

The CFO of the future

The role of the chief financial officer, the CFO, is one that is vital for most entities. In the public perception it is one aligned to the financial affairs of the entity. It exhibits ethics, technical expertise and prudence and whilst these are essential core values for the current incumbents the role has exceeded that. The impact of the pandemic has reinforced and accelerated the change in expectations for the CFO.



The CFO of today

The role of the CFO is changing. However different stakeholders have different views of the role and what is expected of it. From the survey conducted by ACCA and IMA of approximately 1,100 respondents, 72% felt that the role of the CFO will either increase or increase significantly as it continues to transform into a more performance centric role in the next three to five years. Within the role there was a sense that the general public value the ethics and trust that the CFO displays as the most significant core value (nearly 77%) whilst for the CFOs accountancy and finance skills (64%) were the most highly rated in contrast to CEOs who most valued strategic insight (67%). The complexity of the modern-day CFO role is apparent.

Underlining the importance of technical skills, 54% of the respondents considered that an accountancy qualification was essential for the role with another 27% thinking that it was strongly desirable. The core expertise of financial experience is at the heart of the CFO role and will remain so.

Yet the challenges for the CFO were more focused on the future shape of the business. Technology, speed of business change and business resilience were ranked as the top four priorities, as well as governance and risk management. However, the chief executive officer (CEO) respondents saw a broader range of issues within the CFO's agenda. This difference between the CEO and CFO expectations of the role was marked in several areas and suggests that the partnership between these two C-level executives is fundamental to the success of the entity. Yet it is one which it would be easy to misinterpret the different requirements and fail to live up to expectations.

The implications of the global pandemic on the CFO role

Only 28% of the respondents thought that the CFO role had either been changed completely or partially by the pandemic. For many of the CFOs interviewed for the research this sentiment was true. They felt that whilst there had been an



increased emphasis on being reactive to ever changing events, needing to adapt to new scenarios and reforecast, many felt that this was already the role of the CFO. The clear implication for many was that it had reinforced dynamics of the role across the other C-suite executives.

The development of the CFO role

In looking to the future six hypotheses (Figure 1) were developed to evaluate the future direction of travel.

Most of the CFOs interviewed, as well as the survey respondents, felt that the leading CFOs were on this pathway. They considered that their entities were either on the way to, or have achieved, some or all of the hypotheses.

Most felt that the safeguarding and reporting aspect was fundamental to the role. It was not something that would ever be ignored, rather, the role of stakeholder and investor management was in addition. With the realisation of a broader definition of the capitals and how this relates to the purpose of the organisation, the definition of stakeholder and investor may well need to be reconsidered beyond pure financial considerations. Amongst the respondents there was a definite feeling that the role was expanding to include more aspects of the performance agenda. A move that some CFOs interviewed welcomed.

Career paths and skills

There are two perspectives on the career paths. Those who are current incumbents in the role and those who aspire to a CFO as their next step.

For those in the role and looking to progress some saw the CEO role as a next opportunity. This was heavily dependent upon the nature of the organisation and their geographic location. Those in emerging markets were more likely to see the CEO as the next step when compared to those in the more mature ones.

45% of the respondents felt that there was not enough attention being placed on the development of the next generation of CFOs with a further 21% not sure. Career pathways are changing, and the traditional ladder structure of progression is no longer valid for many. Instead CFOs spoke about the need to identify and develop a successor, or in some cases two. They recognised that not every aspiring CFO had the qualities to make it at that level. It requires a breadth of experience and insight, not only at a technical level but also at an inter-personal level.

The broadening of the CFO role is one that, as a profession, we need to recognise but also embrace to ensure that we give the correct range of opportunities to those in the role and aspiring to it.

FIGURE 1: Six hypotheses for the development of the role of the CFO

STAKEHOLDER FOCUS	STRATEGY FORMULATION	GROWTH OPTIMISATION	WIDE VIEW OF PERFORMANCE	FORWARD INSIGHTS	CAREER PROGRESSION
The CFO will come to predominantly focus on stakeholder and investor management rather than safeguarding and reporting	The CFO will have a leading responsibility for business strategy formulation, validation and execution through responsibility for its achievement	The focus of the role shifts from principally historically based cost control to growth optimisation	The role will encompass measurement of all aspects of the strategic objectives of the organisation (eg as indicated by the six capitals of integrated reporting)	Will provide greatest value to their entities through forward insight rather than retrospective reporting, becoming a chief performance officer	Increasingly will have the CFO role as the next progression in their career development

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