. By changing value base metrics, incentives and rewards, finding new business models to reshape the company and making it profitable for the future, they guide the business through calm and turbulent times alike.

## THE COACH...

is the CFO who is focused on finding talent and leading from the finance function outwards, bringing people and technology together by driving performance upwards through skills development across the whole organisation. They work closely with the HR department, developing talent strategies to provide their department with qualified staff, integrating different generations in the process. They need to inform and build up their teams to not only analyse data in reports, but present the findings in meaningful ways.



## TOP FINANCIAL LEADERS ARE BUILDING INNOVATIVE PEOPLE STRATEGIES AND CULTURES

**B**EFORE DIGITAL DISRUPTION, CFOs HAD A CLEAR FOCUS ON TREASURY, ACCOUNTING AND BUDGETING. OVER THE LAST DECADE, BUSINESS PRACTICE HAS SHIFTED TOWARDS FINANCIAL LEADERS ADOPTING A MORE PROACTIVE AND STRATEGIC ROLE. HOW HAS THIS TRANSFORMED THE LEADERSHIP SKILLS AND GENERAL COMPETENCIES OF THE CFO, AS WELL AS RELATIONSHIPS WITH OTHER SENIOR BUSINESS LEADERS?

### LEADING BUSINESS STRATEGY FROM THE FRONT

Successful CFOs raise issues, question decisions and by doing so, make companies productive and profitable. It may not be a convenient process for senior leaders, but it can bring enormous benefits to a business.

How does routinely questioning the status quo affect the CFO's leadership, or an ability to influence strategy? These factors tie in to the CFO's role as Pilot, that is, a CFO who is increasingly visible to all areas of the business, regularly presenting before external stakeholders, board members and company-wide teams.

Philippe de Briey, CFO of Monsanto Europe, the multinational biotech company, sees the process as one of ongoing team-building that presents a strategic vision. "I want to help senior leaders think differently about the business, putting themselves in the shoes of our investors and the markets at the same time."

### FINANCE AS AN INTERNAL SERVICE PROVIDER

Past models that attempt to pinpoint the multifaceted scope of the CFO demonstrate that having a flexible skillset has long been a necessity.

The newest developments of the role, grouped as Coach, Scientist, Engineer and Pilot, have emerged from the need for the CFO to make rational decisions based on data spreading throughout the company, well beyond the scope of finance. Florence Rocle, VP Global Finance Services of Sodexo, believes this transformation was always coming and the development of the role was inevitable. "We no

longer expect CFOs to be accountants. They should rely on people who are accountants since their role is much more global."

As an Engineer, the CFO is increasingly focused on building a long-lasting people strategy and innovative culture that will live on as a company legacy. This is because, as author William Heitman explains in his seminal study *The CFO: Industrial Engineer of Knowledge Work*, "the CFO is the engineer of the company's knowledge base, which is fundamentally composed of people and systems."

### THE ENGINEER



"The CFO is the engineer of the company's knowledge base, which is fundamentally composed of people and systems."

*William Heitman, author of 'The CFO: Industrial Engineer of Knowledge Work.'*

### COMMUNICATING USING DATA

Today, it is the duty of the CFO to ensure data visibility extending as far as becoming talent manager and chief advisor to the CEO. As David List, CFO of Conotoxia, puts it: "The CFO increasingly has a bigger role in all aspects of a company – and strategy is certainly one of those aspects."

From the Scientist's perspective, the focus is more towards the market, basing decisions on data and rationale rather than experience – as other members

of senior management may be accustomed to. Omya CFO Terry Moro explains: “These days I sit around the table with the management committees made up of people from sales, manufacturing and logistics. This is something completely new – and these committees are not used to being directly challenged against a budget.”

### THE SCIENTIST



“The requirements for finance have basically gotten broader. There needs to be a greater understanding of a lot more – tools, processes, analysis.”

*Ryan Mangold, CFO, Taylor Wimpey*

### BUILDING THE TEAMS OF TOMORROW, TODAY

For the CFO as Coach, there is a concern to bring new skills to the table that better fit new generations and their ways of working and the finance department’s traditional tasks. As Ryan Mangold, CFO of Taylor Wimpey, explains: “The requirements for finance have basically gotten broader. There needs to be a greater understanding of a lot more – tools, processes, analysis – and this naturally impacts on the judgments that we make.”

Approaching leadership from a personnel perspective is a challenge the Coach relishes, the opportunity to teach both peers and employees, articulating the workplace culture in accessible terms – accuracy, alignment, and behavioural. But as Sebastien Rouge, CFO of Latécoère, observes, change is incremental and adaptable to company culture. “Our focus is on aligning employees and their work to the diverse skillsets that they have brought to the table. This is the challenge, rather than wondering whether I should be managing a digital native over someone who is used to working with pens and paper.”

### THE COACH



“Our focus is on aligning employees and their work to the diverse skillsets that they have brought to the table.”

*Sebastien Rouge, CFO, Latécoère*

### DIALOGUE AND CURIOSITY DRIVE PERFORMANCE FORWARD

For the Pilot, leadership is a balance between what the company does well now, in terms of performance throughout the organisation, and where the company can be if all business functions are properly aligned. As the CFO of a packaging company, puts it: “People rely on your technical skills, yes, but also on your capacity to always “get” the bigger picture.”

The need to notice and draw attention to strategic and operational issues early enough sees the CFO in the role of a Pilot. In this way, the CFO can maintain a constant dialogue between operations and finance to ensure what is relevant for both is understood as operationally important.

As Latécoère CFO Sebastien Rouge finds: “If the role of finance is understood and the company works towards executing their goal – which is always to improve performance – the whole company will function better.”

And what is key for performance in the finance function? Eugene Low, CFO of Mercer, identifies it firmly as an unteachable skill – curiosity. As he explains: “When someone has curiosity about a problem and is willing to ask the right questions to go deeper, that is far more beneficial than an FP&A or accounting degree.”

### THE PILOT



“People rely on your technical skills, yes, but also on your capacity to always “get” the bigger picture.”

*CFO, Global Packaging Company*



### KEY TAKEAWAYS

The CFO has to create a people strategy and innovation culture that build a long lasting legacy for the organisation

Conflicts may arise with senior management whose decision-making might focus on experience and less on data-driven insights

The CFO is the advocate of the shareholder in the company, meaning their leadership must be inclusive of internal and external considerations

There should be a shift towards leadership skills that better fit today’s workforce and suit the finance department’s evolving tasks





## HOW GLOBAL DATA PROTECTION LAWS ARE PUTTING CFOs TO THE TEST

**F**OR COMPANIES, THE LIST OF REGULATIONS INCREASES IN SIZE AND COMPLEXITY EACH YEAR. CFOs ARE FACING THIS CHALLENGE USING THEIR EXPERTISE, THAT OF EXTERNAL CONSULTANTS, AND FINALLY, CONSIDERING THE CHALLENGE FROM A TALENT ACQUISITION PERSPECTIVE. ARE THESE REGULATIONS A MERE HURDLE TO BE SURMOUNTED OR A REAL OPPORTUNITY TO STREAMLINE OPERATIONS?

The number of new regulations for businesses is increasing at lightning speed. U.S.-based insurance firm Thomas Risk Management Solutions once calculated that a new regulatory alert occurs every 12 minutes, guaranteeing that compliance is squarely on the CFO's agenda for the foreseeable future.

The European Union's General Data Protection Regulation (GDPR), which comes into force this year, is the latest example of the regulatory hurricane that is striking businesses across the world. It is set to have an enormous impact, with data protection violations incurring fines of 4% of group sales or EUR 20 million, whichever is higher.

### MORE COMPLEX AND HARDER TO UNDERSTAND

The CFOs interviewed for this study unanimously considered the new data protection regulation to be a huge challenge, especially as other regions are developing similar laws. "It is a massive hurdle that everybody is struggling with at the moment," says Kelvin Stagg, Global CFO of PageGroup. "The rest of the world is moving in the same direction; there is already a Chinese version in the making."

There is little doubt that within companies, the CFO is well positioned to tackle the fact of ever-changing regulations. But as pressure grows, the question is how. As James Gregory, UK CFO of global real estate firm JLL, explains: "Whether it's GDPR, IFRS or US GAAP, the list just gets bigger and more complex each year."

### THE ENGINEER: SOLUTIONS TO MITIGATE COSTS

On top of this, a failure to comply would instantly affect credibility before shareholders.

This is where the CFO as Engineer comes into its own: this particular approach sees the CFO taking the initiative to design the right approach to tackling compliance, constructing a solution that calls for the support of a range of disciplines: finance, accounting, treasury, administration, budgeting and planning.

"Compliance and the changing regulations mean that we need to have people who know more about practical details, who contribute to the work required to achieve compliance, and who can review and assess progress in a competent manner," says Phil Dennis, CFO of BizSpace. "Our processes in the past were fairly compliant, but the documentation needed greater attention. Now we delegate tasks to the people in the business who are closer to the action, while keeping an overall view."

### THE ENGINEER



"We delegate tasks to the people who are closer to the action, while keeping an overall view."

*Phil Dennis, CFO, BizSpace*

## THE SCIENTIST: FAMILIARITY WITH SECURITY ISSUES

To ensure IT systems are compliant, the CFO must be familiar with security issues and ideally within the framework of multiple legal systems, either by working closely with the COO/CIO or having the IT department report directly into the CFO. Not only should the company's systems undergo regular health checks but so should those of its customers and suppliers. This is a heavy-duty undertaking best suited to the tech-savvy approach of the Scientist.

### THE SCIENTIST



"One of the things we do as part of our supplier check is to make sure their cybersecurity and data security systems are adequate."

*Andrea Wesson, CFO, Eversholt Rail*

## THE COACH: CREATING INTERNAL AWARENESS

It would be short-sighted, however, to approach compliance exclusively from a technical point of view, argues BizSpace's Phil Dennis: "In the last few months, we've been working on the GDPR, the more rigorous money laundering regulations, the corporate criminal offence regulations and, obviously, changes to IFRS. For each of those we have had to adopt a different approach. For example: the GDPR is not purely about IT, but it's also about creating business-wide awareness, training and familiarisation."

By being an advocate for change, the CFO as Coach can utilise his or her visibility within the company to spread that advocacy among employees. Indeed, JLL CFO James Gregory sees training as a key priority: "The challenge with the control team is, in the increasing world of compliance regulation, how do they keep up? How can they use technology better, and how can they be better trained on people skills? As laws become more complex, our people need to get better at explaining complex things in simple ways."

### THE COACH



"As laws become more complex, our people need to get better at explaining complex things in simple ways."

*James Gregory, UK CFO, JLL*

## THE PILOT: TURNING REGULATORY COMPLIANCE INTO COMPETITIVE ADVANTAGE

Although many CFOs view regulatory compliance only as an expense for the company, proper planning and precise execution can become a competitive secret weapon. When faced with an administrative vortex, keeping an eye on the bigger picture as Pilot allows a company to turn compliance into a competitive advantage.

A CFO of a Logistics Company explains: "Having been owned by an opportunistic fund, governance and compliance have been crucial to us for some time. As a result, we have formed a really good general counsel who is already on top of those aspects and competently educating the rest of our business about them. Now we are far more conscious about how we manage and report personal data."

### THE PILOT



"We have formed a general counsel for governance and compliance that is educating the business about them."

*CFO, Logistics Company*



### KEY TAKEAWAYS

The General Data Protection Regulation (GDPR) will be one of the biggest compliance challenges this year, with similar initiatives being rolled out worldwide

As laws become more complex and harder to understand, CFOs need to appoint experts who are able to explain them to key stakeholders in an accessible way

To make sure that IT systems are compliant, CFOs need to be tech-savvy

Compliance is also about business-wide awareness, training and familiarisation

With proper planning and precise execution, compliance can become a competitive advantage



# CYBERSECURITY: WHERE DOES THE CFO FIT IN?

**F**INANCE IS ONE OF THE MOST VULNERABLE AREAS FOR CYBERATTACKS. CFOs NEED TO FAMILIARISE THEMSELVES WITH NEW IT SECURITY ISSUES AND MASTER LEGAL FRAMEWORKS DEPENDING ON THEIR BUSINESS MODEL – AN ALMOST IMPOSSIBLE TASK. HOW WILL THIS AFFECT THEIR DECISION-MAKING POWER IN TERMS OF INTEGRATING TECHNOLOGY – AND FACILITATING COMPANY-WIDE USAGE OF DATA?

Cyberattacks occur more than a million times a day. Most attacks are not successful, and few have the devastating effect of WannaCry, the well-documented ransomware attack that infected millions of computers across 150 countries last year. But the smaller attacks can still have a significant impact on business infrastructure and, naturally, the costs run high.

CFOs are aware they have important role to play in addressing this challenge. “Cybersecurity is very high on the agenda,” explains the CFO of an investment bank. “It’s not just a matter of putting on a security patch and then you’re good for the next 15 years; it takes constant vigilance and review of your performance.”

But the question remains: what particular role should the CFO play in the process?

## THE SCIENTIST: PRIORITISE PROTECTION NEEDS

Most CFOs who participated in our study agree that a solid understanding of data management is key. If today’s CFO wants to fulfil his or her role, there is a need to knowingly filter critical and confidential data as well as prioritise the company’s protection.

As the number of data breaches accumulate, CFOs need to be proactive and continuously partner with IT experts. Continued exposure means that it’s increasingly important for a CFO to be tech savvy.

## THE SCIENTIST



“Looking after the security of the systems is an area where we are doing a lot of work.”

*Andrea Wesson, CFO, Eversholt Rail*

## THE ENGINEER: ENSURE COMPLIANCE ON THE PROCEDURES

It is, however, just one part of the of the CFO’s role to ensure data protection. Usually the biggest risk is not the IT system itself – but the way employees use it. “Regardless of the quantity of firewalls or passwords, misconduct by anybody from the group can risk everything that we are trying to protect with those tools,” says Thiago Alonso de Oliveira, CFO of real estate company JHSF.

In an approach that embodies an Engineer, Oliveira cannot over-emphasise the importance of smooth-running systems that are fully adopted by employees: “People’s compliance with system procedures is very important to keep information safe and reduce the risks of cyberattacks.”

## THE ENGINEER



“Misconduct by anybody can risk everything.”

*Thiago Alonso de Oliveira, CFO, JHSF*

## THE COACH: EDUCATE PEOPLE TO BE WATCHFUL

In the mode of a Coach, training personnel on the risks associated with cyberattacks and prevention measures is fast becoming a priority of every CFO.

"We have to educate our own people to be watchful," says Bob Braasch, CFO of the investment bank Marathon Capital, "because the threats that could have an adverse effect on us will start with somebody accidentally sending a virus on a document and trying to access our system that way. Education at the individual level is really where the game starts."

### THE COACH



"We have to educate our own people to be watchful. Education at the individual level is really where the game starts."

*Bob Braasch, CFO, Marathon Capital*

## THE PILOT: FIND STRATEGIES TO SAFEGUARD PRIVACY

A growing number of organisations are monitoring their employees' use of data to enhance cybersecurity, but that comes at a cost - and not necessarily a financial one.

"I think the biggest challenge for most companies is how to respect privacy when everybody is being tracked 100% of the time. I wake up every morning with this question my mind," explains Oliveira.

It takes the solution-oriented capacities of the Pilot to find an adequate solution, without necessarily getting into the operational detail. The balance is delicate but necessary: "It's pretty easy for someone to send an e-mail containing our company's compensation data", explains Eugene Low, CFO with global consultancy Mercer, "but I have faith in my IT team, my compliance team, that they're on top of it. And from what I see, the situation is under control. I cannot get into the details of it. As a CFO, you have to pick your battles."

There is speculation that the challenge of cybersecurity will eventually become too great for the CFO's team alone. As David List, CFO of the online money transmitter Conotoxia, remarked: "I wouldn't be surprised if the future will lead to a new role for the executive board. At some stage, the Cybersecurity Officer will enter the boardroom."

## THE PILOT



"It's pretty easy for someone to send an e-mail containing our company's compensation data, but I have faith in my IT team that they're on top of it."

*Eugene Low, CFO, Mercer*



### KEY TAKEAWAYS

As finance is one of the most vulnerable areas for malicious attacks, CFOs need to get involved in managing cybersecurity

CFOs have to be familiar with IT security issues, ideally within the framework of many various legal systems

There is a real need to educate stakeholders to ensure widespread compliance

The complexity of cybersecurity challenges is opening up the possibility of a new boardroom role

CFO involvement in cybersecurity must be balanced by a readiness to delegate the detail



## WHY CFOs ARE SHIFTING FROM BIG DATA TO SPEED, ACCURACY AND SIMPLIFICATION

**T**HERE IS AN INCREASING NEED FOR CFOs TO BECOME FAMILIAR WITH FINANCIAL SECTOR TECHNOLOGY AND INFLUENCE ITS ADOPTION. THE AIM IS TO CREATE EFFICIENCY THROUGH AUTOMATION AND RATIONALISATION, AS WELL AS FOSTER CAPACITY FOR INTELLIGENT DATA EVALUATION. HOW HAS THIS NEW RELATIONSHIP WITH DATA ALTERED THE CFO'S SCOPE – AND WHAT DOES IT MEAN FOR THEIR DEPARTMENT'S SKILL SET AS A WHOLE?

Few things are more truly useful in the finance world than a well-crafted report that highlights a company's key operations. With today's mania for big data, the very fact of reporting has become, in the words of Conotoxia's CFO David List, "the query function". The CFO's ability to use databases adeptly and leverage sizeable data reports for business decisions is key to fully functioning as a modern CFO.

### DATA ACCURACY IS MORE IMPORTANT THAN QUANTITY

From software tools to database servers that store and retrieve information for immediate reporting, the true power of data has never been closer to hand.

The integration of data into the finance function through technology and increased collection poses an immediate challenge for the CFO in terms of filtering and using the figures to support sound business decisions. Having the data is one element – being able to quickly and accurately analyse it is another. As Andrea Wesson, CFO of Eversholt Rail, says: "Data storage, filing and access take up a lot of time. We have data that could be more valuable than it is – it's there; it's just difficult to find."

### THE SCIENTIST



"We have data that could be more valuable than it is – it's just difficult to find."

*Andrea Wesson, CFO, Eversholt Rail*

### THE CFO IS THE FUNNEL TURNING DATA INTO STRATEGY

By coordinating the business around key data, the CFO inhabits a trusted position in a company's senior management team. As Marathon Capital CFO Bob Braasch points out: "You are helping the CEO take the company to whatever the next step might be".

However, challenges may arise when in dialogue with fellow senior leaders who make less data-centric decisions. Ryan Mangold, CFO of Taylor Wimpey, explains: "Data is useful to aid decision-making – but the majority of decisions are made by individuals who simply apply the data. I think the soft skills of the CFO are ultimately more important than the technology."

The CFO as Pilot will tend to push for the integration of all systems across a company. The bird's eye view and strategic influence ensure that market opportunities are not missed through extended decision loops. As Conotoxia's David List explains: "Every transaction has to get into the books and records of a company. So, the CFO is always going to be at that point in the funnel where everything must come through, and fit, and be streamlined and usable. It's inevitable that the CFO function is going to have to drive these changes."

## THE PILOT



"The CFO is always going to be at that point in the funnel where everything has to come through, and fit, and be streamlined and usable. It's inevitable that the CFO function is going to have to drive these changes."

*David List, CFO, Conotoxia*

## DATA AND ITS ANALYSIS SHOULD NOT BE IN A SILO

As the Coach, the CFO takes the lead for the dissemination and advocacy of data technology in an organisation. A coach will veer towards their people to best use the technology to make better decisions – and to coordinate with other senior leaders to ensure no duplication of technologies in different silos.

As the CFO of an investment bank says, misalignment among teams can be harmful: "It's weird if the finance department is focused on developing its own tools. Working this way is the kind of the thing that can make our lives miserable. If you are thinking in silos, you are not solving anything."

CFOs can add huge value by being the link between the data collected, deciding what it means and how to present it to their people. In the eyes of the CFO of a packaging company: "I work with both analytical skills and a people approach to be able to manage the company and all the variables employees need to get good results. So numbers are the world, yes, but to make that happen you need people."

## THE COACH



"I think the soft skills of the CFO are ultimately more important than the technology."

*Ryan Mangold, CFO, Taylor Wimpey*

## REIMAGINING THE FINANCE FUNCTION FROM A DATA PERSPECTIVE

When technology and data are approached from the perspective of the Engineer, the CFO is following a path of ensuring new systems and data integrate with existing ones, maintaining quality and reliability.

It creates the opportunity to reimagine what the finance function should be when the department has the ability to spend time working cross-functionally, supporting decisions made with the company strategy in mind, developing systems to provide accuracy and efficiency. "If you look more at the CFO scope, the key opportunities are obviously automation from a shared service centre and the transactional aspects of finance," Philippe de Briey remarks.

Ryan Mangold, CFO of Taylor Wimpey, explains the key is reporting on the data that matters, not simply the data collected, meaning time and energy are spent more productively. "Data has changed and impacted the role a lot because you've got a sea of information now and we've got to make sure that we're looking at the right information to make business decisions. To truly challenge ourselves in our role is vital."

By being both a Coach, supporting the leadership team to better understand challenges, and a Scientist, devising new ways to extract, analyse and explain the figures in a language accessible to all, the CFO can

## THE ENGINEER



"If you look more at the CFO scope, the key opportunities are obviously automation from a shared service centre and the transactional aspects of finance."

*Philippe de Briey, EU CFO, Monsanto*



## KEY TAKEAWAYS

Both the storage of and access to data are as important as its analysis

Data is useless without accurate and timely interpretation

The CFO competes with the CIO and the CDO for dominance in the integration of new technologies

CFOs as engineers must integrate new systems into old existing ones, maintaining service quality and reliability

A harmonised approach to system implementation and use should be taught by the CFO to other board members and senior management





## WHAT TRAITS WILL DEFINE THE SUCCESSFUL CFOs OF TOMORROW?

**F**ROM MODERATING CONFLICT AT BOARD LEVEL TO ALIGNING TEAM COMPETENCIES WITH BUSINESS NEEDS, THE CFO AS COACH AND TALENT MANAGER IS A GROWING TREND. HOW HAS THIS RELATIVELY NEW SKILLSET IMPACTED ON THEIR INTERACTIONS WITH BOTH FINANCE TEAMS AND THE WIDER COMPANY STRUCTURE – AND THEIR VIEW OF SOFT SKILLS VERSUS THE MORE TECHNICAL COMPETENCIES?

Previously, the finance function required many attributes: analytical thinking, comprehension, assertiveness and - without a doubt - technical expertise. Although these may not have changed, the modern finance employee also needs to exhibit a wide range of soft skills, including an ability to convey complex ideas in simple, yet engaging terms.

For Eugene Low, CFO of Mercer Indonesia, some things can be taught easily while others simply cannot. “I can teach accounting in one day - but what I really need to see in an aspiring financial leader is curiosity. Curiosity about the business; curiosity to identify ways to drive different teams towards the same goals and grow the company.”

### PERSONAL INVOLVEMENT IN DEVELOPING TALENT

In many businesses, the CFO has already moved up the ladder of influence as a Coach-like figure, moderating conflict at board level and defining their department’s contribution to overall strategy through company-wide visibility.

It is highly likely that other senior leaders do not actively monitor issues such as financial management, accounting, tax or the supply chain – but the business requires all to be working harmoniously to function profitably.

As the Pilot in this context, driving the company to better performance, Philippe de Briey, CFO of Monsanto Europe, explains this in terms of market view. The CFO is the window into the business for shareholders, investors and other external stakeholders.

“One of the things I hope that I bring to the leadership team [is helping them] to think differently about the business, having this holistic and systemic view, really putting themselves in the shoes of the markets,” Briey notes.

Coaching other board members when it comes to linking facts and figures to strategy and linking it to investors pays dividends. But to achieve this, senior financial leaders have to reevaluate not only their own competencies, but also those of their closest team members.

### THE PILOT



“What is key today is the ability to communicate well.”

*Laurent Gilles, CFO, Valfidus*

### BUILDING BETTER TEAMS FOR THE FUTURE

The battle is not only to locate the best talent, it is to build teams around it, and to ensure the competencies the CFO needs to drive better productivity in their department are available.

Bob Braasch, CFO of Marathon Capital, understands that it is as much about depth of talent and understanding as it is numbers of employees. “It adds pressure to make sure you’ve got the right people in the right roles and that you’re also building a depth chart. That’s something we have worried about for years.”

When looking closer at the Coach role of the CFO, there is a need to critique their own competencies and drive their own agenda, because a transformational leadership style is important to bring others on the journey.

CFOs must act as a forerunner for their team, being coach and motivator at the same time and a focal point for an increasingly diverse team. “But it’s not just about

the integration of new generations,” clarifies Latécoère CFO Sebastien Rouge. “Actually, it’s the integration of a diverse work team. You’ve got multigenerational work teams, you’ve got multi-skilled people, and there’s also more ethnic diversity and gender diversity as well. So, really, the challenge is to work better with that diversity.”

### THE COACH



“So, what my role is and how I see it - I would say it’s to make sure that people are evolving and adapting. And it’s mostly in terms of behaviour, in terms of soft skills, but it’s also to help them become what we want them to become.”

*Terry Moro, CFO, Omya*

### CLEAR GOALS AND VISION

Understanding that it is more than just numbers that affect the bottom line is a vital part of the CFO’s role. As Engineer, the ability to build a system that helps retain the best people is a huge part of that element, acknowledging the cost of employee churn.

Sodexo VP Global Finance Services Florence Rocle says: “It is very important for the CFO to define strategy and needs clearly. If you define too many objectives, or the strategy is vague, you can go in so many different directions and end up doing nothing.”

This plays into the media-friendly idea that the work ethic of the Millennial generation is lacking. From the CFO’s point of view, this criticism falls short of the mark when the newer generation places a stronger emphasis on personal development and workflow design. This is where the CFO as Coach is called for.

As BizSpace CFO Phil Dennis contends: “For the generation that are in their late twenties and early thirties, a job is about their own personal development. Knowing this, financial leaders have a responsibility to directly support employees’ developmental needs, particularly regarding their ability to influence and engage others.”

### THE ENGINEER



“Today we have tremendously high-quality talent and huge diversity, whether it’s gender or nationalities. To have the opportunity to bring a lot of new blood like that into a company is also bringing a fantastic diversity of thinking, of past experiences, of high engagement.”

*Philippe de Briey, EU CFO, Monsanto*

### THE SCIENTIST: ADVANTAGES THROUGH TECHNOLOGY

The CFO as the Scientist can scan the market and find new and innovative ways to attract talent for the finance department, using big data as the hook to bring the new talent into the department. Some CFOs

rely heavily on external recruiting; others generate their own CFO trainee programmes in their companies in the sense of continuing training, as they cannot find the personnel and skills they need on the market.

As JLL’s UK CFO James Gregory explains: “Our focus on people is around being straightforward with them in terms of the advantages of technology as well as making sure that we are re-training and re-skilling them. Very rapidly you’ll see opportunities coming up that strike a line through certain admin tasks and allow employees to move to the more skill-based positions”.

The CFO, though, must know how to use new technologies on the market, or at least be able to identify the operational advantages. Andrea Wesson, Eversholt Rail CFO, agrees. “You do need to have a mixture of operational knowledge in my role. I am quite happy to roll up my sleeves, get involved and play.”

### THE SCIENTIST



“We are working closely with the CEO and the HRD – with the CEO to make sure we are joined on operational-type matters, and with the HRD on people matters - to make sure that we fully understand how to train our people to stay on top of this.”

*James Gregory, UK CFO, JLL*



### KEY TAKEAWAYS

Soft skills, particularly curiosity, are a more coveted asset than ever in aspiring financial leaders

CFOs are well-positioned to understand talent gaps across teams and add great value through their involvement in the hiring process

A sustainable business model that develops leadership internally should be a focus as it maintains the right environment for high performance

Having a clear vision and workflow are key to retaining talent

A CFO who is prepared to get involved at all levels is one who can best adapt and profit from a rapidly changing climate



## ABOUT THE STUDY: FINAL INSIGHTS

**F**OR THE CFO & FINANCIAL LEADERSHIP INSIGHTS, WE PERSONALLY INTERVIEWED AN INTERNATIONAL PANEL OF CFOs TO HEAR THEIR INSIGHTS FOR THE YEAR AHEAD. WE CONSIDERED THE CHALLENGES THEY FACE, AND HOW THEY HAVE DEALT WITH THEM. WE ALSO ANALYSED THEORETICAL AND PRACTICAL LITERATURE ON THE ROLE OF THE CFO, COMBINING THE INFORMATION WITH KEY INSIGHTS FROM INTERVIEWEES.

Among executive leaders, the Chief Executive Officer (CEO), the Chief Operating Officer (COO) and the Chief Financial Officer (CFO) are those who traditionally bear responsibility for the company's fortunes.

It is, however, the CFO who increasingly holds a decisive role for several reasons. As Florence Rocle, CFO Europe of Sodexo, explains: "The CFO is a real actor in terms of change management. Finance is often the first function to transform an organisation."

Christina Johansson, CFO of Bucher Industries, fully agrees, in that: "The CFO [has] to drive the change, especially when it comes to big data and the digital world. The CFO is key to making sure that we as a company are not left behind."

Why is this? Traditionally, CFOs were specialists in numbers and analysis, focusing on treasury, accounting and budgeting. Business today has seen a shift away from the traditional model towards a more proactive one, giving the CFO a more strategic profile with deeper integration in the company's planning, strategy, and performance management - thanks in part to their traditional analytical skills, but also to the new competencies that the 21st century CFO requires.

As Bob Braasch, CFO of Marathon Capital says: "The competencies needed these days have changed dramatically. It's [the CFO role] not just to deal with accounting issues and treasury issues and tax reporting, but also with regulatory reporting, budgeting, and strategic planning. The Chief Executive Officer can no longer operate in a bubble."

Some models of CFO analysis from the last few years – such as Deloitte's "Four Faces" (operator, steward, strategist, and catalyst) and McKinsey's finance expert, generalist, performance leader, and growth champion – agree that the CFO has a changing role that makes a changing skill set inevitable.

Terry Moro, CFO of Omya, explains that the role of the CFO and their department has moved towards strategic finance, a partner able to drive decisions from the top table. "There are two aspects to the CFO's role today. The first is to change the mindset of employees, to be less about facts and data and to be more impactful on the business. And the second aspect is that you need to have the proper tools to pass on the message, or to challenge the business."

Our group of 20 CFOs saw their impact increasing in the company, expanding to include new areas and, as a result, growing the CFO role's influence on company success. As David List, CFO of Conotoxia, puts it: "The CFO will certainly have a bigger role in all aspects of a company – and strategy is certainly one of them."

Christina Johansson, CFO of Bucher Industries, explains: "The CFO today must be a sparring partner, a business partner for all functions in the group management. You also have to develop suggestions from a financial point of view, and from an investor relations point of view: to create, advertise and explain what you are doing."

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# Michael Page

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