

Five Forces Reshaping the Role of the Modern CFO

The CFO has expanded beyond just being the face of the financial division of a company. See how the role has changed in the modern technological era.



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Today's business leaders are looking toward organizational transformation to find new, innovative ways to turn insights into action. Who is best positioned to help them lead the charge? The CFO.

Why the CFO?

Because modern CFOs are the steward of the greatest amount and most critical corporate data, they are at the fulcrum of decision-making in the face of changing customer needs and new competitive threats. The CFO is the 'economic guardian' – the person who is there to provide insight, direction, and measurement of business outcomes.

Technology can enable the CFO to both access and translate all that data into insights which in turn empowers strategic decision making to drive business outcomes. Ultimately, "We see the CFO as the right hand of the CEO in helping to make sure that strategy is enabled in a way that gets to an outcome that analysts, peers, and investors can measure and understand," said Steve Culp, Senior Managing Director of Accenture's CFO and Enterprise Value Function, speaking at this year's CFO Rising conference in London.

Since 2003, Accenture has been looking at how the role of the CFO has changed with trend analysis and insight on how they can be more effective with CFO technology. In conducting research for its most recent CFO study, the consultancy spoke with more than 700 CFOs across the globe and 200 up-and-coming next-generation CFOs.

Accenture found five forces changing the role of the CFO:

1. Increased expectations

The role of the CFO is moving from the bottom line to front line. CFOs are now being asked to work more closely with the business, external analysts and customers – it's no longer simply a focus on the monthly close. CFO's are collaborators across stakeholders, and as such have a much more strategic role in today's companies.

2. The pace of change driving decision making

It's hard to imagine a world without mobile devices and connectivity – the pace and flow of data communications has exploded and only continues to increase. This has also driven an increase in the rate of innovation and change across markets. The next five years are likely to include more change than there was in the last 30 – that's a real challenge for the CFO. There's a strong imperative for action as those who wait to make key decisions will rapidly be left behind.

3. Control and compliance

In response to the occurrence of one financial crisis after another, a great deal of time and attention has been spent on the regulatory agenda over the past ten years. This has led to increased compliance requirements for businesses. Today more than ever, it's not just about money and profit – businesses must service customers with embedded regulatory controls – these aren't separate agendas.

4. The power of data

An increase in the volume of data requires new focus and capabilities. Digital technology now empowers CFOs to shape strategy through higher-level thinking made possible by insights gained from data results. Therefore, a key function of the CFO both now and in the future is to translate that data into insights that support decision-making and the strategic direction of the business.

5. Driving results

It's always been the case for CFOs that there's a pressure to show growth and profit. In challenging business times, this often requires new, innovative thinking. Doing more of the same won't drive the kind of growth that is now demanded.

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Accenture believes there are three main areas of focus for today's CFO.

1. Maintain control and make the sums add up

Finance leaders make sure debits, credits, assets, liabilities, outputs and statutory reports get done. The sums have to add up at the bottom line, and they must have control. CFOs have the core responsibility of driving the finance organization. That's always been true – but today it should only take about 20% – at the most – of their capacity. So CFO's need to be particularly efficient and effective in these areas in order to have the extra capacity needed to execute on their new responsibilities.

2. Be the right hand of the CEO

Today, CFOs need to help CEOs guide and execute overall business change, providing the insight and analysis to make sure outcomes are achieved and the economics are sustainable. In many ways, the CFO is now as much COO as finance leader. Because of their access and aptitude with corporate and market data, and the fact that this data touches all key departments, the CFO can help guide and facilitate data-driven decision-making for the company across multiple domains.

3. Deliver the digital value story

Of the three areas of focus for a CFO, this is the newest. Every organization is making significant investments in digital platforms, tools, and systems. The CFO has the role of making sure that the pace and scale of investments actually makes sense when it comes to the outcomes and the overall strategy.

How CFOs can drive change

Although CFOs are in a great position to initiate and drive change, that won't necessarily happen if they are time-constrained or even sidelined by other parts of the business, which might not understand how much positive input finance can give. CFOs are well-advised to be pro-active and to “stick their noses in”. As put by Rachel Lawrence, CFO at Allied National Banks (AIB Group), “The reason I go out there to see customers is to be seen not just as a finance person, but as an advocate for our business.”

Technology considerations for the CFO

Automation for finance functions is here and expanding. According to the University of Oxford and Deloitte, there is a 94% probability that the majority of activities performed by accountants and auditors will be automated by 2035. Because a good percentage of the functions that these professionals perform

is repetitive, these functions are candidates for automation. While at first blush this may seem like a negative, others have an alternative view and are embracing the automation benefits of technology to offload repetitive tasks. This gives finance professionals the ability to add value to the business through more strategic functions. And if not, Finance runs the risk of becoming irrelevant if they don't embrace the changes that technology enables.

From startups to large businesses, technology is empowering business leaders like the CFO to drive change in a way that simply wasn't possible before. Through data, CFOs are now able to support the CEO in making sure strategies makes sense and investment is directed to the right places. In our fast-paced economic times, that's more important than ever.



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