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THE FUTURE CFO

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CFO EVOLUTION

From number crunchers to value drivers

Assumptions of chief financial officers are often outdated, and organisations that are repositioning them at the centre of the business are making enormous gains

Joe McGrath

Senior executives may need to rethink the responsibilities allocated to their chief financial officer (CFO). A role once seen as little more than the chief steward of spreadsheets, invoices and expenses is now tomorrow's leader, using technology and advanced forecasting methods to plot a company's path.

According to a report earlier this month by Deloitte, dramatically entitled *The meteor is coming: the role of the private equity-backed CFO*, investors are now expecting the CFO to be the figure who drives technological change, good governance and investment returns.

"From a traditional, backward-looking number cruncher, they want the role of the CFO to switch to a forward-looking chief value extractor, with sufficient vision to foresee and navigate the changes ahead and make the greatest contribution to value from day one," explains Andy Halls, lead partner for Deloitte's Private Equity-Backed Programme.

While this survey looked specifically at private equity-backed CFOs, the sentiment of a changing role is echoed throughout industry.

Peter White, CFO of Hyperoptic, a broadband provider employing more than 1,300 staff, says companies of all kinds are now repositioning the role of CFOs, right into the centre of the business.

"CFOs need to ensure they get involved in all aspects of decision-making," he says. "Using data and insight to support decision-making helps a business to achieve its goals and ultimately this approach enables you to become a trusted partner who is invited to contribute."

Mr White says today's CFO is far less focused on the reporting of historical numbers and issues arising from compliance, accounts and taxation. Instead, the role has an emphasis on future forecasting through the use of detailed historical analytics.

"CFOs have a wider remit with responsibility for key performance indicators, corporate drivers and analytics as well as for 'lag' financial reporting," he says. "All aspects of the role are important to an organisation, but without a firm grasp and understanding of the day-to-day and near-term forecasts, the ability to add value to the long-term business plan will be severely restricted."

As the role is evolving, so too is the relationship between the CFO, fellow executives and other departments within the organisation.

"The past ten to fifteen years has seen a significant rise in the value of the finance business partner," says Jon Bell, CFO at PXP Financial. "There has been a realisation that finance professionals, who can combine strong analytical abilities, commercial acumen and 'people' skills, add some real value through effective and informed decision-making. Many organisations have taken the decision to embed these individuals into the day-to-day business."

Technological advances have enabled finance directors to scrap the monthly management reports of old, replacing them with real-time interactive models, which all divisional managers can feed into. Potentially, this means organisations have a clearer picture than ever of any headwinds, which may challenge revenues, productivity and profitability.

"In a well-run organisation, the finance function should have created a clear roadmap for the operational and financial performance of the whole business that has been created collaboratively with all the other functions," explains Robin Bryson, interim CFO at Impero Software.

"This puts the finance function at the heart or, arguably, the mind of the business from the outset, with many now being crowned as the 'stewards' of the long-term enterprise vision. They are also a key player in guiding different business areas to achieve short-term performance needs within the overarching narrative of long-term value creation."

Senior managers agree that the role is becoming increasingly cross-functional within businesses, with the finance chief being asked to lead on issues of change management and organisational transformation much more often.

"The CFO should be involved with every business function in a company, whether by direct report or via processes that require CFO planning, decision or sign off," says Dominic Ward, CFO of datacentre provider Verne Global.

"The stereotype 1980s accountant CFO is no more. The key objective of any business is to grow financially and commercially. The two are tied intrinsically and cannot be targeted or achieved independently. Financial success leads to commercial success and vice versa."

Deloitte's report involved interviewing more than 100 investors, chief executives, chairmen and women, and CFOs. It concluded that the modern CFO must be a leader, with responsibility for "determining strategic business direction, M&A, financing, capital market and longer-term strategies vital to the future of the company".

This demanding checklist means CFOs are certainly growing in importance to businesses with a global presence. Virpy Richter, CFO of affiliate network Awin, says those taking the role have had to adapt.

She explains: "Technology has essentially granted CFOs more time to become practically involved in all facets of a company, and the importance of taking budgeting and forecasting into account when making business decisions has meant this is necessary.

"While everything from customer relationship management to marketing campaigns are not necessarily the responsibility of the CFO, it is likely their advice will influence any decisions made on these matters."

That a senior decision-maker from the finance function is being encouraged to take part in the decisions made by the marketing and communications team shows how modern approaches link all activities back to shared corporate targets.

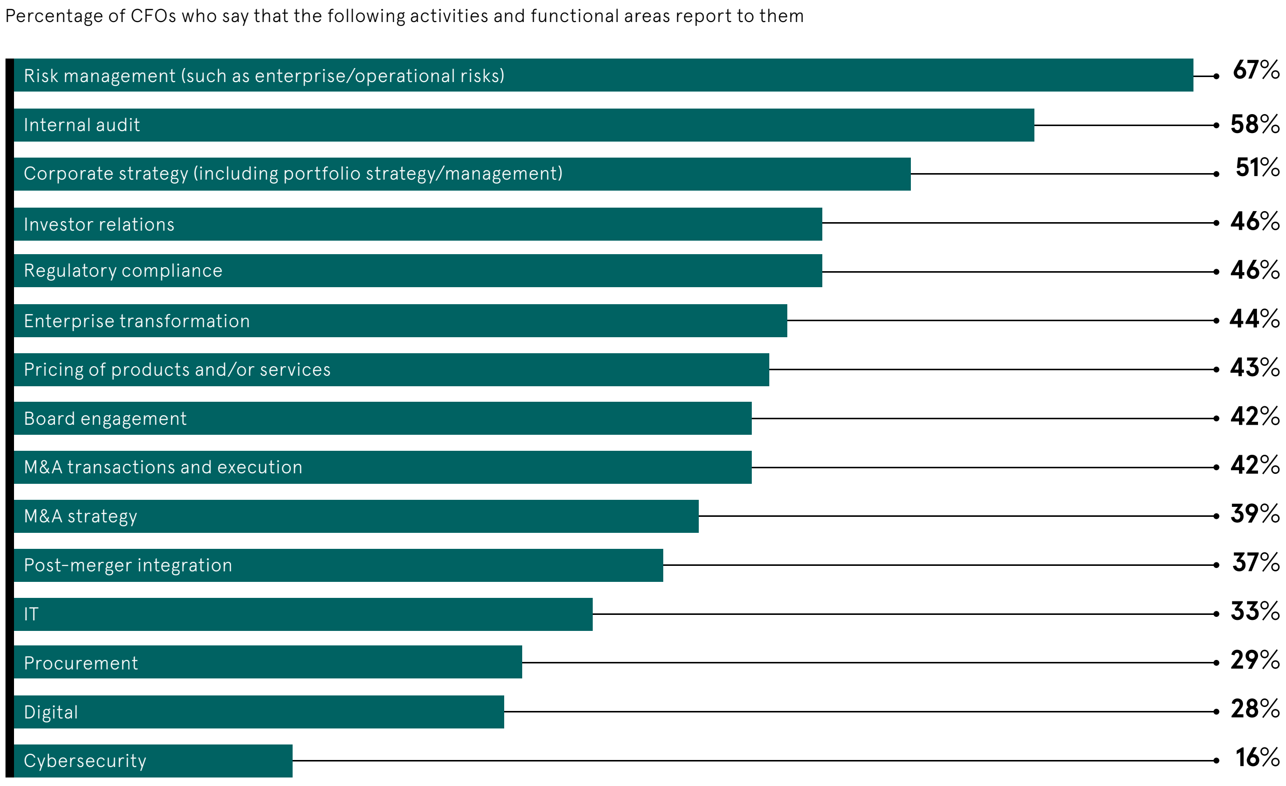
"I suppose the benefits of this approach mean that every decision is made with a financial thought process, so ventures can be rated on their profitability and practicality," says Ms Richter.

Marie Myers, CFO at UiPath, calls this "instilling a return-on-investment approach". She says the reasons for integrating a CFO into the core of the business need to be explained to all stakeholders if future interactions are to be successful.

"By having everyone work together more holistically and focusing on efficiency, effectiveness and experience, business results will be stronger and improve the bottom line," Ms Myers concludes. "The challenge is how to be much more collaborative, team oriented and innovative. We have to break down the silos and help people connect the dots. ●

MODERN CFOs HAVE A HOST OF RESPONSIBILITIES

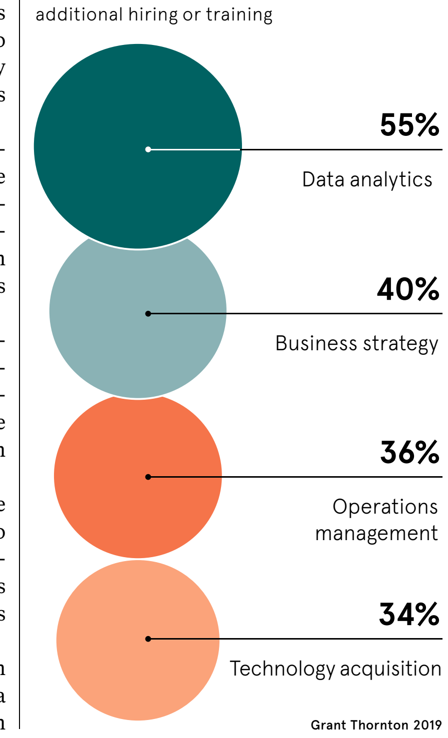
Percentage of CFOs who say that the following activities and functional areas report to them



McKinsey 2019

SKILL SET PRIORITIES FOR THE FINANCE FUNCTION

Top skills sets CFOs would like to development within the finance function either through additional hiring or training



Grant Thornton 2019

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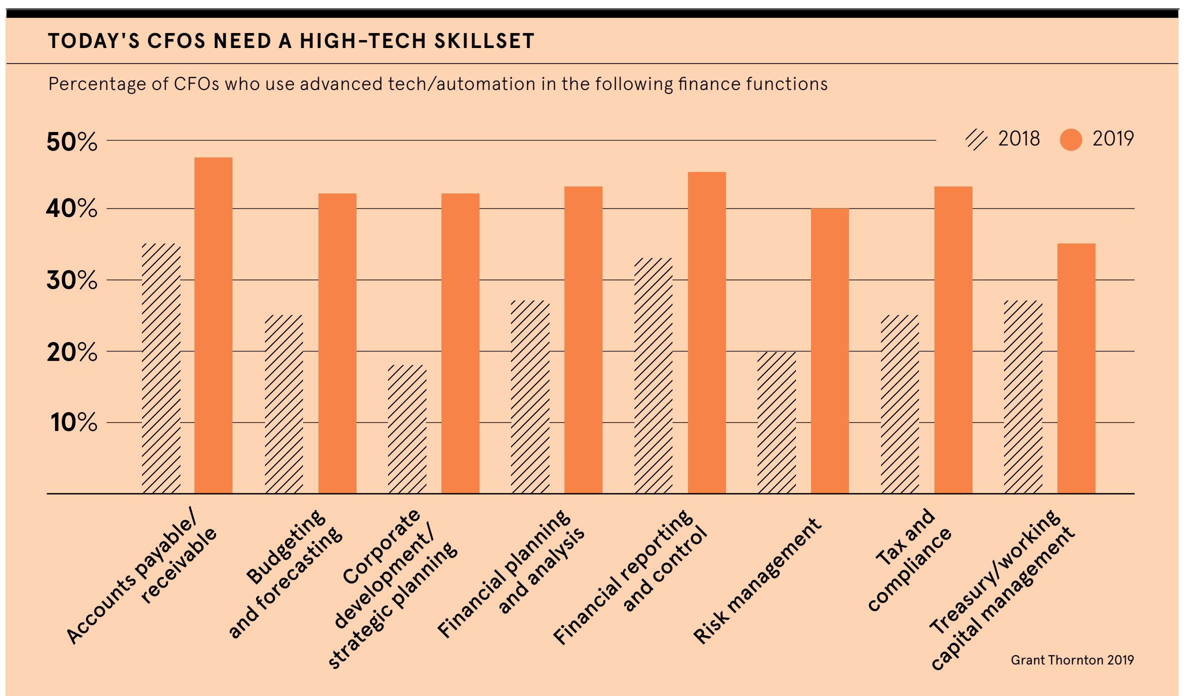

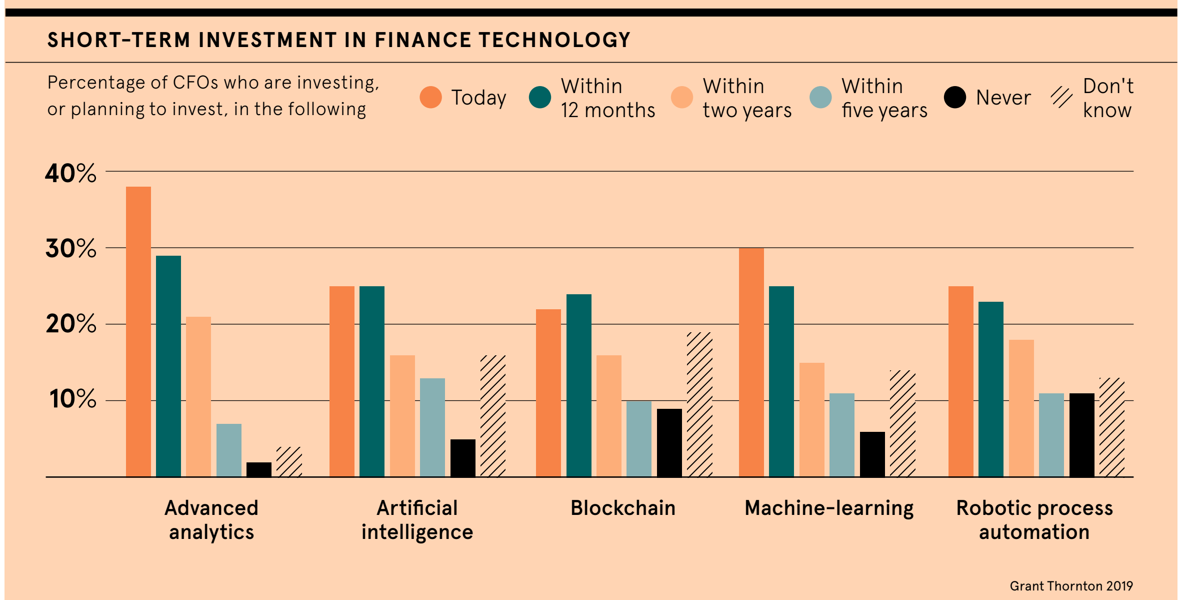

CFO 2.0

What should companies be looking for in a chief financial officer and how can they go about identifying the best person for the job?

The remit of a chief financial officer (CFO) has evolved significantly over the course of the last decade. The role of ensuring expert and efficient financial husbandry has increasingly expanded to include strategic business leadership, effective challenge, and driving change and performance.

Significant advances in technology and access to data provide an opportunity to increase the impact a CFO can have on a business dramatically. Identifying the CFOs who possess the mindset, competence and inclination to capitalise on this opportunity will be a game-changer for businesses.

A high-performing CFO will identify and articulate key performance indicators and provide quality management information, not only to support, but to drive decision-making. They need to be in and out of the details, balancing precision of data with bigger-picture considerations.

The growing number of roles reporting to the CFO, such as procurement, property and IT, reflect their central role in business transformation, acting as a change agent and driving value that improves performance across the organisation.

In a study by Accenture, 81 per cent of CFOs said they see identifying and targeting areas of new value across the business as one of their main responsibilities and 77 per cent said it is within their purview to drive business-wide operational transformation.

This shift has partly been driven by technology. Powerful automation and analytics tools can enable significant efficiencies, and the CFO should be in the driving seat. However, two thirds of CFOs in the *2019 Deloitte CFO Survey*, admitted they are only "a little" or "not at all" prepared for implementing artificial intelligence. And in a study by KPMG and Forbes, one in three chief executives said they worry their CFO isn't prepared for the challenges ahead.

"Given the increasingly central role that CFOs will be expected to play in partnering predictively with the business, a CFO's capacity to leverage data to draw out commercial and strategic insights is critical," says Nick Gribbon, who heads the financial officers practice at leading human capital advisory firm Blackwood Group.

"Functional competence, of course, remains essential. However, technological orientation and a deeply analytical mindset are increasingly sought after by both private equity and plc. Furthermore, at a point in time when businesses are continually adapting to the environments within which they operate to gain strategic advantage, the ability to manage complexity, deal with ambiguity and take decisions at pace are essential in a CFO.

"The CFO will need to be even more forward thinking and pre-emptive to feedback to the board what they see through the numbers. It's a fundamental mindset shift. The capabilities that are inevitably going to be there in successful CFOs are way beyond the parameters that have historically sat around the finance function."

While a CFO's ability to support other C-suite functions is not new, enhanced technologies and access to data and analytics now afford CFOs the ability to take business partnership to an entirely new level. Strategic advantage can be gained, risk mitigated and cost extracted. Key commercial decisions, whether contract negotiations, digital marketing and spend or supply chain efficiencies, can be informed on a real-time basis by the effective application of data and analytics. In this respect, the finance function is increasingly playing a more central role across all functions of a business.

Data enables CFOs to become more forward looking, examining trends and information to predict future challenges or opportunities in the business, as well as providing a longer-term outlook on the company's health. Big data, almost instantly available, can result in crucial insights into the way customers are buying or supply chains are performing.

The agile CFO can play an important role in optimising working capital and financing across the business, directing expenditure and limiting lost days, to the material benefit of the bottom line.

Successful companies, private, plc or subject to the growing prevalence of private equity investment, will have demanding boards eager to respond at pace to the messages of accurate information and forecasts.

"We do a lot of work with private equity and they see huge value in CFOs who can see the bigger picture and possess strategic attributes over and above the traditional bean-counter-type profile," says Simon Norris, consultant in Blackwood Group's financial officers practice.

"The ability of a CFO to have a broad commercial and strategic impact is facilitated by the amount of data flowing through a business. Today's CFO now has far more levers to pull that can have a significant impact on value throughout the organisation"

Blackwood Group works with plc boards, chief executives, chairs and private equity investors to identify CFOs with the skillset necessary to play this expanded, value-oriented role. Central to this process is understanding the specific strategic direction and business challenges of a company: what defines its success and the success of its people, what values and culture underpin its operations, and how it interacts with its customers and competitive landscape.

A successful CFO will thus require not only the right experience, but the right blend of behavioural competencies to excel in the role envisaged. This is about evaluating potential as much as recognising performance to date. The ongoing need to refresh the talent ecosystem will make Blackwood's competency-based interviewing techniques and psychometric assessment practice increasingly important as businesses continue to evolve.

"The historic rear-view-mirror reputation that CFOs had has changed a lot, but being able to find people that possess the inquisitive mindset, strategic capability and commercial acumen needed to leverage, deploy and interrogate data effectively is at the top of our clients' agenda," says Mr Gribbon.

"The competitive threat that a business will face by not preparing itself for these kinds of opportunities is not to be underestimated. We are advising our clients to be ambitious in their hiring strategies and to use a change in leadership of the finance function as an opportunity to be bold.

"In adopting this approach, the chances of hiring a CFO who contributes meaningfully to the improvement of the business across all measures will be significantly enhanced. Don't adopt this approach and you run the risk of falling behind the curve in terms of performance and value creation."

"Being able to find people that possess the inquisitive mindset, strategic capability and commercial acumen needed to leverage, deploy and interrogate data effectively is at the top of our clients' agenda

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2 in 3

CFOs are only "a little" or "not at all" prepared for implementing artificial intelligence

Deloitte

1 in 3

chief executives worry their CFO isn't prepared for the challenges ahead

Forbes/KPMG

RESTRUCTURING

Recognising the need to restructure

From rejigging supply chains to job cuts, strategic operational and financial changes are sometimes necessary to avoid crisis situations

Becky Pritchard

When travel company Thomas Cook collapsed with the loss of 9,000 UK jobs and leaving 150,000 travellers stranded, it was chief executive Peter Fankhauser who faced the cameras and media glare. But while public scrutiny may be on the big boss, behind the scenes of a business restructuring effort, the CFO is a pivotal figure.

The CFO is at the centre of operations during financial difficulties. They will be expected to have a firm grip on the health of the company and provide information at short notice to lenders and the board to enable them to make strategic decisions.

Eric Benedict, managing director at consultancy AlixPartners, says a full-blown business restructuring process can be a whirlwind for CFOs, who are now increasingly pivotal in restructuring for stability and resilience.

"He or she becomes an absolutely central figure in understanding the financial dynamics and flows into and out of the business," says Mr Benedict, adding that it can be a steep learning curve for CFOs who have not been through the process before. "Unfortunately these days, there are still too many examples of companies that haven't been through a restructuring and think they can manage it, but aren't prepared."

"CFOs become a central figure in understanding the financial dynamics and flows into and out of the business

Changes in the way companies borrow money have also thrust the CFO into a central position when companies underperform or become distressed.

Jo Windsor, partner specialising in corporate recovery and insolvency at law firm Linklaters, explains that many banks sell on their debt to new lenders, such as distressed debt firms or private lenders. This means when a company is unable to pay its debts or in the midst of a business restructuring, the CFO may suddenly have to deal with dozens of unfamiliar lenders all demanding different information at very short notice.

"It can be quite scary," says Mr Windsor. "When things are going well they [the finance director] will have a relationship with their bank and it will all be fairly cosy. But they may suddenly find themselves in a new situation where their bank may have sold out and they have a whole new lot of faces at the table they haven't dealt with before and they haven't any experience."

The market for corporate loans that have few investor protections, known as covenants, has blossomed in recent years with record amounts of so-called "cov-lite" debt being issued globally in the past two years. Covenants traditionally act as an early warning sign to investors that a company is in trouble, but the rise in these loans means companies are not required to report their financial performance to lenders as frequently. This can mean a crisis can quickly escalate.

Mr Windsor says: "This is part of the challenge facing the finance director because in a sense people only get interested when the position has become very serious."

On the flip side, the rising number of these loans has meant well-prepared companies have more time to develop CFO business strategies behind closed doors.

Joel Ferguson, partner at law firm Allen & Overy, has seen more companies planning well in advance to avoid business restructuring situations.

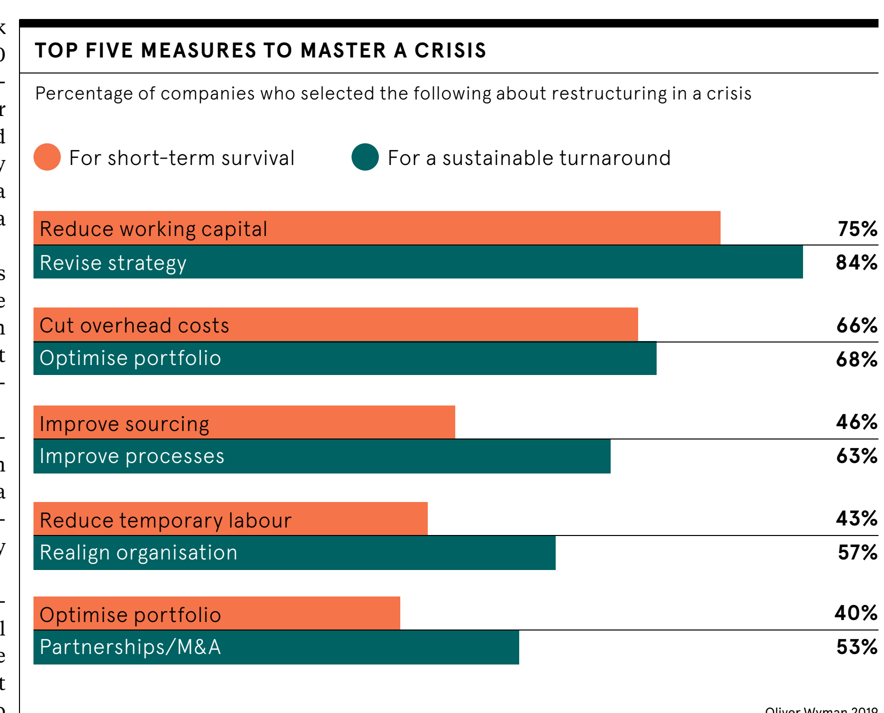
"We have a couple of borrowers who won't have an issue to the external world for another 12 to 18 months, but we are sitting here strategising with them different scenarios and how they might play out over the next 12 months," he says, adding that this allows his clients "to come pre-baked with solutions" if a problem occurs.

This sort of behind-the-scenes planning to avoid calamitous business restructuring is becoming more common. Blair Nimmo, head of restructuring at KPMG, says he is increasingly having conversations with finance directors of companies that are not distressed, but simply not as profitable as they should be.

"If you go back 20 or 30 years, we were all about being brought in by companies, or more commonly lenders, in a crisis management situation when they were running out of cash," says Mr Nimmo. "Nowadays about half our people are dealing with companies that are in no way shape or form nearing insolvency, but simply are underperforming."

3M, the manufacturing conglomerate and maker of Scotch Tape and Post-it Notes, is one such business undergoing a major business restructure. The company saw a drop in sales in 2019, partly due to the ongoing US-China trade war hitting demand from its Chinese customers. In April, the company confirmed it was combining its industrial and safety and graphics businesses in an effort "to drive productivity, reduce costs and increase cash flow". It also announced 2,000 job cuts worldwide.

Companies are becoming more aware of the operational changes they need to make to avoid crisis situations. This could involve rejigging supply chains, dealing with working capital, trimming staff numbers, moving headquarters, closing bricks-and-mortar stores or hiving off underperforming departments into new legal entities.



Brexit back-up: Goldman Sachs

Brexit has been a big concern for financial services companies over the past three years, so much so the sector has spent billions on business restructuring. EY estimates the sector has shelled out £1.3 billion preparing for the UK's exit from the European Union in relocation costs, legal advice, real estate and incentives for staff.

US investment bank Goldman Sachs is one such company that has been restructuring its business to shelter from major Brexit risks.

After the referendum it said it would move several hundred staff to its European hubs in Frankfurt and Paris. The bank leased eight floors in a new Frankfurt tower block that could hold up to 1,000 staff. To prepare for its Frankfurt expansion, the bank reportedly even booked up dozens of places at international schools in Frankfurt, paying fees in advance to reserve places for the children of its staff relocating to the German financial hub.

Its former chief executive Lloyd Blankfein tweeted in October 2017: "Just left Frankfurt. Great meetings, great weather, really enjoyed it. Good, because I'll be spending a lot more time there. #Brexit." So far, Goldman Sachs is thought to have moved around 80 bankers to its European operations.

But despite these preparations, the bank has kept its options open. It has also made a major commitment to London and the 6,000 or so staff that work in the UK by opening a 1.1 million-square-foot office in the capital in August, complete with gym, crèche and relaxation rooms.

MERGERS & ACQUISITIONS

Why deal-making keeps getting harder

Identifying, valuing and integrating targets for mergers and acquisitions is becoming an increasingly complex process for finance leaders

Marina Gerner

Last year, companies went on an extensive shopping spree. This year, global mergers and acquisitions (M&A) volumes fell by 16 per cent year on year in the third quarter, according to Refinitiv. Looking for suitable acquisition targets has become more challenging in an uncertain global landscape, but it also offers a huge amount of potential to future-proof your business.

Not all deals translate into immediate success. In the first nine months of 2019, 59 per cent of global deals worth $100 million or more underperformed the market, according to Willis Towers Watson. So which acquisitions have the best odds of success? And what role does the CFO play in the process?

"The CFO plays an integral part in any acquisition process, from assessing value to raising funds through to driving the integration of the two businesses," says Catherine Birkett, CFO at fintech company GoCardless.

After acquiring TD Direct Investing in 2017, investment platform interactive investor (ii) became the second largest execution-only broker in the UK. This year, the company acquired Allianz Trust Savings. Barry Bicknell, CFO at ii, says: "M&A is a well-trodden path to accelerate growth in a business, and is particularly important in businesses with a high degree of operational leverage and the need to achieve scale is key.

"That said, identifying the right target, ensuring you're not overpaying and having the expertise to integrate an acquisition remains absolutely key. In the case of interactive investor, acquisitions have enabled us to achieve essential scale, and add technology and talent to enhance further our customers' service experience and deliver enhanced shareholder return."

Given the ever-increasing complexity around company valuations, it's challenging to figure out what price to pay for an acquisition. "In identifying potential acquisitions, the challenge for the CFO is being able to understand and articulate the difference between price and value, as the two are often different," says James Palmer, managing director at Duff & Phelps and chair of the Institute of Chartered Accountants in England and Wales' Valuations Community Advisory Group.

"The old adage of 'value is what you get, price is what you pay' has never been as relevant as it is today."

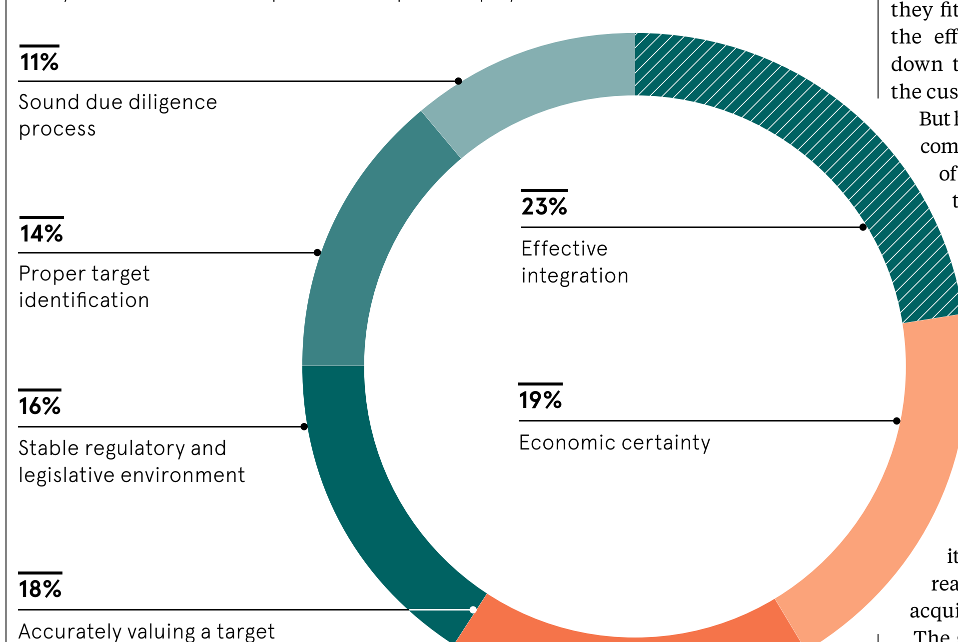
Ms Birkett adds: "While there are well-known valuation methods such as discounted cash flow or multiples, each valuation will always be partly subjective and that's where the role of a CFO is as much an art as it is a science."

Jana Mercereau, head of corporate M&A for Great Britain at Willis Towers Watson, concurs: "Developing a pricing model for an acquisition has always been more of an art than a science."

She says the toughest aspects to model might be the costs incurred after a deal is closed. "One huge cost which needs to be appreciated during an acquisition is that of the distraction of management," says Ms Mercereau.

TOP FACTORS IN ACHIEVING A SUCCESSFUL M&A TRANSACTION

Survey of US executives at corporations and private equity firms



Deloitte 2019

"They are only half focused on their jobs now, as they are updating their CVs, talking to head hunters, trying to figure out where they fit in the new organisation. Likewise, the effect of the distraction will trickle down to services, support and ultimately the customers."

But has the role of the CFO changed when it comes to acquisitions and, if so, how? "One of the biggest changes I've observed over the last decade is the increasing consideration CFOs now give to the period after the acquisition; specifically, the integration of the two businesses and the synergies which can be achieved," says Ms Birkett.

"When assessing the attractiveness of potential targets, the first thing I would consider is how easy it would be to migrate the target's customers on to the platform and systems of the acquiring business. Doing this well will make it easier for the management team to realise the synergies and derisks the acquisition considerably."

The growth of the M&A market over the past decade has contributed to many new roles and the evolution of the role of CFO no doubt," says Ms Mercereau. "But we have also seen a blurring of roles across the entire C-suite where former distinctions existed.

"The new CFO role is more commercially focused, but still adept at financial analysis crucial in supporting the CEO and corporate development teams in M&A. The CFO is now playing a more multidisciplinary role in corporate growth, serving more as a deputy CEO when thinking about the long-term strategy for their organisation, which includes acquisitions or divestitures and not just historic financial results, as they would in the past.

"This role extends past the deal identification stage well into integration planning and synergy tracking and monitoring of the acquisition to ensure shareholder value is achieved."

> In identifying potential acquisitions, the challenge for the CFO is being able to understand and articulate the difference between price and value, as the two are often different

But looking at the CFO in isolation only leads to partial insights. Wei Shi, associate professor at Miami Business School, argues it's vital to consider both the CFO and chief executive in the process of acquisitions. "The CEO has a final say in M&A target identification though the CFO plays an active role," he says.

Dr Shi recently conducted a large-scale study on how the characteristics of CFO and chief executive pairings influence the success of an acquisition. Together with Professor Guoli Chen of INSEAD Business School, Dr Shi studied the chief executives and CFOs at 2,356 US firms and 4,529 of their acquisitions.

In particular, the researchers measured executives' levels of optimism and pessimism, by analysing their use of words such as "achieve", "successful", "reward" and "satisfy" for optimism, and "flaw", "false", "prevent" and "unavoidable" for pessimism.

Nowadays, chief executives are expected to be optimistic and visionary; think of Alibaba's Jack Ma, Tesla's Elon Musk or General Motor's Mary Barra. And those optimistic bosses need to be tempered by pessimistic CFOs to gain healthy post M&A returns on assets, according to the study.

Given that it's the CFO's role to scrutinise potential targets, conduct due diligence and point out risks, a dose of pessimism can go a long way. The researchers conclude: "In the presence of pessimistic CFOs, optimistic CEOs not only undertake fewer acquisitions, they are also less likely to undertake dud acquisitions."

Commercial feature

CFOs move up a gear in their digital journey

Chief financial officers must embrace digitisation to harness their most valuable asset, a single view of financial data, and become forward-looking and strategic advisers

Digital transformation is a wave that companies can't ignore if they want to remain relevant and compete in the modern world.

However, discretionary spending on digitisation projects has typically focused on the front end of companies, particularly those that have been in recovery since the 2008 financial crisis. This has included technology deployments to improve customer engagement channels and optimisation for mobile, putting a digital face on the business.

On the back end, meanwhile, there have been significant efforts to identify, reduce and outsource unproductive costs through labour arbitrage and the application of technologies that automate and optimise certain tasks and processes.

But throughout this shift, the office of finance has been left behind, with only the spending needed to meet regulatory requirements. The result is a squeezed middle for the finance function.

"Chief financial officers (CFOs) have continued to be the guardian of the past rather than orchestrating the future," says Jeremy Suddards, chief executive at Aptitude Software. "They have been last in the queue when it comes to digitising their environment. While many have tried hard to incorporate some digitisation as part of their regulatory or compliance budgets, it's only now, with maturity achieved at both the front end and back end, that companies are realising their finance function is holding the business back."

The majority of the finance office's time is spent on backward-looking reporting and mundane, manual tasks to maintain the status quo, rather than driving the business forward.

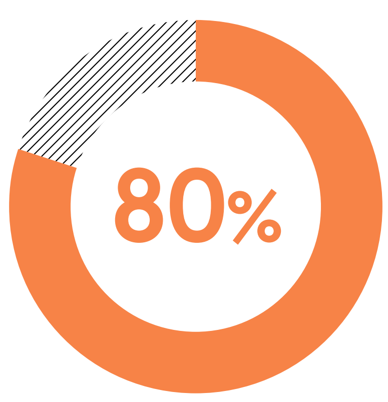
"It doesn't matter how fast your front end or back end is working, if it takes a quarter to close a quarter, how will you ever get the time to look at the future?" says Mr Suddards. Research by Accenture, in Digital Finance: Beyond the Hype, estimates 80 per cent of finance functions can be automated, releasing significant time to spend on proactive, higher-value business tasks.

According to Forrester's The Vision Report of the Insights-Driven Business Playbook, forward-looking and insight-driven organisations are growing up to eight times faster than their peers, creating a golden opportunity for CFOs. Digitising the finance function will give them more strategic foresight by using financial data as an asset to impact revenue, profit and other core key performance indicators positively.

The digitisation of front-end applications has led to massively increased volumes and types of data transactions. However, finance data is only an organisation's greatest asset if it can be consolidated, accessed and analysed to provide business insight. A key stumbling block is that data is typically dispersed across multiple systems and often duplicated across countries and regions. These systems tend to be patched together into a general ledger (GL) consisting of spreadsheets and pivot tables.

The manual nature of this process inhibits finance organisations, especially those with vast and complex business structures, from achieving a single version of the truth and datasets that are accurate at any given time.

Most companies retrospectively sift through information from the last month or quarter ahead of a board meeting, before moving on to the next. Those that have expanded through mergers and acquisitions face greater challenges, including a "spaghetti" of patched systems and legacy architecture. This makes it even more difficult for CFOs to achieve visibility of real-time business performance, let alone a future outlook.



of finance functions can be automated, releasing significant time to spend on proactive, higher-value business tasks

Accenture, *Digital Finance: Beyond the Hype*

76%

of CFOs agree that without one version of the truth across business units, their organisation will struggle to meet its objectives

Accenture, *From Bottom Line to Front Line*

75%

of time in top-performing finance functions is devoted to data analysis and insights

PwC, *Finance Effectiveness Benchmarking*

30-40%

of processing time for several key finance processes could be eliminated with automation and behavioural change

PwC, *Finance Effectiveness Benchmarking*

> **Our number-one priority is creating financial certainty for our clients**

By attaining that single version of the truth and applying analytics, CFOs can suddenly become the key strategic adviser businesses need them to be, based on trusted data that instils financial confidence.

They can identify which products are most profitable or whether cash is stuck in certain areas of the balance sheet because they can't release revenue obligations. They can understand how quickly the business can bring a product to market in different regions based on historical data and current market conditions, as opposed to relying on gut feeling and subjective insights gathered from colleagues.

"CFOs are frustrated because often they know the data is there to empower business decision-making, but they don't know how to get that data out of their systems in an easy and timely way," says Mr Suddards. "They still have to do the reporting and governance, and be a guardian of the data, but they also have to move themselves into this proactive place of being a strategic adviser to senior management and the board."

Successful CFOs have worked out how to drive efficiency and optimisation in the traditional part of their role, which doesn't go away, and are now looking at how to gain operational intelligence by leveraging their finance, operational and customer data. That means being able to access data and intelligence when and where it is needed, and not just investing compliance budget to tick boxes, but delivering smart compliance to consolidate, automate and drive productivity in the business.

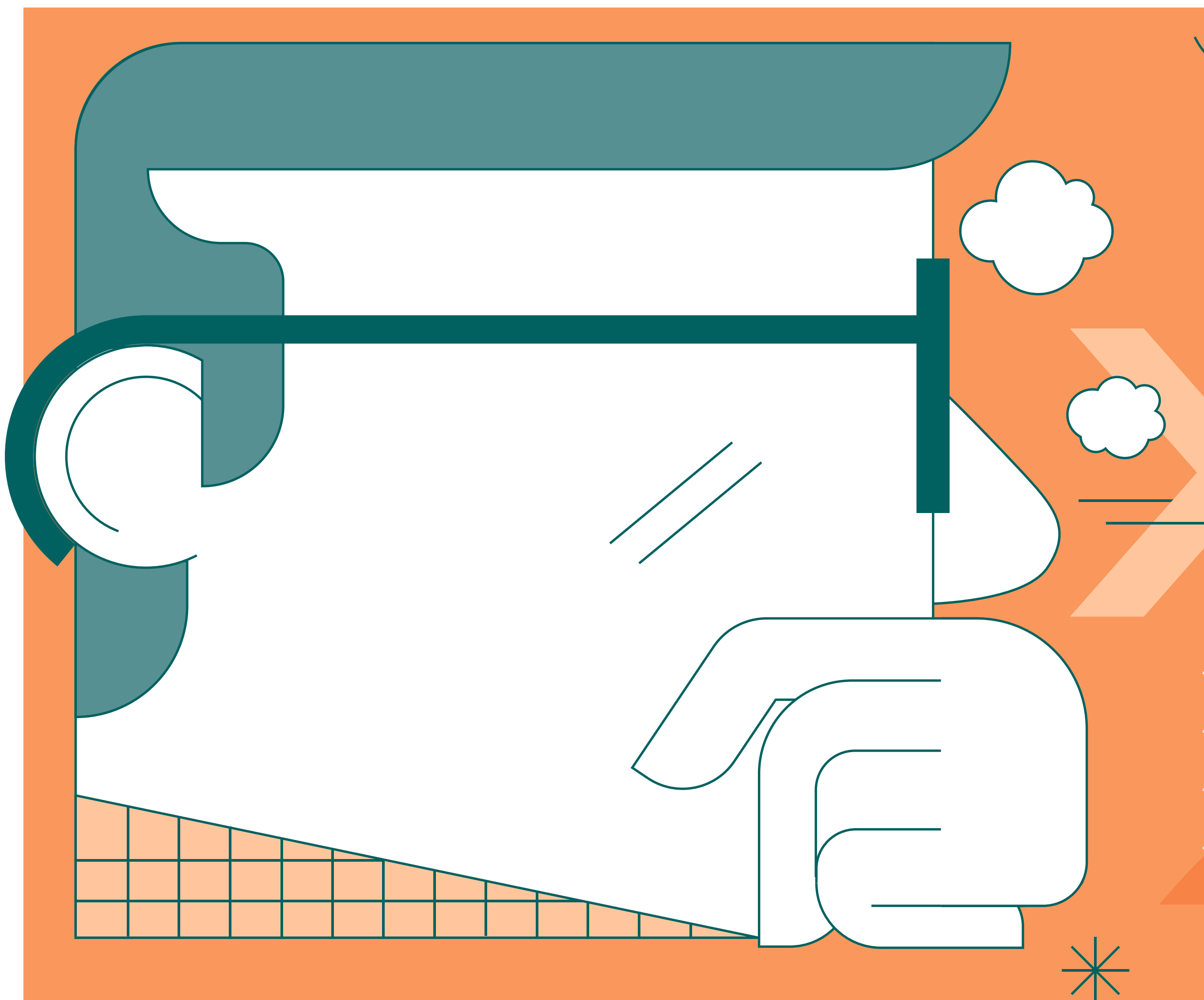
"This provides the agility needed to respond quickly to evolving market conditions," Mr Suddards adds. "CFOs can really start to generate value from data and turn it into meaningful, deep business insights that drive action. It comes down to simplifying systems and choosing partners that have a clear focus around surfacing the data."

Aptitude Software provides finance management software that equips CFOs to run their global businesses, forecast decision outcomes and comply with complex regulations. Aptitude solutions help CFOs to achieve smart compliance, with very specific calculation engines that address the relevant regulations, while getting the most business value and return on investment beyond compliance.

Aptitude's accounting hub has been used by some of the world's largest companies for more than 15 years. Its rich subledger simplifies the most complex of finance architectures, creating a single view of finance, a highly granular data foundation for analytics and a launch pad for digital finance. It becomes the "fat ledger" of the organisation, removing the requirement for multiple GLs, taking pressure of the GLs that exist as well as enabling cloud GL migration. It empowers finance teams by removing their manual, backwards-looking tasks so they can do more value-add tasks.

"We focus solely on giving the office of the CFO the ability to really scale and manage their data," says Mr Suddards. "Our number-one priority is creating financial certainty for our clients. That isn't something you do just once. It's on an ongoing basis where at any one point you know the data on which you make decisions is sound and drives competitive advantage.

"It allows businesses to make clear and calculated investment decisions and is key to the CFO's ability to provide the controlled agility and future readiness that boards need to keep up in the fast-moving digital landscape."



SKILLS

Growing need to think like a disruptor

As the role continues to evolve, forward-thinking chief financial officers will need to upskill both their technological and leadership capabilities

Clare Gascoigne

The revolution in finance brought about by technology has required a rethink of the skills needed by a chief financial officer (CFO). As the CFO's duties and responsibilities have grown wider and deeper, the role has changed from historic number cruncher to strategic leader. So how can the CFO of the future keep up with changing demands?

"You need specialists," says Kapil Chandra, senior partner with consultants McKinsey & Company. "It's too much to ask of one person to understand the details of all the roles the CFO has to play."

No longer just audit and compliance, the CFO's role now incorporates risk management, IT, digital analysis and enterprise transformation. A recent McKinsey survey found the functional areas reporting to CFOs have increased from an average of 4.5 in 2016 to 6.2 today.

Much of this change is driven by increasing automation, which is freeing up finance function time for more sophisticated work. Research from the McKinsey Global Institute found 40 per cent of finance activities, such as cash disbursement, revenue management, and general accounting and operations, can be fully automated, with another 17 per cent that can be mostly automated.

But McKinsey also found that only 13 per cent of respondents said their organisation was using technologies such as robotic process automation and artificial intelligence. Mr Chandra says: "We are still early on in the innings; there is a lot more to go for to truly harness the power of digital in helping a business."

Those companies that are embracing the digital possibilities are starting to pull away from their peers. *Agile Finance Unleashed*, an Oracle-sponsored report produced by the Association of International Certified Professional Accountants (AICPA) and the Chartered Institute for Management Accounting (CIMA), found a growing gap between digital finance leaders furthest along the digital journey – 46 per cent reported positive revenue growth – and the tech-challenged companies – only 29 per cent were able to report positive growth.

According to Safra Catz, chief executive at technology company Oracle: "Artificial intelligence and machine learning are radically transforming how business operates, especially finance. Routine tasks are being automated so that finance professionals can focus on what matters most: identifying the next growth markets."

Latest software and the power of automation mean CFOs and their finance teams have more time to focus on identifying areas of growth. Strategic, forward-thinking value creation is now central to the CFO's role. Consultants Accenture says organisations that are not systems focused, and able to connect the right technologies across the business to be fast and adaptable, will sacrifice 15 per cent of potential revenue.

Maynard Williams, managing director at Accenture Technology UK, says: "CFOs who have a solid grounding in emerging tech trends are more able to identify good investments and strategies. Any discerning CFO should be able to see the opportunity and start learning now."

The CFO of the future is likely to have to be a leader of change and transformation; he or she will have to motivate and inspire not just staff within the finance team, but in the wider company as well. The job is moving from a specialist to a more generalist role within the C-suite and no longer are roles in the executive management team strictly separated. In some compa-

58%

of CFOs say combining state-of-the-art technology with process improvement will be a major focus for the future of finance function

65%

say that standardising and automating processes, and building agility and quality into processes will be a significant priority for tomorrow's finance function

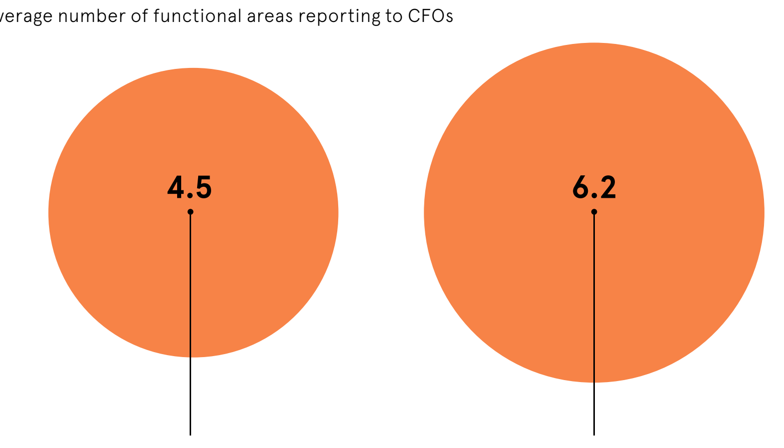
23%

say improving data and analytics capabilities to transform forecasting, risk management and understanding of value drivers is their top priority

EY 2019

CFO RESPONSIBILITIES HAVE GROWN

Average number of functional areas reporting to CFOs



McKinsey 2018

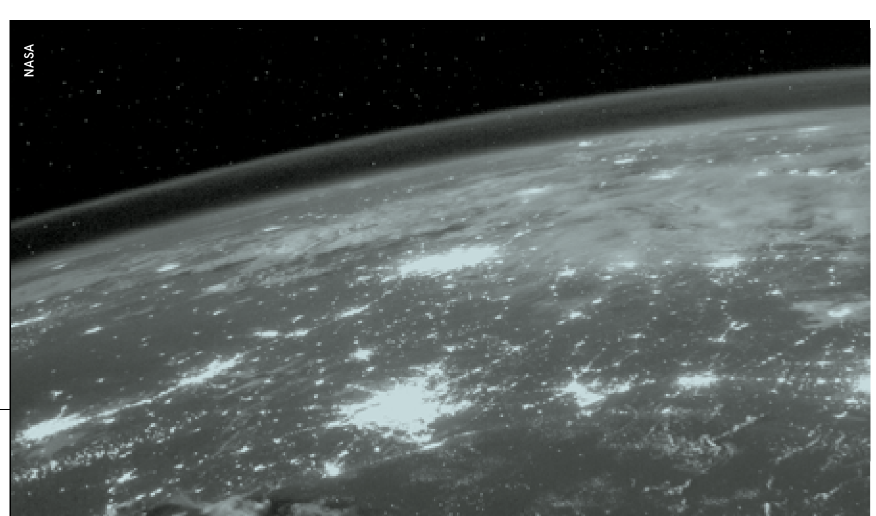
Five crucial skills for the future CFO

Finance leaders of tomorrow need to continuously learn new skills and upgrade their capabilities to survive

01 Data science
The finance function is increasingly driven by big data. The CFO of the future must embrace technology, from artificial intelligence to robotic process automation, to generate the kind of insights now demanded by the C-suite, not to mention other stakeholders such as shareholders or regulators. Finance is no longer a transactional role, but rather an analytical one. As such, the CFO must be an evangelist for technology, embracing the latest tech for the benefit of the company, not necessarily managing it, but identifying where it can be used to best advantage.

02 Risk management
British Airways is facing a record fine of £183 million for a breach of security systems in 2018, when about 500,000 customers had personal details stolen by hackers. The financial fallout could be even greater, as customers have been given the go-ahead to bring compensation claims. That kind of security breach used to be the responsibility of just the IT officer, but increasingly risk is seen as part of digital transformation, with the CFO playing a key role. Skills once deployed as part of internal audit are now developing into effective management of risk as CFOs become business problem solvers.

“ Technology requires us to constantly learn, unlearn and relearn skills if we are to future-proof our careers and add value



nies, the CFO is as much chief IT officer as financial officer.

“There is a blurring of the boundaries,” says Mr Chandra. “The collaboration between finance, IT and human resources needs to be very, very strong.”

Talent management is increasingly part of the CFO’s job, given that the role is expanding to be more than one individual can carry. CFOs may not need to learn the basics of coding themselves, but they will need a strong enough understanding of the technology to employ people who do. For many CFOs, it is a question of recruiting the right skills to manage digital transformation rather than learning them.

But finding the people with the relevant skills can be difficult; one report, *Mind the Skills Gap*, published jointly by AIPCA and CIMA, found that 37 per cent of UK workers do not believe they need to learn a new skill at present.

“It is shocking that 26 per cent of workers have not even considered the impact of automation on their roles,” says Andrew Harding, chief executive of management accounting at AICPA. “Change is the new norm. [Technology] requires us to constantly learn, unlearn and relearn skills if we are to future-proof our careers, and add value to businesses and the economy.”

But it is not only the learning of new skills that is demanded by the technological revolution; it is a change in mindset, from a fixed to a growth mentality. After all, this may be the fourth industrial revolution, but who is to say how quickly it will be followed by a fifth or even a sixth? There is a level of uncertainty to the future that requires professionals to constantly question and reevaluate; agility is now a prerequisite for success.

AIPCA and CIMA found three key areas of digital skills and mindset that are needed to keep finance professionals relevant. Basic digital literacy is the foundation and an understanding of the disruptive power of technology runs it a close second. But the third critical area is mindset and an ability to confront complexity, work in an agile and creative manner, and harness creativity to learn continually.

Mr Harding says: “As finance leaders, we need to be thinking like disruptors. We need to have that change mindset, and we shouldn’t be afraid of questioning our fundamental business model and consider disrupting it ourselves.”

Technology has made the CFO’s role pivotal to corporate success. As holder of the purse strings, the CFO has always been important, but the advent of big data analytics gives the role a new twist. It is up to the newly empowered CFO to bring home the true benefits of digital transformation. ●

Delivering efficiency with FedEx

American courier company FedEx was an early adopter of robotic process automation (RPA). It created an RPA Center of Excellence to consolidate capability, a critical element in the agile finance operating model, according to Oracle.

John Merino, chief accounting officer at FedEx, says: “For me, RPA, advanced analytics and machine-learning are three legs of the same stool. The combination of those technologies and the ability to deliver them in an agile manner creates a tremendous opportunity to capitalise on some really big efficiency gains in virtually every staff function. The big win for us is to move finance up the value chain in what it delivers to the organisation.”

Mr Merino and his team established a governance process that allows business users to develop and deploy RPA, but with an oversight to ensure quality control.

“One of the things we observed early on was that because the [RPA] software is so inexpensive, people deploy bots all over, then very quickly lose control,” he says. “You have to know where it is being used, how it is being controlled and how to monitor it.

“RPA is a lot closer to an IT task than a traditional finance task, so we found there wasn't as high a percentage of the business users who were actually able to develop and deploy it. That required a bit more technical oversight and capability.”

03 People management
What used to be the preserve of the human resources department is now increasingly involving the CFO, who must ensure staff have the technical and strategic expertise to meet the demands of the finance function. It’s not just about the numbers any more; it’s about proactively problem-solving for the business. This means recruiting skills that have not so far been much in evidence among finance professionals. These include softer skills, such as negotiation or communication, and an ability to collaborate with others, integrate different roles and share insights in a way that can be clearly understood by non-financial stakeholders.

04 Leadership
It’s not that the CFO hasn’t been in a senior position, but the leadership required for the future is more inspirational and motivational than ever before. Leadership will no longer be about ensuring the professional qualifications of a team, but about creatively encouraging an agile mindset. It will be about ensuring the team has the freedom to spot opportunities and develop them. The future CFO will only be as good as the finance team.

05 Value creation
Value architect is a fashionable term, but it sums up tomorrow’s CFO well. Strategic planning is now a well-recognised part of the CFO’s role, but increasingly financial chiefs will be measured against the value created for the company by their work. The CFO has always had a unique vantage point, an oversight of an organisation that has been critical to the company’s success. Now the highest-performing CFOs will be those who can drive value, whether through performance-enhancing automation or strategic insights from mining corporate data. The CFO straddles business and technology to create value.

Commercial feature

Building the business of tomorrow

Finance chiefs have enormous workflow burdens, but emerging technologies are enabling them to gain a strategic advantage

Chief financial officers (CFOs) have always been integral to the success of dynamic businesses. However, their role is now more crucial than ever before.

Technological shifts such as the increased adoption of automation, cloud computing and artificial intelligence (AI) are changing the game. The CFO is expected to be abreast of all these changes and able to interpret how thematic shifts will impact every division of an organisation.

It’s little surprise then that tomorrow’s chief executive is increasingly today’s CFO. Research published by the Bearingpoint Institute found that 26 per cent of European CFOs have secured a chief executive role of some sort in the past decade.

“ The ability to have information, data and financial information at your fingertips is crucial

“A CFO is no longer a number cruncher or manual processor,” explains Sabby Gill, managing director of Sage UK and Ireland. “They are strategists, visionaries and one of the most important commodities to a business.”

As Britain's largest listed technology company with more than three million customers worldwide, Sage is well aware of the changing role of the CFO. Technological changes, notably automation, are freeing up CFOs from the burden of paperwork, allowing them to get a bird’s eye view of organisational behaviours.

“As soon as you hear about automation or AI, there is an automatic assumption that this means job losses or a reduction in staff,” says Mr Gill. “But, in fact, these technologies will likely bring about more jobs in specialist areas. CFOs are perfectly placed to use automation to save costs and reinvest that money.

“Automation, AI and machine-learning take admin-intensive processes and allow you to be able to get a higher level of return and use resources in a more productive way. If you take away the things that are a burden from a time perspective, the CFO can become more strategic, looking at practical ideas to solve bigger issues.”

Absolute proof

There have been various studies to underscore the value of automation. A recent study by McKinsey concluded that it can “enable businesses to improve performance, by reducing errors, improving quality and speed, and in some cases achieving outcomes that go beyond human capabilities”.

A 2019 report entitled *The Practice of Now*, conducted among 3,000 accountants, found that more than half of respondents (58 per cent) will use some form of AI to automate tasks and improve business efficiency in the next three years. However, this still leaves 42 per cent who are not using technology in this way.

“It is surprising that businesses have the ability to do something about their admin burden and yet many have yet to do so,” says Mr Gill. “There is a huge potential opportunity. CFOs are telling us that where organisations have adopted this technology, it has had a significantly positive impact on growth.”

In the 2019 research, pollsters found that the majority of accountants (56 per cent) cited increased productivity as the main benefit of technology, with a further 27 per cent viewing the timesaving aspect as its most important value.

Historically, administration tasks have slowed the finance office down. Research commissioned by Sage exposed some startling findings. A survey of 3,000 small and medium-sized enterprises (SMEs) around the world found on average they were spending some 146 days a year on admin tasks, with 71 days a year lost to admin in the UK.

The research found that processing invoices and payments by UK businesses can soak up 16 per cent of the CFO’s time. Given the increased demands on CFOs, it’s becoming clear the benefits of automation can no longer be ignored.

“These reports indicate where the opportunity is and the size of the prize,” says Mr Gill.

Enhanced freedom

By allowing automation to take on some of these more menial tasks, CFOs can spend their valuable time focusing on what’s important: their customers and the business. Automation can eliminate many data-entry and routine communication tasks. One of the most common issues identified in the Sage research was payments.

Most small businesses struggle with cash flow and invoicing. It is a slow and burdensome task for many. Yet invoice generation and reconciliation is a vital part of any SME operation.

Automating this process from the outset could allow the system to interpret datasets and process payment information, giving the CFO a full reconciliation report.

“Imagine a system that allows you to capture an invoice, to process an invoice or to automatically send an invoice to a supplier,” says Mr Gill. “An established system could mean clients pay that invoice automatically, because of an automation agreement to pay within net zero days. Business becomes instantaneous; very different to a manual process.”

Beyond the burden

Of course, automation is not just about relieving CFOs of the menial day-to-day tasks. Automation brings larger benefits too and hidden opportunities. It can enable businesses to identify key trends which will act as a map for where the business should be operating in the future.

“Companies want CFOs who can help guide and provide strategic direction,” Mr Gill explains. “These are the biggest things that company boards are looking for.”

Travel expenses is a good example. Historically a CFO might look at data relating to travel to better understand where people have been spending: the airlines, countries, regions and territories.

But, if you can take that data and apply external factors, CFOs could have the power to use this as a bargaining chip. They could get better deals with airlines or hoteliers by guaranteeing the average number of trips by employees, for example.

In recognition of the importance of this thematic data, Sage has been working with more than 600,000 clients to improve understanding of the tools a CFO might need to build and steer successful growth businesses.

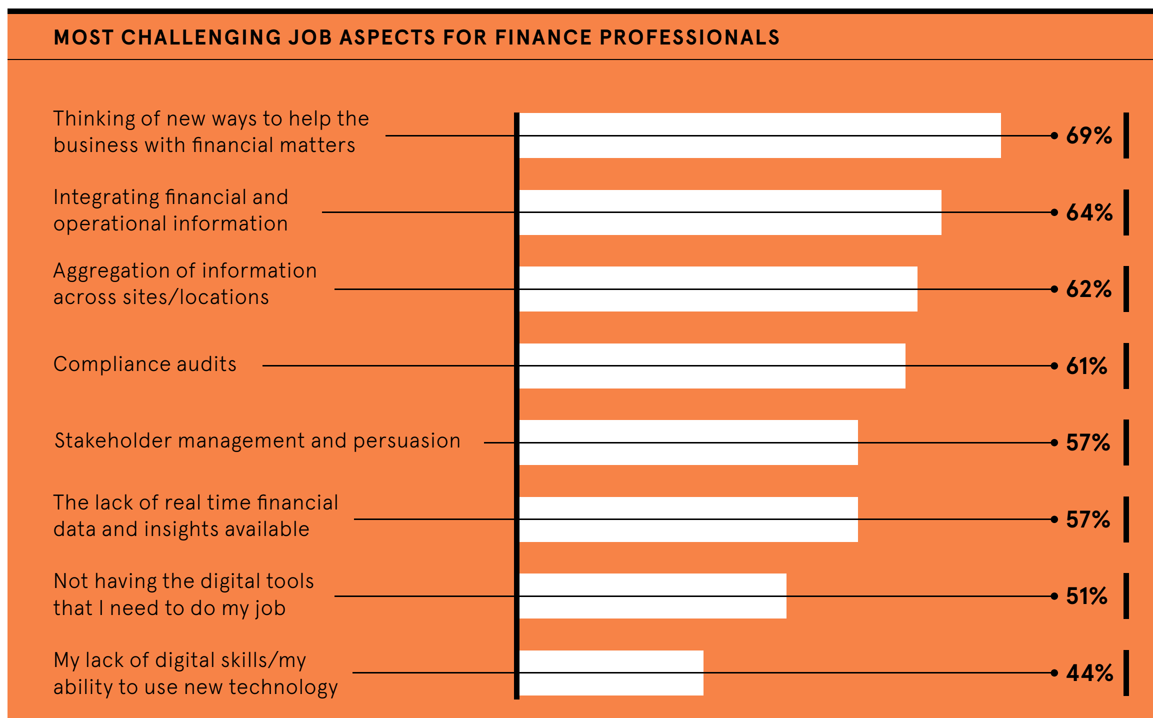
“If you think about a CFO, the ability to have information, data and financial information at your fingertips is crucial,” says Mr Gill. “For us, it is about giving CFOs the most up-to-date financial data.

“We offer real solutions and give CFOs the most up-to-date financial information to take their business further than ever before.”

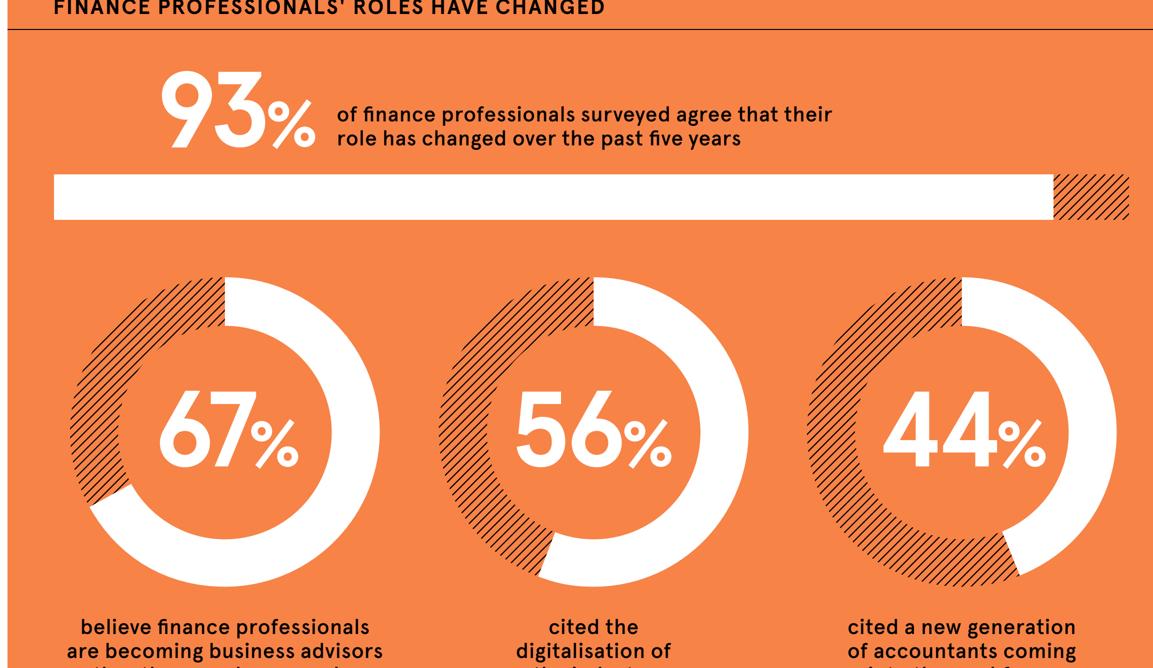
For more information please visit www.sage.com

sage

MOST CHALLENGING JOB ASPECTS FOR FINANCE PROFESSIONALS



FINANCE PROFESSIONALS’ ROLES HAVE CHANGED

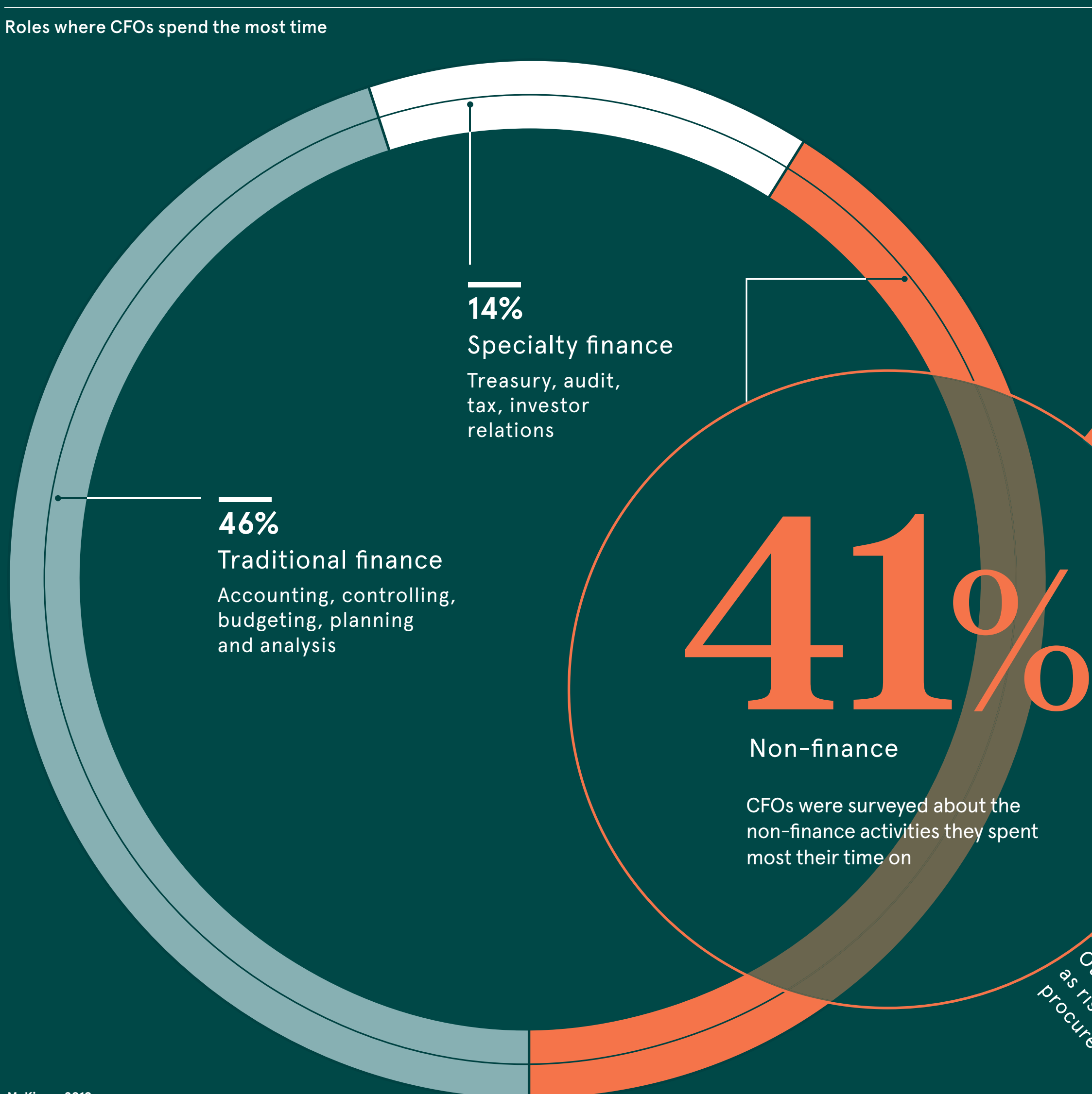


VALUE DRIVERS

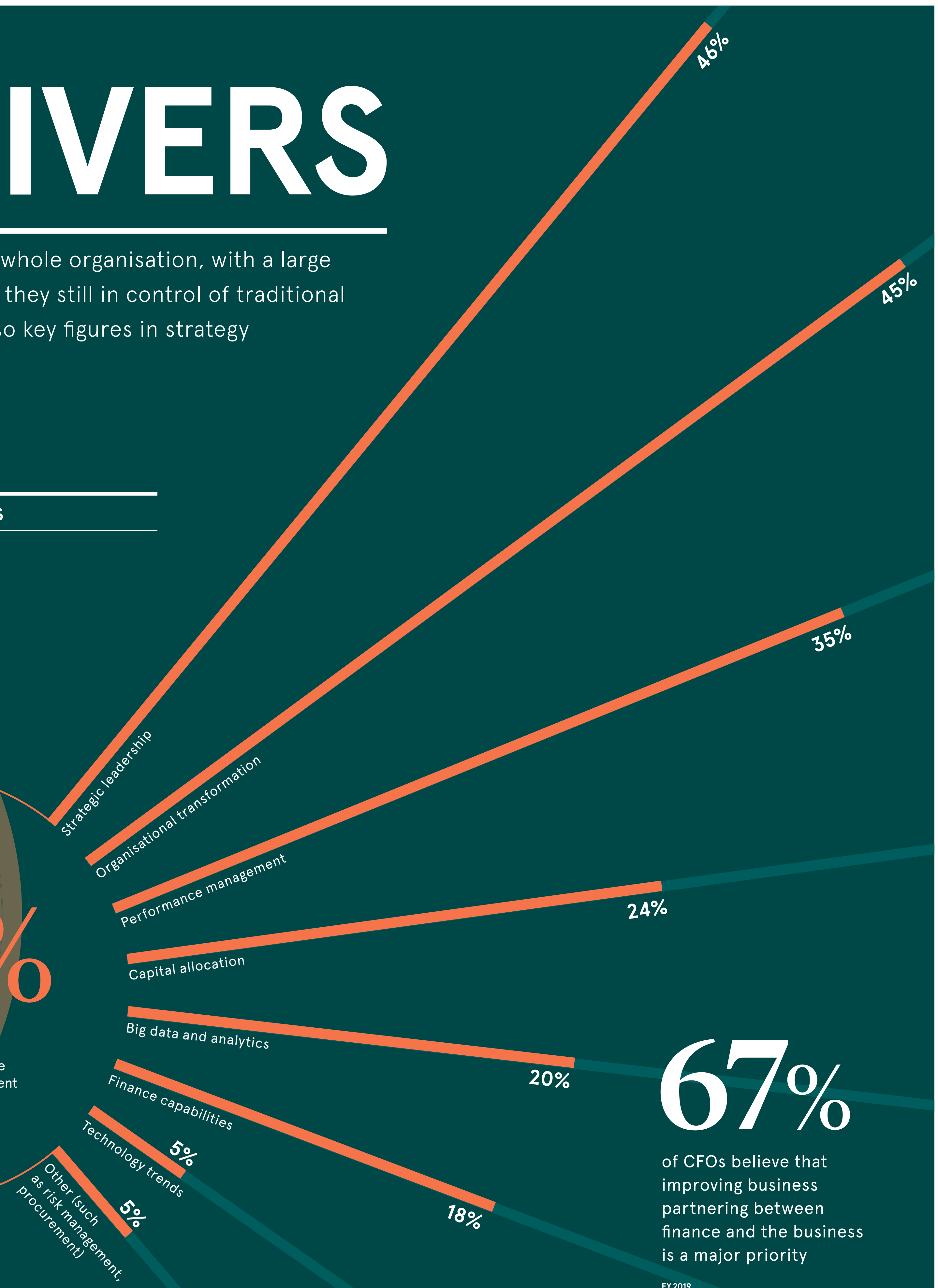
Finance leaders are increasingly playing a bigger role across the whole organisation, with a large chunk of their time spent on non-finance activities. Not only are they still in control of traditional finance functions such as accounting and budgeting, they are also key figures in strategy and drivers of business transformation and change

NON-FINANCE AREAS ACCOUNT FOR A LARGE SHARE OF CFOS' RESPONSIBILITIES

Roles where CFOs spend the most time



McKinsey 2019

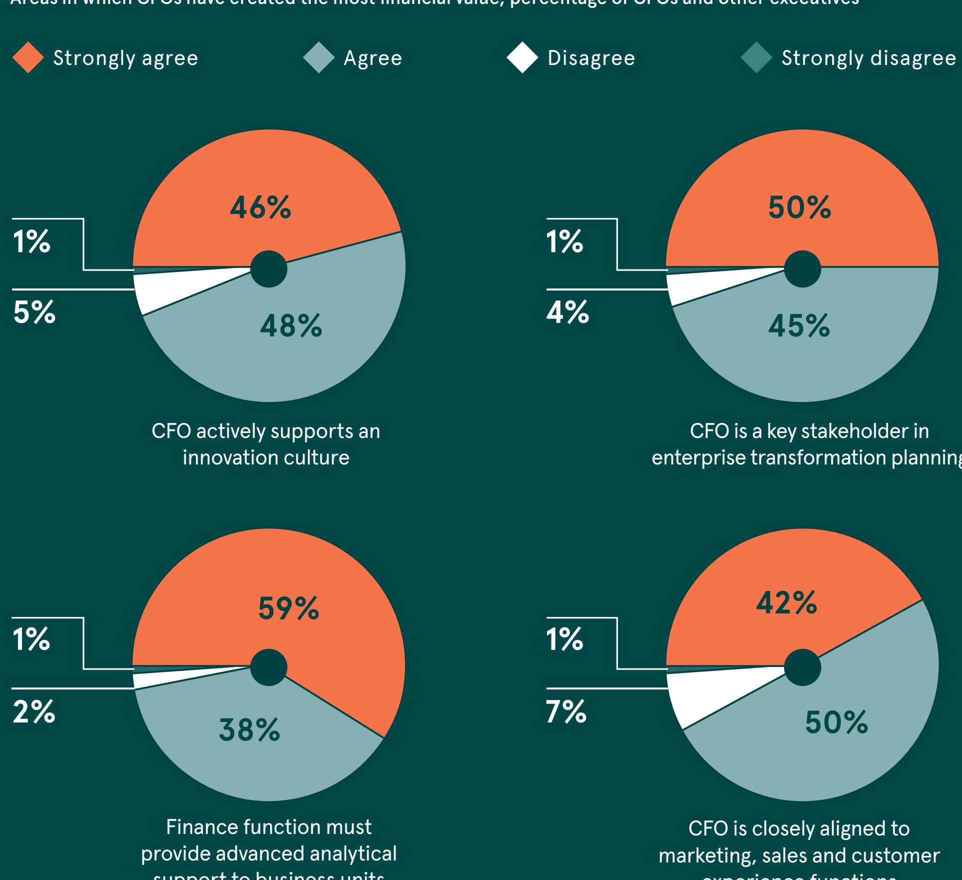


67% of CFOs believe that improving business partnering between finance and the business is a major priority

EY 2019

DIFFERING VIEWS ON WHERE CFOS CREATE THE MOST VALUE

Areas in which CFOs have created the most financial value; percentage of CFOs and other executives



Grant Thornton 2019

THE FUTURE FINANCE FUNCTION

Survey of finance professionals about how the role is changing

92% If I were CFO, I would spend a significant amount of time on value creation across the wider business ecosystem

78% The future finance function, led by the CFO, will champion a new way of operating across the business

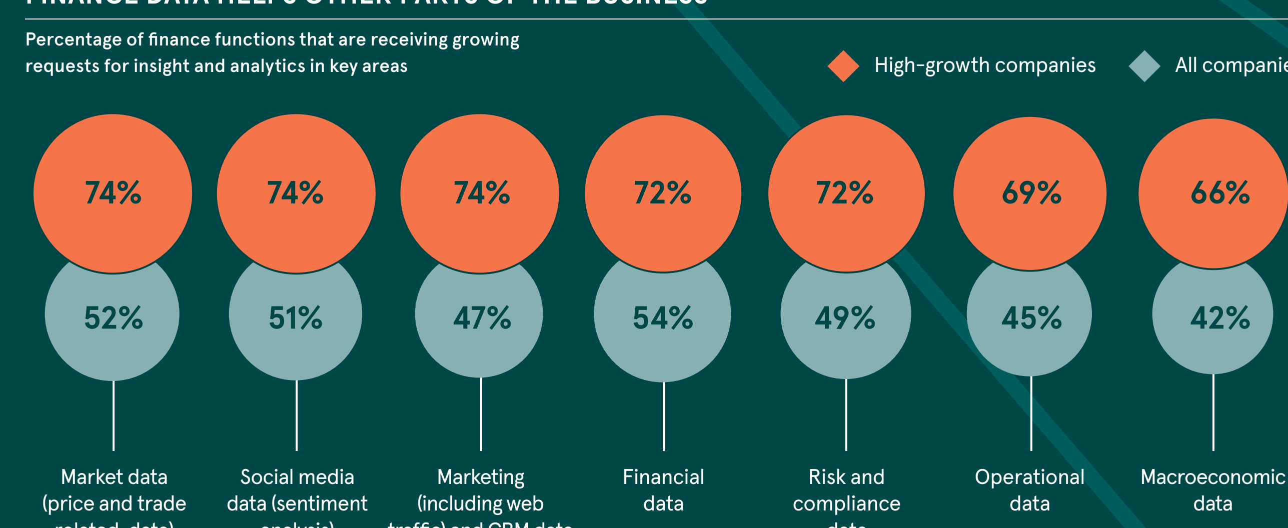
77% The finance function should be proactive and connected in its operations alongside business partners across the wider business ecosystem

66% Finance should empower other functions to take on all finance activities

Accenture 2019

FINANCE DATA HELPS OTHER PARTS OF THE BUSINESS

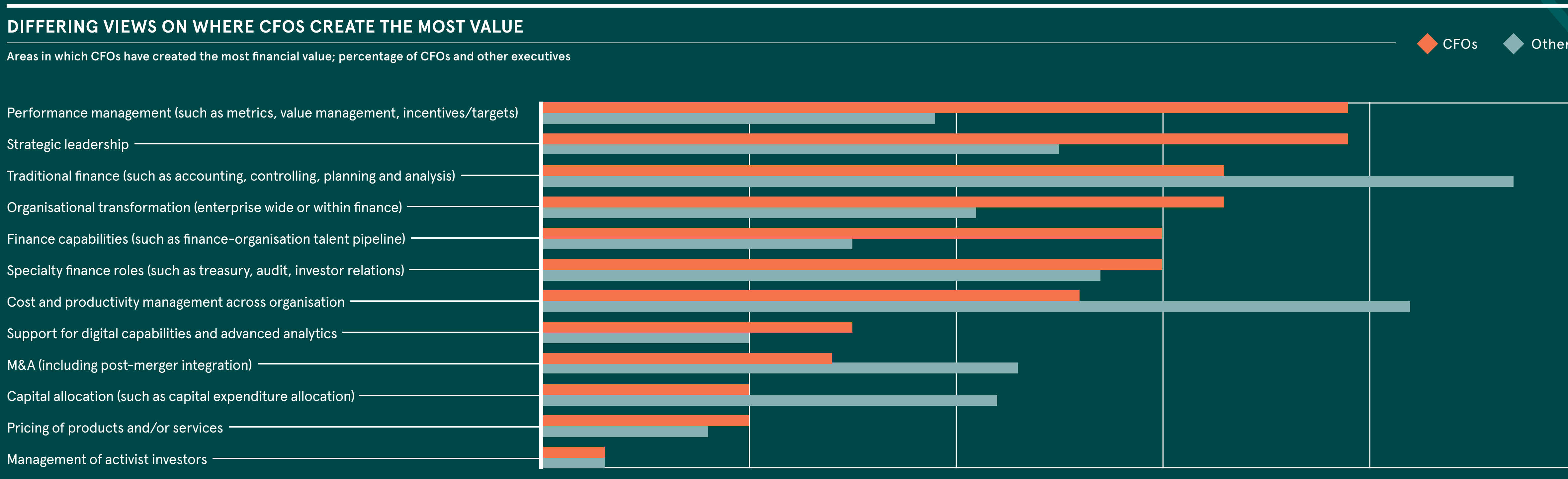
Percentage of finance functions that are receiving growing requests for insight and analytics in key areas



Accenture 2019

DIFFERING VIEWS ON WHERE CFOS CREATE THE MOST VALUE

Areas in which CFOs have created the most financial value; percentage of CFOs and other executives



McKinsey 2019

INTERVIEW

Building a case for employee ownership

It's surprising that more businesses aren't owned by employees, says **Miriam Staley**, Arup's regional financial chief

Nick Easen

Engineering and design firm Arup is a global behemoth, with 14,000 staff in 35 countries. It may have its headquarters in London, but it 3D-prints bridges in the Netherlands, designed the iconic Sydney Opera House, has it's fingerprint on the world's largest airport terminal in Dubai and the longest sea bridge in Hong Kong. What is less well known is that it's an employee-owned business.

"This is a huge piece of glue in our organisation. We are all part of a global profit share. We do not divvy up the money geographically or by business streams. It all goes into one pot, binding everyone together," explains Miriam Staley, chief financial officer (CFO) for Arup's business in the UK, India, Middle East and Africa.

"Employee ownership on a global level removes lots of barriers to business and promotes collaboration. In many international organisations executives jockey and compete with each other and people don't necessarily help colleagues because they want to make their own numbers. In Arup there is only one set of numbers and it's the very bottom line, for the group, globally."

Such employee democracy came to Arup before it was trendy; rewind the clock to the 1960s and their progressive structure predates when John Lewis, Richer Sounds or Riverford Organic Farmers hit the headlines. Today employee-owned businesses contribute more than £30 billion to the UK economy and engage 200,000 people across more than 370 companies, according to the Employee Ownership Association.

"It's surprising that more businesses aren't employee owned. I am a great fan of it. As it says on the tin, there is a lot of ownership at Arup and you get the motivation that goes with that. You also try to take decisions for the long run rather than short term, aiming for reasonable prosperity and to be a humane organisation in the process. In that way there's a sense of stewardship," says Ms Staley, who has been Arup for more than 20 years.

"Employee ownership is particularly attractive to younger people coming in. I hear the word 'purpose' bandied around quite a lot nowadays. There seems to be a thirst for it, and to hear and to see the purpose and values of a company lived out on a day-to-day basis can only be a good thing. It certainly makes for some interesting exchanges."

What companies are for is a burning issue addressed recently by 180 of the biggest names in global business, from Amazon to Siemens, Pfizer to Apple, that collectively agreed to change the definition of the purpose of their corporations, with a seismic shift away from shareholder primacy and making them money, to serving all stakeholders, including employees, communities and the environment.

Employee ownership structures such as Arup's echo this shift; it also impacts how finance functions. Decision-making becomes more democratic and accountability to peers rather than bosses is more prevalent. Discussion and persuasion comes to the fore. Everyone also has an interest in the state of the firm's finances. In the process, finance teams get a better view of the underlying health of the business and strategic direction. And there's a lot more engagement at all levels.

"This shrinks the business somewhat. In fact, everyone has a voice and that can be a bit loud at times. You could be talking to a graduate or a senior director; we have some bright and motivated people at Arup and they all ask interesting questions. So it always keeps me on my toes in how to explain things in a way that becomes less about accounting and finance and more about relevance to someone who is, say, client facing," says Australia-born Ms Staley.

"There is also a lot of constructive debate since leadership teams need to coalesce around an agreed way forward. What this means is the decision-making process is not necessarily linear. But once decisions are made, then implementation and moving people forward is much quicker."

Arup's financial chief has been taken into the area of behavioural science, a leadership skill you don't necessarily equate with role of CFO. Communicating complex accounting ideas and their relevance to those whose heads aren't buried in spreadsheets is a sought-after skill.

"I quite enjoy it, but it might not necessarily be every chief financial officer's bag, because it's about lining everybody up to get the outcome you are looking for. It's a challenge if you don't like talking to people," says Ms Staley.

An employee democracy is potentially more difficult when economic times are tough, since heads have to roll, bonuses and shares of profits evaporate, and the focus is on preserving the business for the future rather than anything in the short term. John Lewis is feeling the pinch right now with the high street apocalypse; Arup felt it during the global financial crisis.

"We are no different than anyone else; we are not going to outrun the market. Ten years ago, everyone was having a tough time. You have to make some really hard decisions from a business sustainability standpoint. The long term has to be the goal; this is where the employee ownership story becomes more like that of a family," Ms Staley concludes.

"It's a matter of playing those long-range scenarios out and understanding what it's going to cost, and the impact on money and families and jobs. It's also about retaining hugely scarce skills. You don't want to reduce your staff count or let people go if you know you're going to need those very skills to sustain the business in the future."

166K

people are employed by employee-owned companies

£19.2BN

combined annual sales of the 50 largest employee-owned companies in the UK

Employee Ownership Association 2019

> **The long term has to be the goal; this is where the employee ownership story becomes more like that of a family**

Expanding skillsets

As business becomes increasingly globalised and connected, with the cogs of commerce turning ever faster, Miriam Staley sees her leadership skillset expanding. It now links business strategy and finance functions, as well as encompassing risk, whether reputational or cyber. The CFO needs to deploy a metaphorical Swiss army knife rather than a scalpel.

"For me that's a great thing," she says. "I'm enjoying the broadening of roles. It means you're able to bring your skills to bear across a wider portfolio of activity. There's no doubt the job is constantly changing.

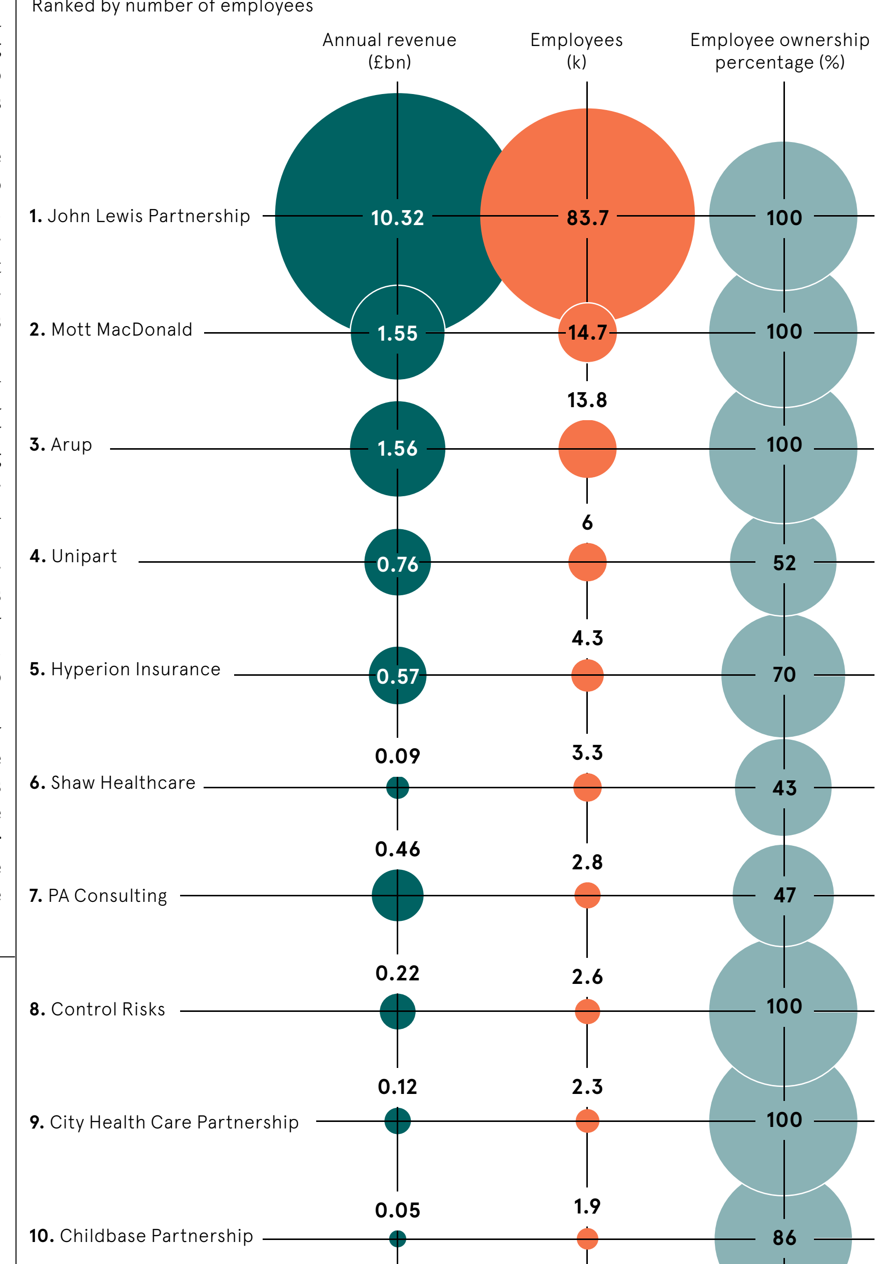
"For this reason, you have to relish the opportunity to reinvent yourself and reinvest in your skillset to make sure you cover what the business needs. It is imperative to keep learning and take time out to learn something new that'll help you as a CFO."

With more linkages across business and a broader skillset, the CFO of the future also needs top-notch communication skills; buried in a spreadsheet no more, bringing finance to life is crucial.

"Businesspeople today want to know about the 'why'. That's the big word. Everyone wants to know why we are doing what we're doing; not just the C-suite, but all walks of corporate life. That's why I have drop-in clinics, where we talk about things. It's increasingly vital to get everyone on board," says Ms Staley.

TOP TEN LARGEST EMPLOYEE-OWNED COMPANIES

Ranked by number of employees



Employee Ownership Association 2019

Commercial feature

CFOs become performance accelerators

The evolution of the chief financial officer (CFO) places this role at the heart of performance management and improvement. To accelerate transformation, CFOs must remove friction from processes

Consumer experience has advanced drastically in recent years through services provided by the likes of Amazon, Uber and Netflix. While these companies have very functional front-ends which the customers see and interact with, the secret to their superior user experience actually lies in their back-end operations and processes.

Increased customer expectations driven by experiences with these brands are now also impacting the business-to-business world. Having a product that provides strong value to a market is no longer enough; businesses need to invest in their back-end operations to ensure their internal processes are frictionless and seamless.

As the executive with the closest ties to business outcomes, it now falls to the CFO to lead this transformation. Historically, somebody who put numbers on a spreadsheet and reported them to the chief executive, the CFO must now manage and accelerate corporate performance, while acting as a key business partner to other executives.

"CFOs have a central role to play in driving transformation for the business," says Andy Joeres, regional vice president, UK and Ireland, at Celonis. Their software enables companies to improve the flow of their business processes to transform operations. "The need to adapt to the rise of new technologies is absolutely imperative. CFOs need to utilise technology and data as a better evidence base for making informed decisions."

Organisations have historically looked at everything from a departmental or functional point of view. While this may make sense, it can create silos and a tendency for line-of-business leaders to look at their own processes or activities through a restricted lens. These leaders will have their own systems and key performance indicators (KPIs) to support the silos they've built. To accelerate performance, CFOs need to take a step back and look at the entire state of business operations.

In a study by Celonis, 82 per cent of CFOs conceded they didn't think about looking at their as-is processes before evaluating ways of accelerating corporate performance. This means decisions are being made on gut feeling, past performance or through subjective discussions with colleagues. Basing decisions on what is happening now in an organisation will drive the best results, but relies on visibility of data across entire businesses processes.

"The typical processes we think as being aligned to a CFO are naturally in areas such as working capital, but how many functions does a purchase-to-pay process cross?" Mr Joeres asks. "CFOs now have to be able to look at that process in its entirety and instead of just thinking about how to increase working capital, they must also be thinking about areas they traditionally haven't had to consider, such as delivery. Customer satisfaction and on-time payments rely on on-time delivery, so both need to be on a CFO's radar."

The challenge for CFOs is having a holistic view of the business, getting away from the silos and being able to look at processes in an end-to-end fashion. Only a data-driven approach will provide the objectivity they need to optimise business processes. Leveraging innovative technology such as process mining, enables this data-driven approach. It adds a technology layer that allows CFOs to accelerate performance and make decisions which are smarter and easier to execute because they're based on objective evidence.

> "CFOs now have a central role to play in driving business transformation and process improvement – the need to adapt to the rise of new technologies is absolutely imperative
>
> **Andy Joeres, RVP Celonis, UKI**

Celonis' process mining technology reconstructs what happens in a business process, learns how the operation works and detects hidden inefficiencies. By using their technology, businesses can quickly determine the root causes of these inefficiencies, take immediate corrective action and ultimately remove operational friction. Celonis has more than 700 customers globally, including Vodafone, Uber, GSK and AstraZeneca.

"We look at process mining from three areas: discover, enhance and monitor," says Mr Joeres. "Discover is about understanding exactly what's going on in the business today. We bring all the data together and visualise any process a finance leader wants to address. In the enhance part, it's important to recommend the specific action that is going to drive the best business outcome in real time. We enable finance teams to take the actions that are needed to remove friction and accelerate performance.

"The final part, monitor, is about ongoing, continuous improvement. It's crucial to maintain, monitor and uncover long-term trends so you can spot additional recurring bottlenecks and understand the ongoing root causes of those issues over time.

"We're increasingly seeing heads of finance being measured on KPIs that may not be relevant to process improvement or business outcomes. They're just KPIs for the sake of KPIs. With our process mining technology, we're able to define KPIs that will continually improve processes and drive the desired business outcomes."

Telecoms giant Vodafone turned to Celonis because it lacked the necessary insight into its purchasing operation, consisting of more than 800,000 purchase orders (POs), five million invoices and 50 million assets annually. Celonis' process mining technology bridged the information gap and created full transparency by reconstructing and visualising Vodafone's as-is purchase-to-pay process. This provided insight into the bigger picture as well as enabling the team to drill down into individual processes and take action to drive the perfect PO rate.

"I like to use the perfect PO initiative – right first time ordering – as the perfect use case for how process mining enabled us to transform the business to perform on a world-class level," says Israel Expósito Peraza, Vodafone's head of data governance and analytics. "When we kicked off this initiative our perfect PO ratio was 73 per cent. Only six months later, we over-achieved the 80 per cent annual target by hitting the 85 per cent level." Vodafone's perfect PO rate is now up to 96 per cent.

By eliminating procurement errors, Vodafone is maximising catalogue buying and speeding up the release of a PO to a supplier. The rise in the number of POs completed correctly the first time has helped to reduce the cost of each PO from $3.22 to $2.85. This in turn resulted in an 11 per cent cost-saving improvement as well as a 20 per cent growth in time to market – in just six months of using Celonis.

82% of business leaders admit they **do not look at their internal processes to establish priorities** before starting a transformation initiative

More than **1 in 3** businesses have spent over **$500k** on business transformation strategies in the last 12 months

With so much money at stake, what are businesses doing wrong?

45% of C-suite executives don't know where to start when developing their transformation strategy

62% of C-suite executives have set KPIs for their transformation initiative without understanding what's going wrong in their business first

65% of executives would feel more confident in their transformation strategy if they had better visibility into how their business is being run

Vodafone turned to Celonis because they didn't have full visibility of their purchasing operation, consisting of more than 800,000 purchase orders (POs) annually

73% ▶ **96%**

Process mining technology provided the insight to drive their perfect PO ratio up from 73 per cent to 96 per cent- exceeding the original target of 80 per cent

For more information please visit celonis.com

celonis

Charlotte Gribben
Digital Risk lead partner
Deloitte

Emily Jenner
Board member at Airmic
Managing director, global head of risk strategy and appetite
Standard Chartered Bank

RISK MANAGEMENT

Roundtable: modern approaches to risk

Four business leaders discuss what it's like to manage risk in a digital-first environment and how chief financial officers steer their way through an ever-changing role

Anna Codrea-Rado

Q How do digital business models enhance and reduce risk? And what do business leaders need to consider as their companies become more digital?

EJ There is a meaningful opportunity for us to retool our businesses and equip them with real-time risk information. Previously risk managers needed to focus more on tangible risks than the intangible. As we adopt these data-driven business models, we need to carefully consider the emerging risks we face as a consequence. Trust, confidentiality and security are key.

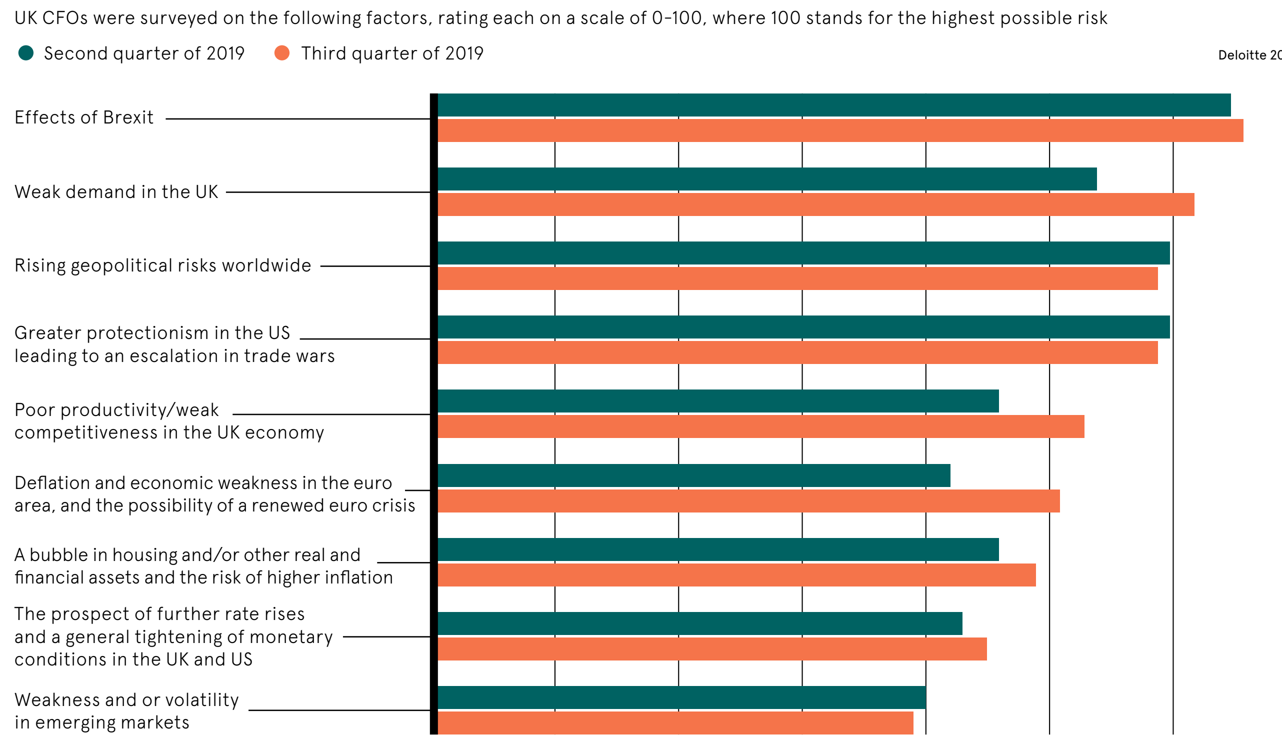
JC One of the challenges is that risk is fundamentally a consequence of dependence. Companies would like to be more dynamic: they would like to be able to have a living, breathing way of interacting with the underlying relationship of the supporting technological processes systems with the company or client. But this connection is a bit tenuous and abstract because most lack a common language to be able to actually describe it in a way that allows for both qualitative and quantitative reasoning. Establishing this is a key executive responsibility.

CG What we're finding is that organisations are looking at specific digital technology risk. So with the risk of disruptive tech, they're thinking, "What is the risk of this robot?" What we're trying to do is help them see the bigger picture and understand that, a bit like digital, the risk is organisation and society-wide. In order to turn digital risk into digital advantage, they need to consider it at a much higher level than just that specific robot or technology.

RO One of the shifts we see with a lot of our corporate clients is a move towards strategic partnerships. So recognition that this is not something you're going to be able to address as a standalone company. Does it actually make more sense to be connecting through a trade or industry organisation to better understand or come up with solutions to mitigating a specific risk? It might also be a case of working with organisations like the National Cyber Security Centre or government bodies, which have capabilities and competencies and data insights that can help you make better decisions.

RISK TO BUSINESS POSED BY THE FOLLOWING FACTORS

UK CFOs were surveyed on the following factors, rating each on a scale of 0-100, where 100 stands for the highest possible risk



Jason Crabtree
Chief executive
Qomplx

Romaney O'Malley
Chief financial officer
AIG UK

> Risk has historically meant waiting for something bad to happen, and then indemnify that company for whatever they've lost as a result of the risk crystallising

Q As companies change from selling product to service, how can they start thinking about their new risks?

CG We're seeing a lot of traditionally B2B organisations using technology to allow them to change their business model to B2C and they're starting with the legal risks. They'll go down the regulatory route first and where they're struggling is to understand how digital will impact their regulatory risk. Digital allows you to cross borders, but with that comes the need for different legal requirements in different countries. Then there's trust and ethics, which is how do you behave in those countries to get people to buy into you? In the UK, for example, we're very digital savvy as consumers. We love using apps and we have very short attention spans and expect immediate delivery. Whereas in other countries, things like click and collect just don't work.

RO CFOs have a really big role. It's not enough to focus on the economics and the profitability of the various strategies you might pursue. Part of your responsibility as CFO is to ensure you have a sustainable, resilient business over the longer term. We know regulation will not keep up, particularly with the speed of innovation in the digital space. The role of CFOs is increasingly going towards taking on a level of accountability with the values, ethics and culture of your organisation to ensure you are doing what is right for the long term.

Q What changes are you seeing in risk management?

RO There has been a move from insuring risks in the really traditional sense, which has historically meant waiting for something bad to happen, and then indemnify that company for whatever they've lost as a result of the risk crystallising. Whereas now, data is used to really understand what is actually driving some of those losses, and then get much more into risk mitigation and prevention mode.

EJ Not only does data and the way in which we're harnessing it help us take a more forward-looking view, it also helps us quantify the risk a lot more easily. In my experience, thinking through and quantifying our risks in an informed way allows us to better understand the uncertainty we face, and helps us make good risk-informed decisions.

Q Is there a risk that CFOs will be seen as old fashioned?

RO Not necessarily old fashioned, but I think CFOs always have to be comfortable being the challenger. Unfortunately, it might mean you're not the most popular person in the room, but good businesses have a really healthy level of challenge and debate. Historically, this has tended to be the role of the CFO. It may have been more around the economics than it is the behavioural side, but someone has to be the bad guy.

JC What it comes down to is that resourcing is strategy manifest. You can have great plans and publish all kinds of wonderful thoughts, but ultimately your strategy is manifested by the resources committed. When you start to see resourcing for risk mitigation or risk-taking based on the actual linkages between dependence and the underlying issues, and you start to see this actually being able to be substantiated to the point where you can responsibly apply money to the problem, that's actually where we start to see organisations really get leverage.

EJ Something that I've been asking myself recently is, "What does my future team look like?" We need to think about our succession plans and building the right skillset around us to get there.

Q Does risk reduction have a bad image?

EJ It's unfortunate that risk is, as often as not, seen as a negative. Risk is about opportunity too.

JC Risk reduction and careful risk management is really about understanding the baseline operational case and then being able to help express how to achieve the ability to maintain freedom of action in the future, despite the fact that Murphy's law will still apply. That ability to say, "Hey, I'm going to help you, the CEO, chart a path through these uncertain waters." That's actually what the role of the CFO and other risk professionals ultimately comes down to.

TOP RISKS TO EUROPEAN BUSINESSES

Risk management survey of C-suite executives

- Accelerated rates of change in market factors
- Economic slowdown/slow recovery
- Commodity price risk
- Damage to reputation/brand
- Business interruption
- Increasing competition
- Cash flow/liquidity risk
- Cyberattacks/data breaches
- Failure to innovate/meet customer needs
- Regulatory/legislative changes

Q How important is a culture of openness for risk reduction?

RO You already see this in high-performing or outperforming companies, but they typically have a culture of transparent and open debate not just in the boardroom, but actually across their organisations. Ultimately, what you want is every person in your organisation as an ambassador for the organisation, particularly people at the grassroots level or those who deal directly with clients or customers every day. They are the ones who are going to be the richest source of ideas and potential innovation.

> We need to think about our succession plans and building the right skillset around us to get there

Q How do businesses put a value on risk reduction?

EJ By harnessing the data that is becoming evermore so readily available you can use a series of 'what-ifs'. This shows you how you can measure the value of risk management by comparing return of investment under different 'what-if' scenarios, systematically testing the value of strategies to manage risk.

CG Many companies will implement a new technology or go down a new business model with a digital aspect without considering risk or control. We're finding we're actually being called in by a number of organisations that have done this and are now trying to forensically undo what they have done. The impact is about three to four times more expensive than embedding the controls as you go and considering the risk as you go and considering the risk, control and compliance up front.

RO I think it's both sides. It's about measuring the opportunity and being able to really quantify the business case for the opportunity a particular risk might give a business. Then it's also being able to quantify the value of offloading or mitigating certain risks. This is where companies probably need to look more broadly for support. Insurers can help with this.

JC When we assess the basic risk profile an organisation maintains, regardless of the type of institution, you have to make sure that mitigation strategies relate to the actual underlying dependencies you have, as well as capital requirements and control or transfer options. And it has to be the CFO who is thinking about this and tying it all together.

Commercial feature

Q&A

Why your finance team needs AI

Artificial intelligence (AI) is transforming accounts receivable and working capital management. **Kevin Kimber**, chief executive of Rimilia, a leading AI provider in the sector, explains the power of this new technology

Q Why do finance teams need AI?

A Companies rely on finance teams to make critical decisions every day. Finance leaders are tasked with controlling costs, increasing cash flow and reducing risk. Since their largest asset on the balance sheet is debtors, they are evaluated by turning debtors into cash and working capital. They need to use their judgment to decide how much credit to offer customers, forecast if cash flow will get tight and spot late payers who struggle to settle debts. The fate of the company depends on it. But the data they need is elusive. A chief financial officer (CFO) at a large company needs to have access to data and the insights the data provides to make the right decisions. Ideally, they need to be able to manage the financial relationships, from sales and customer success to credit and collections. Here's where AI comes in and what we refer to as financial relationship management (FRM). Solutions powered by AI can gather data from across a company, aggregate it and run analytics. The information AI provides can help a CFO spot trends, build insight to advise on credit and cash flow issues, and deliver information across the business. AI helps the business make better decisions.

Q Where can AI make the biggest impact?

A Accounts receivable is the new frontier. Only 3 per cent of the market has achieved any automation. Yet AI can revolutionise the entire function. Organisations have been focused on the accounts payable area of their business and not on accounts receivable or how the function can bring cash into the organisation. Take something like extending credit to customers. A company must decide how much credit to extend to a new client. It's not an easy call to make and creditworthiness changes over time. Finance needs to know if the client settles bills on time. Are they an early payer? How regularly do they order? AI can factor in all the information to build a detailed picture of each client. A dashboard can highlight valuable high-margin, low-risk clients, so credit can be extended. The value comes when this information is shared with customer success and sales teams, giving them the ability to make decisions to grow sales. There are so many ways AI solutions can help finance leaders with their key priorities of increasing cash flow and controlling costs. Accounts receivable is frankly the most exciting area of AI in finance right now.

Q Why can't companies do it themselves with Excel and traditional tools?

A It's too complex. Finance teams simply lack the expertise to build financial models. Even automating simple processes requires specialist skills most companies don't have. We see this all the time. Companies struggle with traditional tools, so they leave data in silos. Processes are still done manually. It's disastrous. For example, the finance team may run a simple credit check on a potential client and decide to offer a line of £10,000. Later, they discover the client already has substantial debts with other parts of the business and is a credit risk. Only the power of AI and, really, FRM can bring these insights forward for business leaders to make empowered decisions.

Q What about mundane tasks?

A AI is superb at eliminating boring jobs. Look at the environmental company Veolia. They automated the cash allocation process, resulting in a 75 per cent reduction in costs by not just replacing keystrokes with robotic process automation, but by using machine learning to eliminate tasks. This allowed people to focus on value-add tasks. A Deloitte survey found that 70 per cent of CFOs expect hiring to decrease over the next 12 months. Automation is essential for finance teams.

Q Can AI help other departments?

A Absolutely. This is where the real value of AI and managing those financial relationships is proven. When the finance team is able to generate accurate data on a client, the sales team is empowered. Sales and customer success teams can make decisions to increase sales or even reduce credit terms to reduce risk. Sales teams can see at a glance whether a customer is a prompt payer, what their orders are like and whether they are growing basket sizes over time. The sales team can use this data to fine-tune sales terms; maybe offer more credit. If a client is increasingly paying late, maybe they can be moved on to direct debit. FRM is a powerful tool for growing sales in a competitive market.

> Companies that embrace AI have lower risk exposure, improved customer relations, control over their costs and increased cash flow

Q How hard is it to implement AI?

A Surprisingly easy. Rimilia has been around for a decade and we have experience in onboarding thousands of clients, from complex multinationals to fast-growing smaller firms. Deployment of our AI platform takes 90 to 180 days. Some companies do a "land and expand", adopting in one region or division, proving it works and then expanding. Others go for a big-bang deployment. Return on investment begins as fast as six to eight weeks later as the AI begins learning.

70%

of CFOs expect hiring to decrease over the next 12 months

Deloitte

Q How can companies get the most from an AI system?

A Find a partner that can grow with you as your business needs grow and change. Rimilia, for example, offers three skillsets to clients. We were founded by finance professionals and so we have deep expertise in accounting. Our experts can help companies master concepts such as cash flow optimisation and financial metrics. Second, we are software-as-a-service specialists, so we can advise on software and integration. And third, we lead the industry in AI and machine learning. Our clients rely on us to keep them informed and up to date on the latest AI and machine learning technologies. Combine these three areas of excellence and the effect is huge. We can help you re-engineer your entire finance operations, raising the quality of decision-making and dramatically cutting costs. And we pride ourselves as a true partner as our clients move to AI solutions.

Q Are all sectors suitable?

A Yes, naturally. We have clients such as Veolia in utilities, Travis Perkins in construction, PwC in professional services, TalkTalk in telecoms and ITV in entertainment. CFOs face the same basic questions. What is their bad debt provision and can it be reduced? How is the risk profile of clients changing over time? They all need the insights AI can provide.

Q Is AI the future of finance?

A There is no question that AI is going to reshape finance. There's no going back. Companies that embrace AI have lower risk exposure, improved customer relations, control over their costs and increased cash flow. AI is here. Companies that deploy AI are going to dominate their competition and, at Rimilia, we are delighted to play a part in their success stories. If you want to discover more, you can learn about FRM by downloading our white paper.

To find out more please visit www.rimilia.com/frm

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Software finance people love

BREXIT

Seven ways Brexit has affected CFOs

From supply chain risks to labour challenges, the role of the chief financial officer has been tested by Brexit political brinkmanship. But there are steps finance leaders can take to be proactive, and not just defensive, through the uncertainty

Matthew Staff

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Supply chain management

According to a recent survey of more than 250 chief financial officers (CFOs) and senior finance executives, UK-based companies are not ready for Brexit and the finance battle which is already underway and changes direction almost daily.

Three years of uncertainty and fluctuating trends have led to a vast majority of businesses – 96 per cent of those surveyed by business spend cloud platform Coupa – struggling to prepare effectively for post-Brexit shocks.

With more than $1.3 trillion of cumulative spend currently under management, Coupa has helped to signpost ways in which CFOs can wrestle back control from Brexit and uncertainty surrounding the European Union single market and finance. At stake are process efficiency, savings, risk mitigation and scaling.

"The first steps survey respondents cited were determining if supplier contracts remain valid, how any cost increases will impact their profitability and, if necessary, how they will find new, local suppliers to avoid any business disruptions," says Coupa CFO Todd Ford.

martin-sattler/Unsplash

Business visibility

Step one in a period of ambiguity is transparency, with as many as two thirds of CFOs in the Coupa survey believing their organisations lack business visibility.

If anywhere near that same percentage of concern is shared among partners with whom business is being conducted, then complications are all too clear to deduce. As confidence and trust wanes, inevitably so do transactions.

"To mitigate this challenge, CFOs must leverage people, processes and technology," says Mr Ford. "Use these strands of your company to consolidate your business spend into a single view. In doing so, you will be able to evaluate and, importantly, display to partners and suppliers how they are likely to be impacted should certain scenarios arise."

Chantal Wessels, vice president of finance and operations at Nasdaq, agrees that visibility is key if CFOs and their teams expect to be forward looking, even in spite of current limitations such as Brexit.

"Focus is leaning towards identifying areas of risk and opportunity to address scenarios before they happen," she says. "The concept of forward-looking requires a solid baseline and visibility. Data produced by various digital tools enables us to analyse current trends and put measures in place to address future risks."

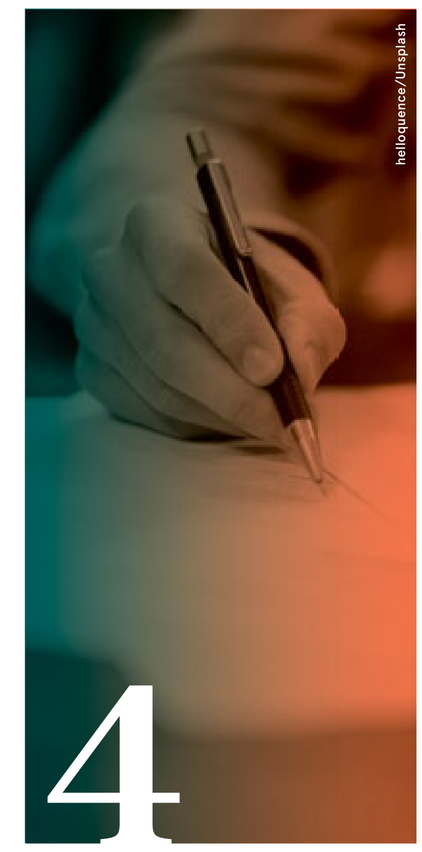
sirtravelalot/Shutterstock

Procurement agility

Ultimately, bringing all CFO-related strands together into one due diligence-worthy report makes it easier to pinpoint how a company's financial planning will be influenced by Brexit and therefore less complex to present mitigation tactics to concerned suppliers.

In essence, it's all about being agile. "For procurement in particular," Mr Ford emphasises, "CFOs must ensure that business spend processes are agile by doing their due diligence now.

"From there, they should invest in highly configurable business spend processes and technologies, including supplier risk management, so they can rapidly adapt to new regulatory and trading environments."



helloquence/Unsplash

Contract preparations

It's one thing to identify and show to suppliers or clients that a business is streamlined and agile enough to ride the storm, but another thing to draw up the resultant agreements after Brexit and its impact.

"Any contracts that will require amendments, retendering or additional clauses need to be progressed to offset the uncertainty," says Mr Ford. "This should be done with support of a well-maintained, enterprise-grade contract life cycle management solution."

Matt Chatters, head of finance at UK-based, tech-driven lettings platform Goodlord, similarly places contracts at the heart of business and believes internal investments and protocols can secure the retention, improvement or, if necessary, salvaging of external business relationships in the lead-up to Brexit.

"It's about ensuring our customers are properly supported with the tools they need," he says. "We work with lettings agents and landlords across the UK, many of whom have been weathering the effects Brexit has brought to the housing market much more directly.

"Investing in our customer service team, ensuring our products are fit for purpose going forward and making sure our sales function takes into account the current climate of unease have been key points of focus for the whole business from a relationship management perspective."

freddie-marriage/Unsplash

Risk management

By potentially removing the UK from the EU umbrella, and all the shared regulations it comes with, the goalposts of risk will have changed for partners outside of the UK as much as the business itself. To this end, risk management is imperative, but doesn't necessarily require a defensive approach.

Coupa's Mr Ford says: "To keep up with these changes, CFOs are staying proactive by fostering the right combination of technology, talent and processes. CFOs who are the most successful are those who are not only managing risk, but also thriving with risk."

In this particular scenario, by improving supplier risk management procedures, UK businesses will be able to get a real-time view into suppliers' ability to handle border crossings, for example, or how new tariffs might affect their ability to fulfil existing contract obligations.

Harmit Singh, executive vice president and CFO of Levi Strauss & Co, echoes the need for risk to become part of strategy, rather than a reactive tool, based on challenges experienced in the US retail market.

"We're always preparing for customer risk. We've seen financial issues with some of the major retailers we deal with shutting down at a rapid pace. We're also experiencing currency risk. Like Brexit in the UK, that's a little out of our control, but we have to find ways to get ahead of it," he says.

Referring to cybersecurity risks and the evolution of privacy laws such as EU General Data Protection Regulation, Mr Singh says simply responding to challenges won't be enough when risk knocks on the door. Foresight and preparation need to become the strategy to thrive with risk.

max-larochelle/Unsplash

Labour challenges

From an internal perspective, human resources and labour assurances are potentially even more important for sustainable business success, yet just as difficult to offer, says Mr Chatters.

"As a finance leader, our business model at Goodlord is relatively insulated from the trading fears and fluctuating currency prices that Brexit has thus far brought," he says.

"We are a technology-led business so aren't trading physical goods across borders and our development team is primarily in-house, which protects us from the unpredictable jumps in the cost of non-UK-based suppliers that the currency markets bring.

"However, even we have had to reassess our approach to hiring, as we've seen a decline in EU nationals applying for full-time jobs in the UK."

Once again, preparedness and immediacy are Mr Chatters' call to action, having strengthened and retained in-house talent to offset the uncertainty finance leaders fear.

Modern technologies

Perhaps above all else, and certainly underpinning many of the strategies earmarked, the use of modern technologies is vital to CFO success amid Brexit, especially when it comes to not just reacting, but remaining proactive too.

"Having modern technologies will help companies navigate these changes by empowering them to establish the right supplier relationships and spend smarter every day," says Mr Ford.

The Coupa CFO has witnessed and responded to fluctuations and trends the world over, but with London already the number-one city in Europe for attracting venture capital funding for its fintech enterprises, it's oddly both the most susceptible and the most prepared for an event like Brexit. Tech-centric businesses such as Goodlord have realised this and are now positioning themselves in a way to assist.

"As a finance leader, it is essential to hedge risks without becoming paralysed by the what-ifs. Until we have more clarity on the situation, it's impossible to know exactly what the impacts will be," he says.

"But tech-centric businesses like Goodlord are operating at a big advantage currently. We can be nimbler, flex more easily and can quickly step in to support customers operating in more traditional spaces."

asoggetti/Unsplash

Mr Ford echoes the need for tech-assisted proactivity, given the challenges ahead. "CFOs have to stay positive by fostering the right combination of talent and processes," he concludes. "But technology is the facilitator behind enacting this proactivity in an instant. It's a characteristic that will prove invaluable for businesses and their supply chain management strategies during the process of leaving the EU."

STRESS

Fighting CFO burnout

Brexit, big data and global business pressures are taking their toll on chief financial officers

Azadeh Williams

The pressure is on the CFO to navigate global economic uncertainty, as signs of stress and burnout are surfacing within this ever-dynamic role.

The latest Deloitte CFO survey found Brexit remains the top concern for UK finance chiefs, followed by the push to cut costs and staff. Meanwhile, a report by recruitment agency Robert Half revealed three in four CFOs globally anticipate stress levels will escalate in the face of tighter business expectations.

Paul Venables, UK group finance director of recruitment company Hays, agrees the CFO role is a relentless job, where the day-to-day demands are increasing against rapid economic, business and technological flux.

> It's critical CFOs understand the difference between 'pressure', 'some stress' and 'continued stress', as the latter often leads to burnout

"The need to reorganise and restructure finance functions on a global scale to drive efficiencies is just one of many challenges facing today's CFO," he explains. "In the UK, we have the added uncertainty of Brexit. It's no wonder CFOs are feeling increased pressure."

Mr Venables, who has been a CFO of numerous enterprises over the last 25 years, says he's personally faced some very difficult times, such as the Lehman's crash in 2008, coming under prolonged stress on several occasions and had been close to burnout.

It's critical CFOs understand the difference between "pressure", "some stress" and "continued stress", as the latter often leads to burnout, he says. For CFOs feeling the symptoms and signs of burnout, Mr Venables recommends they are open and honest with themselves, as well as their friends, family and support networks.

"They will often see changes in you, if you are struggling to sleep, cannot switch off or losing your temper," he explains. "When you see these signs, have a weekend off or speak to your boss about taking some time off work. See this, both in yourself and your team, as a strength and not a weakness."

Michael Kreeft, CFO at BMW, UK, agrees CFOs are short of being "miracle workers", and signs of burnout are definitely something to watch out for. He suggests regularly taking time to reflect on the business, how targets are being achieved and finding process improvements to ensure resources are being used in more efficient ways.

"On a personal level, you need to also ensure you have a healthy work-life balance, and this includes paying attention to healthy eating, regular exercise and spending quality time with friends and family," says Mr Kreeft. "As a CFO, you have to 'walk the talk', so it's important to address these issues with the rest of your team. After all, our role is about motivating and inspiring."

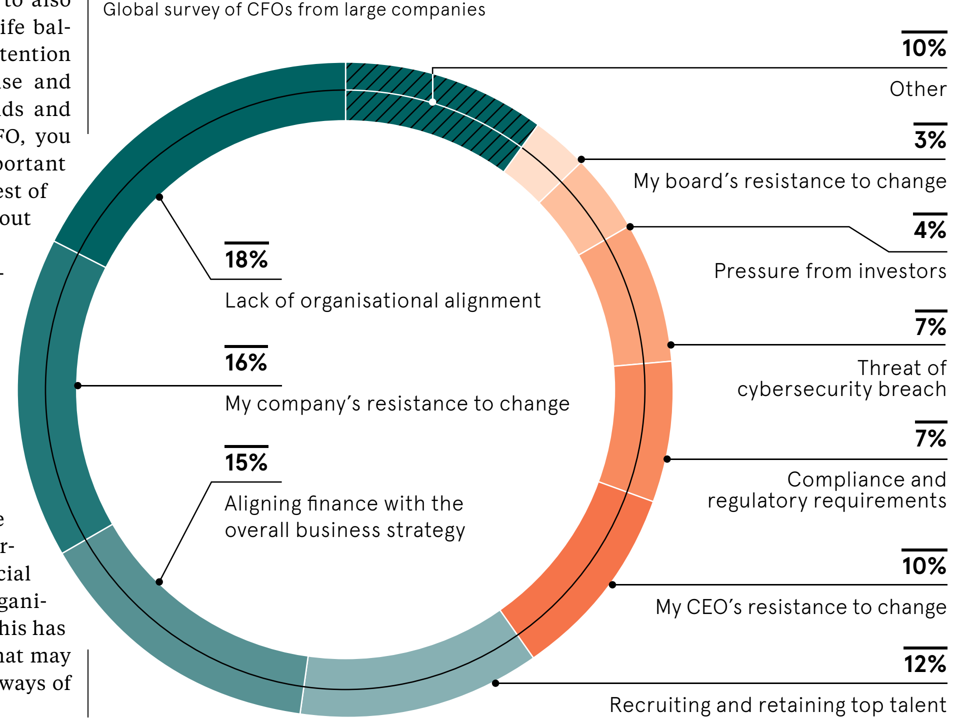
The always-on global environment is also becoming a greater workload burden for CFOs, as growing volumes of data and its immediate availability actually slow down decision-making processes, according to Markus Kobler, global CFO at Allianz Global Investors.

"A CFO needs to be able to handle the constant ebb and flow of information and ensure the best financial steering, while challenging the organisation to move ahead," he adds. "This has become an around-the-clock job that may be taxing and requires individual ways of coping with it."

Gift Abeshaw on Unsplash

NUMBER ONE THING THAT KEEPS CFOs UP AT NIGHT

Global survey of CFOs from large companies



Korn Ferry 2018

Adrian Talbot, group CFO at communications firm Hotwire and winner of the 2019 International CFO of the Year Award, concurs. He warns that in the age of big data and technological change, failing to create the right support team is one of the biggest contributing factors to executive director burnout.

"In finance it is often very easy just to get on with the job and hard to judge when you need to upscale or upskill your team," says Mr Talbot. "And one of the biggest misconceptions in the industry is that if you're senior in an organisation, you have risen to the top because you're 'bullet proof'. The reality is that a CFO is human, just like everyone else."

He recalls that prior to starting his current role, he had to take a week out of the office at a very stressful time, when he felt the signs of burnout.

"It made me feel like an utter failure," he says. "I became withdrawn and even considered other careers. But I only needed that one week to regain my perspective. Now I would definitely recognise the signs of burnout and know it's better to act sooner than become extremely stressed.

"I've also learnt the most important relationship for a CFO is with the CEO. To be able to express yourself freely and be heard and supported by your CEO is vital for you and for the business too."

Within the fast-changing media agency landscape, the pressure is on CFOs to keep a healthy perspective and "ride the client curve". Stuart Diamond, global CFO at GroupM, which has more than 35,000 employees worldwide, curbs stress and burnout by planning and preparing for peak client times, and then takes advantage of the company's flexible working programme during off-peak times.

"Agency environments are demanding across the board and can involve long hours when helping our brand clients do things, like launch new products or execute big campaigns," he says.

"But physical and mental wellbeing needs to remain top of the agenda. That's why we have a benefits programme that includes things like flexible work schedules, wellness centres in our offices and programmes for working parents. I personally enjoy and take advantage of these benefits."

Meanwhile, for fast-growing technology companies that are scaling globally, managing CFO burnout is all about alignment with stakeholders and getting the balance right, says Mark Finn, CFO and co-founder of all-in-one software platform ROLLER.

"You can't please everyone all of the time, but if you understand their priorities, you are better placed to maximise their collective interests over the long term," he explains. "Being a truly effective CFO is about allocating resources efficiently over the long term and you have to be good at prioritising. It's also wise not to try to do it all in the first place. It's a journey, not a race."

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