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**The importance of being
human in a digital world**

The role of the CFO today

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Foreword

Now is a 'use it or lose it' moment for the reputation of finance as the custodian, and most skilled interpreter, of data.

Welcome to our latest research into the changing role of the CFO, which presents our findings from interviews with over 70 CFOs and 15 stakeholders based in the UK, many from leading global businesses across various sectors and industries, on what makes a CFO effective.

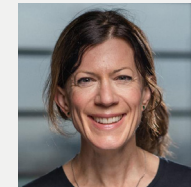
While the opportunity for CFOs to increase enterprise value has never been greater, the adoption of technology and development of skills in data analytics have been slower than expected.

Without the technology and skills to analyse data, the role of finance as the single source of reliable business performance insight is at risk.

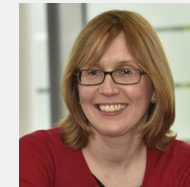
CFOs are drawing on their emotional intelligence to retain and lead their team in times of uncertainty, hybrid working and the frustrations caused by limited investment in data and systems.

Their storytelling skills are critical to inspire their team as well as to influence the wider business. Amid a worldwide skills shortage, they recognise the need to have a clearly defined purpose to engage Gen Z and to have systems to perform the more mundane tasks.

We are grateful to the CFOs who took time out of their busy schedules to take part in this research and hope that by sharing their insight, this research will help other CFOs, and those who aspire to be CFOs, to be even more successful.



Sonya Butters,
Partner



Liz Ballinger,
Partner



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Executive summary

The priorities for CFOs in 2023 are, despite the challenging macro economic environment, growth, and business performance, with the need now urgent to reduce costs in the face of significant inflation.

Our initial research into the role of the UK CFO was undertaken in 2013¹. The conversation then was about survival in the aftermath of the financial crisis.

In our subsequent research in 2019² CFOs anticipated major changes due to the disruptive role of technology, with data analytics, automation and predictive technology expected to revolutionise the finance function over the next ten years. However, four years ago, CFOs were unsure how to realise the opportunities presented by technology, noting a shortage of the right skills in the market, and lack of appetite for investment.

'Data', 'change' and 'technology' are still strong themes, with CFOs showing a better understanding of their transformational potential. However, what is perhaps surprising, is that progress in adoption has been patchy. Many CFOs cited a lack of time to master digital technologies and embed them within their teams.

Furthermore, there was a mixed picture for investment in such technology, with some businesses still hindered by legacy systems and data structures.

The CFO role continues to expand: on average CFOs are spending less than 50 per cent of their time on core finance activities. The CFO is now required to be a broad business leader, balancing an increasing number of responsibilities and requiring a greater range of skills than the core accountancy and reporting experience historically required.

New themes emerged in our post-pandemic finance landscape, with many naming 'ESG strategy', 'investor expectations' and 'people and the future of work' as new priorities, reflecting today's business concerns surrounding purpose, talent retention, and internal and external engagement.

1. *Survival of the Fittest – the role of the PE Backed CFO* Deloitte LLP, 2013

2. *The Meteor is Coming – the role of the PE Backed CFO* Deloitte LLP, 2019



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02 Executive summary

Our research found that stakeholder alignment, team bandwidth and skills were the critical factors required to enable CFOs to successfully deliver on their priorities. Indeed, CFOs feel the role is now a lot more people oriented. CFOs are drawing on their emotional intelligence to retain and lead their team in times of uncertainty, hybrid working and the frustrations caused by poor data and systems.

Aligning people and purpose, CFOs shared that they are expected to be visionary leaders, storytellers, and talent managers able to motivate teams and foster new skills. Aware of the need to embed ESG practices in all aspects of the business, they nevertheless often reported a lack of vision or clarity on how to integrate this into their routines. Their view was that the role increasingly included a 'human' element – managing their own professional development whilst helping to nurture new talent.

CFO Advisory – the Deloitte approach

The CFO's agenda is complex and rapidly evolving. Introducing CFO Advisory, our platform to help CFOs and their finance teams navigate all aspects of their role. Whether that be through our market-leading CFO Programme, which has been developed to offer a comprehensive resource for career development and success, or our extensive CFO Services, which offer our unprecedented breadth of experience in supporting CFOs across the whole of their business agendas – from the core areas of reporting and controls to performance improvement, strategy, and transformation.

With you every step of the way:

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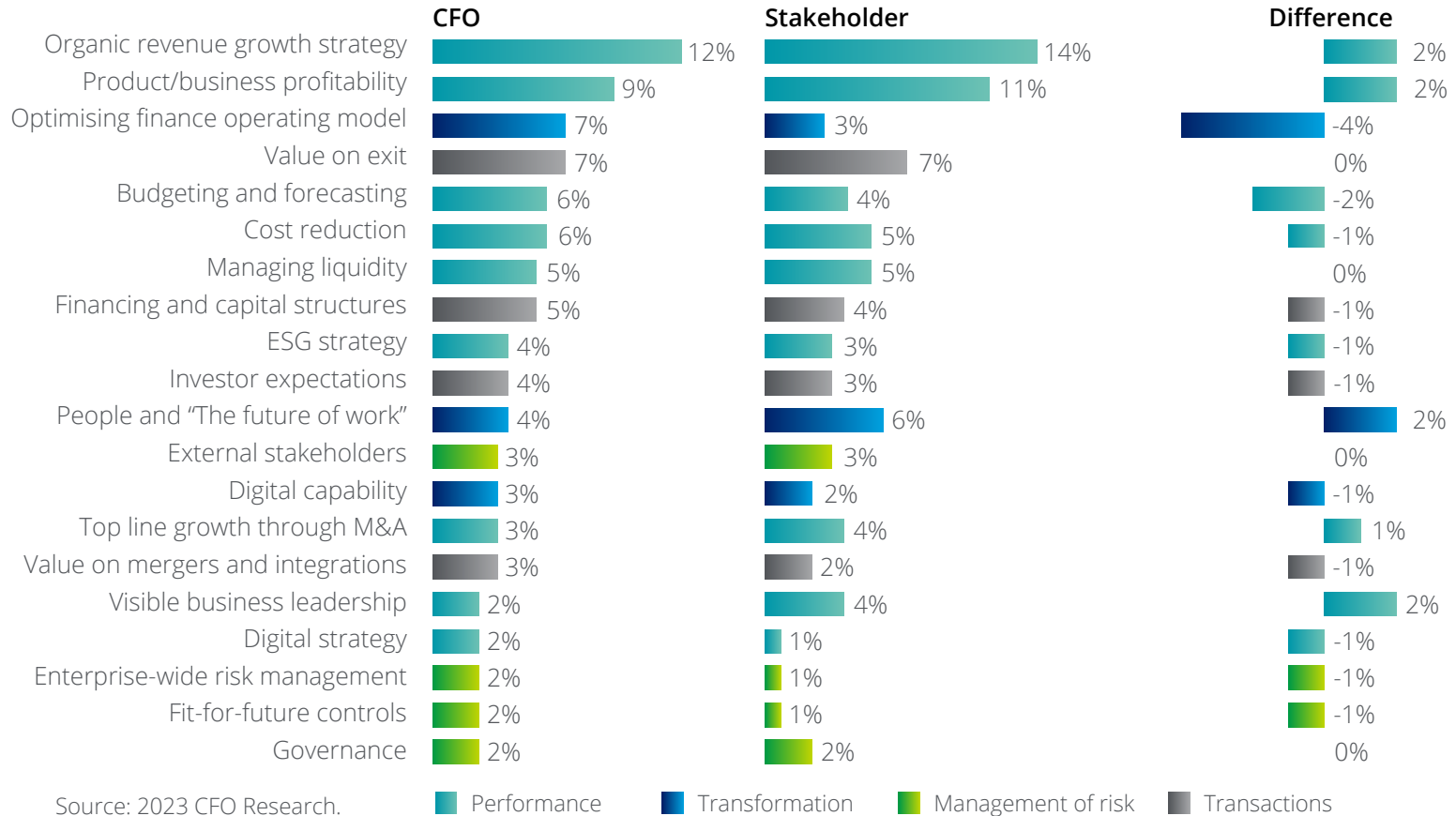
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Key research findings

Business performance, the number one priority for CFOs

Priorities were oriented towards 'performance' (48 per cent), including organic revenue growth, product/business profitability and cost reduction – followed by 'transactions' (20 per cent), 'transformation' (18 per cent) and 'managing risk' (14 per cent).

Chart 1 – CFO priorities



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03 Key research findings

CFOs reported their responsibilities as ever-expanding, including HR, tax, procurement, treasury, compliance, IT functions and risk management (see Chart 2), revealing that CFOs are increasingly expected to expand their capacity beyond the traditional remit of the accountant to include a more strategic and active role in driving the commercial success of the business. Flexibility in the finance function was considered to be fundamentally important in supporting the organisation to become more resilient and well positioned to thrive in a world of constant macroeconomic and technological change.

Our findings in the UK are not dissimilar to the Global viewpoints observed in our [CFO Insights – The CFO Agenda | Deloitte US](#).³

Chart 2 – CFOs were asked to describe their responsibilities beyond core finance



Source: 2023 CFO Research.



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3. Deloitte Development LLC

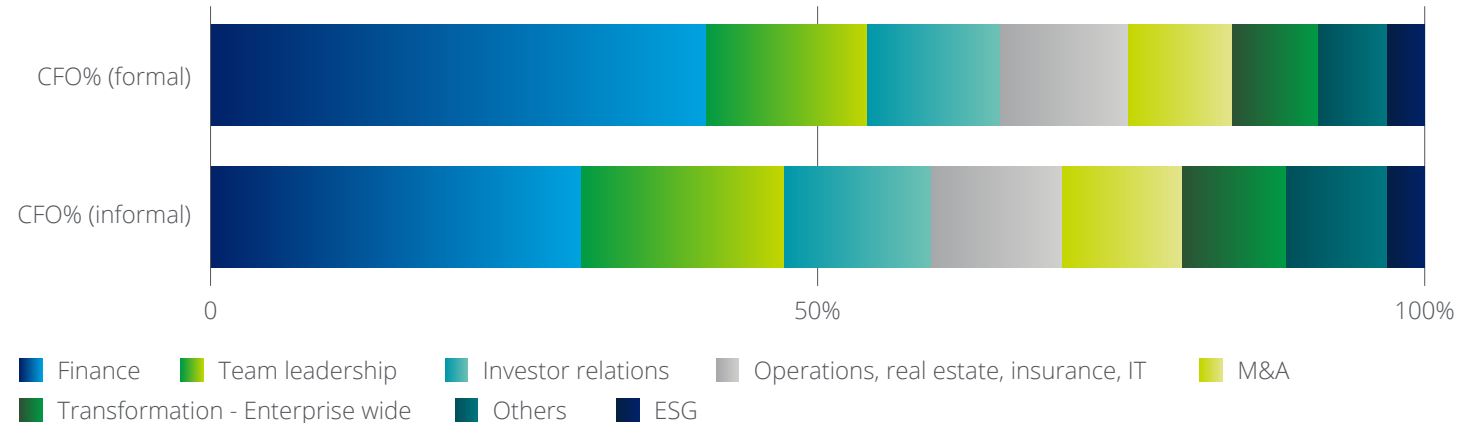
03 Key research findings

Navigating friction to succeed

CFOs' training remains very focused on accounting and finance, but the demands on their time and expectations of their role in the business are now much broader.

In a world where the drive to net zero is subject to ever greater focus, CFOs reported that whilst ESG is a priority, they lacked the time and structure to integrate it in their day to day activities.

Chart 3 - How CFOs spend their time - in their objectives and in practice



Source: 2023 CFO Research.

“We want someone who can switch between all ‘four faces’ depending on the stage of the investment lifecycle and be capable of operating at a high level across all.”⁴

Private Equity (“PE”) Investor

4. The Deloitte Four Faces of the CFO model: strategist, catalyst, steward and operator.



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03 Key research findings

Only 4 per cent (see Chart 4) of the CFOs we spoke to reported near perfect stakeholder alignment, with their top three priorities shared with their top three stakeholders. Most CFOs (50 per cent, Chart 4) believed that only one, or even none, of their top three priorities was aligned with the priorities of their three key stakeholders.

These findings indicate that, without further investment into key stakeholder relationships, CFOs may not be able to deliver on their priorities. That said, in the longer term, the increasingly broad role of the CFO will require, and should support, greater alignment with stakeholders.

During our conversations, many CFOs referred to a lack of stakeholder alignment as a reason why they had left a previous position. CFOs believed the most important relationship they needed to maintain and develop was, unsurprisingly, with the CEO, followed by shareholders and fellow executive committee members.

“A strong and aligned leadership team around the CFO is key to agreeing decisions quickly and it was this that got the business through a difficult period during the pandemic. We used scenario planning and honest, frequent internal communication with people in the business to work through uncertainty.”

CFO interviewed as part of research



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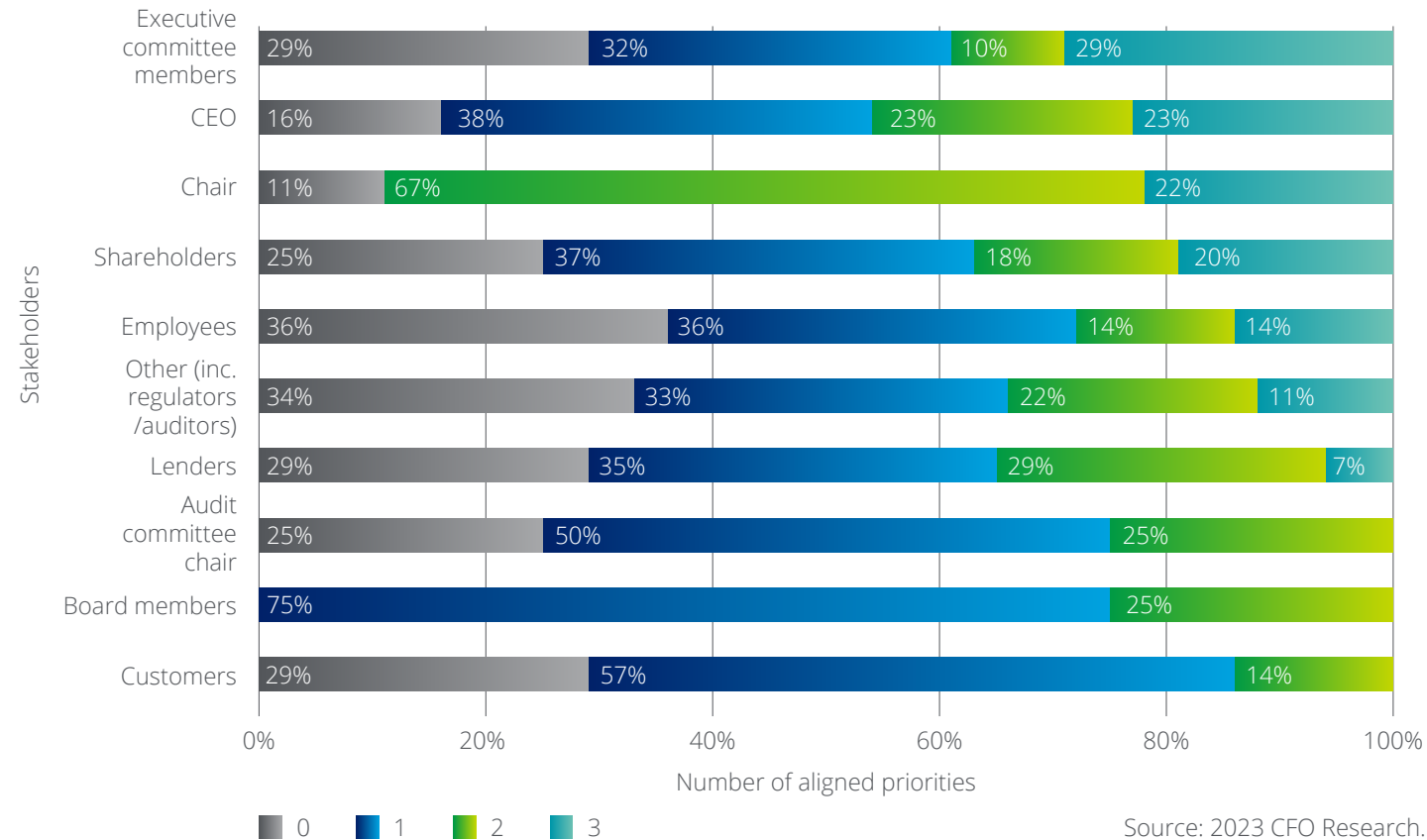
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03 Key research findings

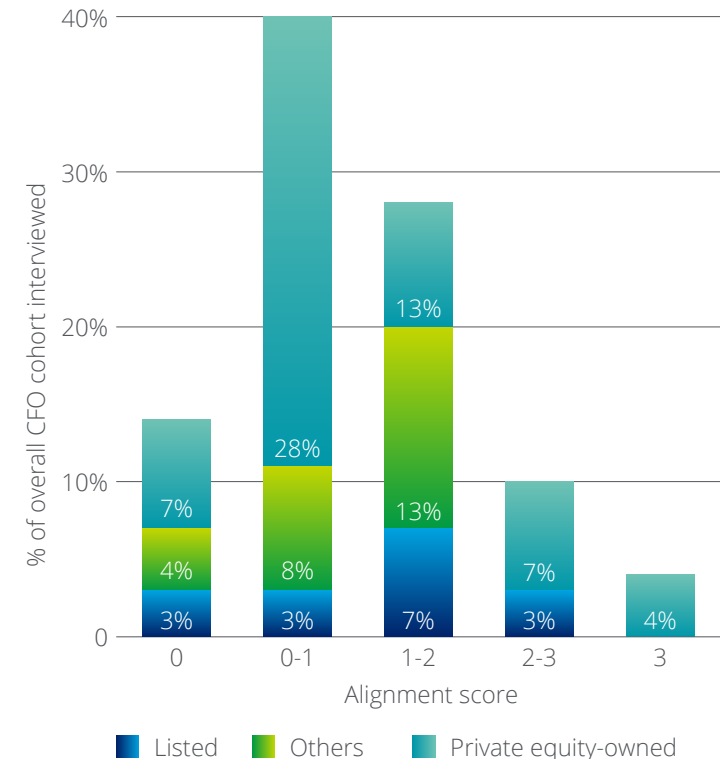
Communication is key. It's best to get an overview of the problem from all the stakeholders and work together on the solution. It's important to look at things from all perspectives and not only from the finance perspective.

Chart 4 - Alignment of CFOs' priorities with their stakeholders' priorities



Source: 2023 CFO Research.

CFO priority alignment with stakeholder view on priorities



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03 Key research findings

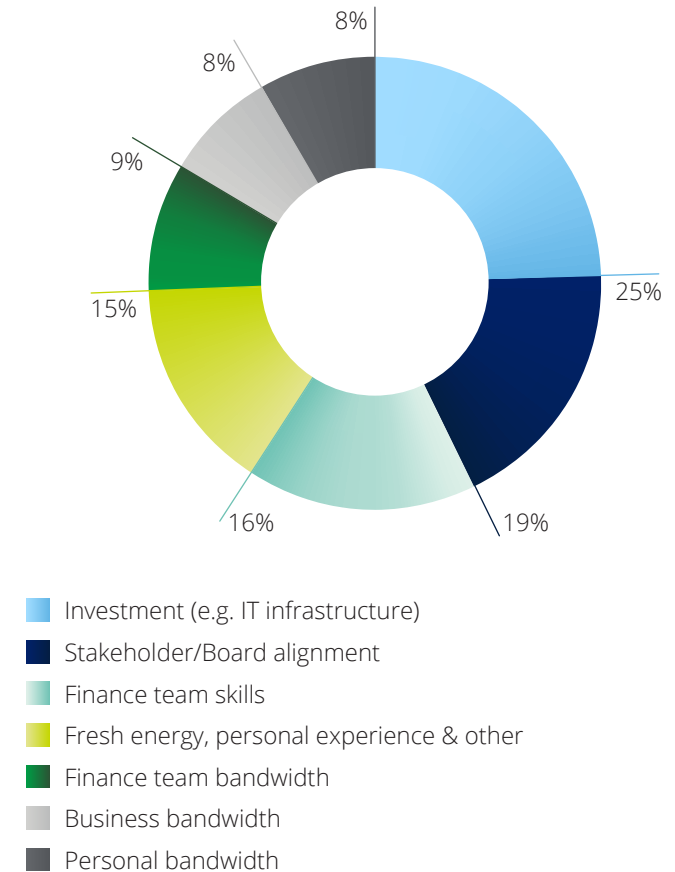
As expected, investment, for example in IT infrastructure, was key to CFOs achieving their priorities, in particular with regards to business performance. This was followed by stakeholder/executive committee alignment and then the skills of the finance team.

The capability and capacity of the finance team was also critical to the CFO's success (see Chart 5). This raised questions over whether CFOs would benefit from a wider variety of skilled people in their teams, as well as increasing levels of automation. There was recognition that personal energy and experience play a role in success.

There was a debate around the ideal composition of the finance team, for example the extent to which the finance team should include more non-accountants such as data scientists. Personal and team bandwidth was also a key factor, with many commenting on the toll heavy workloads take on the effectiveness of the CFO and the finance team.

To deliver their key priorities, CFOs seek further investment, stakeholder/executive committee alignment, finance skills, personal energy and experience – and, unsurprisingly, more bandwidth.

Chart 5 – Resources CFOs need to deliver on their priorities



Source: 2023 CFO Research.



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03 Key research findings

Some of the key words mentioned in our discussions with CFOs when asked about the important changes they expect in the next three to five years were 'technology', 'team', 'data analysis' and 'risk'. 'ESG' was mentioned, but almost tentatively – possibly because CFOs struggle to see where it fits in their range of responsibilities or feel other matters are more urgent.

Chart 6 – CFOs were asked how they expect their role to change over the next three to five years



Source: 2023 CFO Research.



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Data: the 'use it or lose it' moment for finance

CFOs understand that data analytics, technology and, increasingly, AI are critical in business transformation, both through the insights which can be obtained and as productivity tools. In addition, stakeholders commented on the pace of change brought by developments in AI and that time to adapt is short.

Embracing data: a mixed picture

The opportunity for finance professionals to bring their deep experience in interpreting numbers and the discipline of financial control to data analysis across the business is clear, yet many CFOs felt their finance team lacked the skills and investment to respond to the challenges and opportunities of new technology.



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04 Data: the 'use it or lose it' moment for finance

There is a general feeling among CFOs that the full value of data remains locked away, possibly due to a lack of understanding about how to use data meaningfully and a need to upskill.

Finance is 'coping' with data rather than maximising the potential from it, with data often being used as a reference point for decision-making rather than as an engagement process where insights can drive commercial developments.

To address the data challenge, finance is looking to utilise the skillset provided by data scientists and analysts and tighten their collaboration with data teams.

"We're always challenging ourselves on how we look at the data and modelling it in a way that helps drive business performance. If finance is doing that right, no one will ever question the value of finance."

"If I was 21 now, I would consider a data science qualification as opposed to an accounting qualification."

"Using data effectively will be key in facilitating the number one priority of top-line growth. Also given where we are in our investor life cycle, we need to be able to demonstrate growth in value ahead of exit."

CFOs interviewed as part of research



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04 Data: the 'use it or lose it' moment for finance

Chart 7 – CFOs were asked whether and how they have adopted technology over the past five years



Source: 2023 CFO Research.

“I really struggle with technology. The business is growing really fast, and the technology implementation is behind.”

“We have teams of data analysts who will put all the incoming data into a data warehouse monthly, but it’s difficult to make sense of it all. There is an overload of data today, people struggle with prioritising the right types of data to be analysed.”

CFOs interviewed as part of research



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04 Data: the 'use it or lose it' moment for finance

Using new technology to transform business performance

CFOs reported that they had adopted technology to a certain extent, for example automating within the finance function and by investing in business information ("BI") tools, to help articulate performance to stakeholders. However, change is happening at different speeds. Some CFOs, in privately-owned companies in particular, reported still using traditional tools, such as Excel, and thought the executive committee based its decision-making on gut instinct more than on data. For many, the opportunity to use predictive data analytics to generate value is still untapped.

Several CFOs also drew a distinction between automating basic financial systems and digitally-enabled business transformation, which can open up new markets and create new products.

Many felt they had addressed the first topic but not the second. Finance has a key role to play in both fields, but the second area requires finance to interpret the data, and use the insights gained to build the story for the wider business and hence be the force for data-driven organisational change, as shown in Chart 8.

"I would love to crack systems infrastructure and show progress. Disappointingly it is all still Excel. We don't have the headcount to do it. We have outsourced a lot of the data and systems to try and progress. It's difficult because the outsourcers don't do exactly what you're looking for."

CFO interviewed as part of research



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04 Data: the 'use it or lose it' moment for finance

"The CFO has to be the Chief Performance Officer but also the Chief Change Officer. I am now asked to lead transformation and change." CFO interviewed as part of research

CFOs felt a 'need to do more' but struggled to define the way forward due to limited bandwidth and a lack of capability, both in themselves and across the business. The CFO can be a catalyst for change here: making the case to transform business performance in steps, as shown in Chart 8.

The opportunity for CFOs to influence the direction and performance of the business has never been greater. CFOs are expected to have a view on all aspects of the business, founded on core finance and the responsibility and credibility that brings. CFOs and their finance teams can collaborate further with their business to bring together datasets, ensure their reliability, tell compelling stories, and be a catalyst for growth.

Chart 8 – The Deloitte view: Digital mastery: data and automation maturity

	Digitisation		Digitally-enabled business transformation		
Digital vision	Level 0 Incremental digitisation	Level 1 Advanced digitisation	Level 2 Use digital to enter new markets	Level 3 Use digital to create new products	Level 4 Radical business transformation
	Parallel levels				
What changes?	Data/Process <ul style="list-style-type: none"> Same business model Same capability Same market Digitisation of some existing internal data and operating processes Incremental cost/operational improvements 	Platform <ul style="list-style-type: none"> Same business model Same capability Same market Radical digitisation of process and/or platform Revenue generation alongside radical cost/efficiency reduction Likely new KPIs needed 	Market <ul style="list-style-type: none"> Same business model Same capability New market channel Similar operating model (eases change) 	Product <ul style="list-style-type: none"> Same business model New capability which requires radically new product/service offering Same market Likely new operating model needed 	Product <ul style="list-style-type: none"> New market, product, and/or fundamental change in how business profits Likely new operating model and org structure Involves radical transformation within your org, industry, and/or the broader marketplace ecosystem
	Internal optimisation and productivity improvements		External focus on customer value and growth		Internal and external on both

Source: 2023 CFO Research.



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04 Data: the 'use it or lose it' moment for finance

How can CFOs pivot to adapt to new technology, and help their businesses develop the data literacy required to extract the key data insights that will provide commercial benefit?

Data Literacy: upskilling and upscaling

Is the world and the expectations of stakeholders moving faster than companies' data strategies? Overwhelmed with data, information, and content, how can CFOs tap into technology to deliver actionable insights efficiently? Especially if they do not have the appropriate skills to do so.

“You can invest in platforms, but you will not win unless you have captured hearts and minds. A good number of the finance team don't need to be qualified accounting people, you need to hire enough people who are stronger on analytics.”

CFO interviewed as part of research



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The Deloitte View: It's not just the data... it's what you do with it

"As businesses are forced to change fundamentally or face the reality of being left behind, the CFO has a particularly important part to play in preparing for the new wave of digitalisation with Data and Analytics – not only for their own function but for the organisation. CFOs are used to managing change but delivering a complex business transformation on top of an already demanding role can be challenging."

Michael Haupt, Deloitte Consulting partner and author of "The Contemporary CFO: How Finance Leaders Can Drive Business Transformation, Performance and Growth in a Connected World".

- As a CFO, the bar is set relatively high in terms of being data literate, but data capability is still recognised as a gap.
- This gap keeps widening – there has not been a significant change in the quality of data available since our last survey, but awareness and importance of data (and how it can be used) has increased, leading to higher expectations from investors and other stakeholders.
- This emphasises the rising importance of building the right data capabilities within teams, and also the right data culture within the business, and behaviours that regard data as an enterprise asset, embracing the use of data in decision making.
- Targeted investment is required to create a strong data culture within a business – this could include actions ranging from modernising systems which interface, to recruiting data scientists. Businesses need to see data as an asset worth investing in.
- A data culture is also based on what leaders do and say: ask for data, share success stories, be curious and look for different approaches when there are challenges; pause when making decisions based on gut feel alone and value data as a business asset.



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The Deloitte View: It's not just the data... it's what you do with it

To obtain a more holistic view, CFOs need to think through:

- What level of data (amount and granularity) is needed to run the business?
- how can it be integrated across functions (i.e., financial and non-financial data)?
- What format should that data be in and how can the level of push (rather than pull) analysis/reporting be increased?
- What story you are trying to tell with the data and what are the meaningful insights (e.g., what are the big investment cases you need to make? What will support your exit strategy)?
- Is infrastructure within the business in place to achieve the above and, if not, what needs to change?

Where to start – learn by doing:

1. **Focus on value:** where can you realise value quickly to build credibility and confidence?
2. **Build practically** – have a view of the end state but break off one or two things that will demonstrate real value.
3. **Ask for data,** share success stories.



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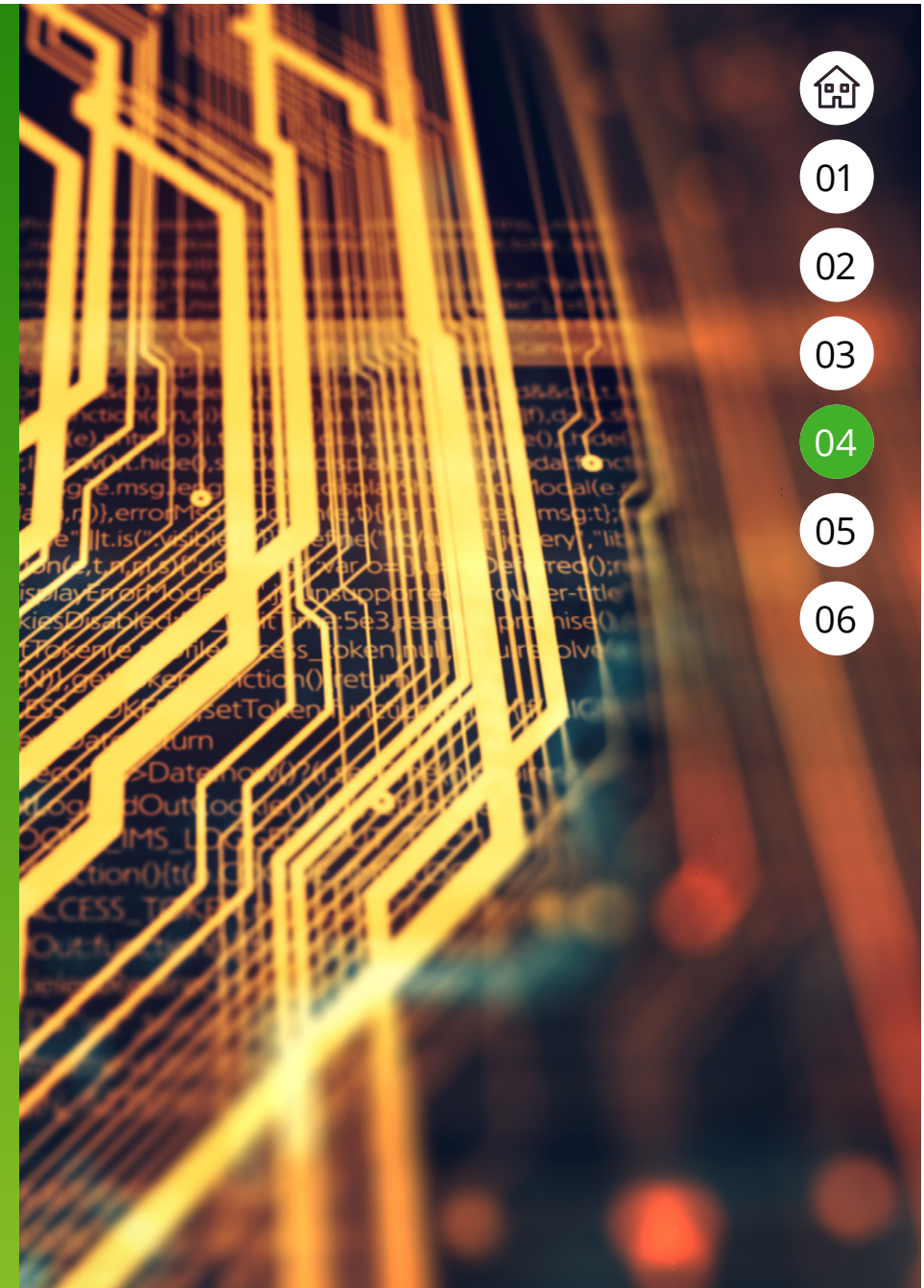
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The 'Human' CFO

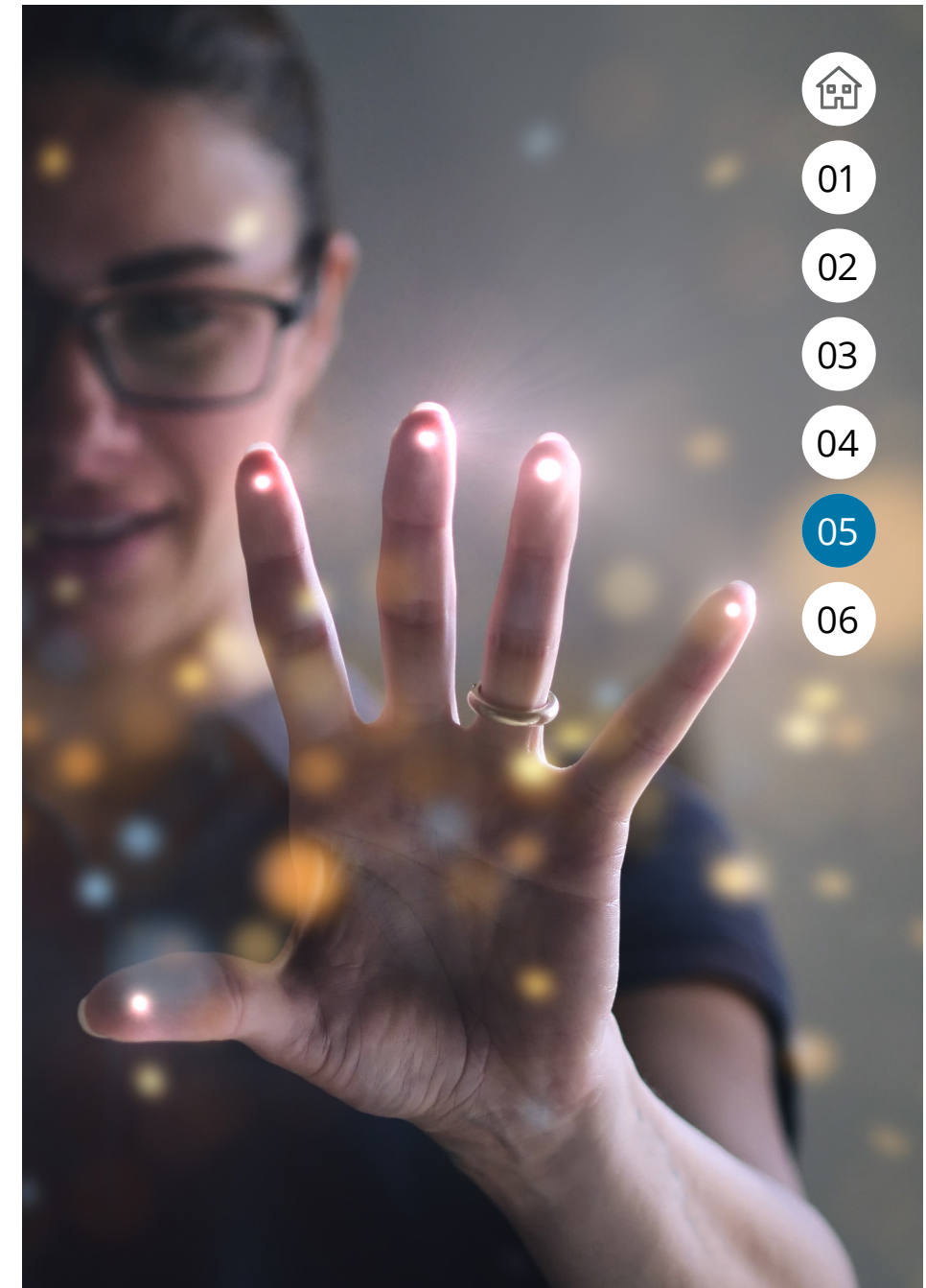
One of the strongest takeaways from our 2023 CFO Research compared with earlier research, is how important the 'human factor' has become to the role. A sense of purpose and focus on the need to develop themselves and their team ('talent', 'teams', 'professional' and 'personal') featured frequently in our conversations with CFOs.

Humans hold the key

There is a growing expectation that the CFO is influential in driving change, aligning people and purpose. CFOs reflected that now, more than ever, they are expected to be visionary leaders, storytellers and talent managers able to motivate teams and foster new skills.

This 'human factor' and a sense of wider purpose in the role is key for appealing to Gen Z and a new generation of recruits, and for differentiating the finance function in an increasingly competitive recruitment market.

Humans hold the key: when asked what levers they use to overcome business challenges, CFOs cite 'teamwork', 'relationships', 'communication' and 'recruitment' as key enablers. CFOs rarely, if ever, mention tech or data as a lever to overcome business challenges.



05 CFOs: the 'human factor'

What levers did you use to help overcome your biggest business challenges?

Here again the issue of alignment came to the fore, with many CFOs arguing that communication between CEO, CFO and the wider executive committee was critical in order to overcome business challenges.

Chart 9 - CFOs were asked how they overcome business challenges



Source: 2023 CFO Research.



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05 CFOs: the 'human factor'

Overall, CFOs reported generally being content in their role, despite acknowledging it is a challenging one. A high level of stress, time away for personal pursuits, and finding the right work/life balance featured heavily in conversations with CFOs.

The COVID-19 pandemic forced many CFOs to take a broader view of life beyond work and career progression to focus on what really matters to them, not only personally but professionally too, with a desire to mentor and 'give back' more.

The highlights of a CFO's career tended to be very 'people' focused, either someone who had provided them with a great opportunity/memorable moment, or a real team achievement. People contributed the most to their sense of purpose and wellbeing at work.

"Engagement with people that can support me is really important – internally... and within my network."

"There are not many people I can lean on and opportunities to network are valued."

"Professional development? I've never had any."

CFOs interviewed as part of research



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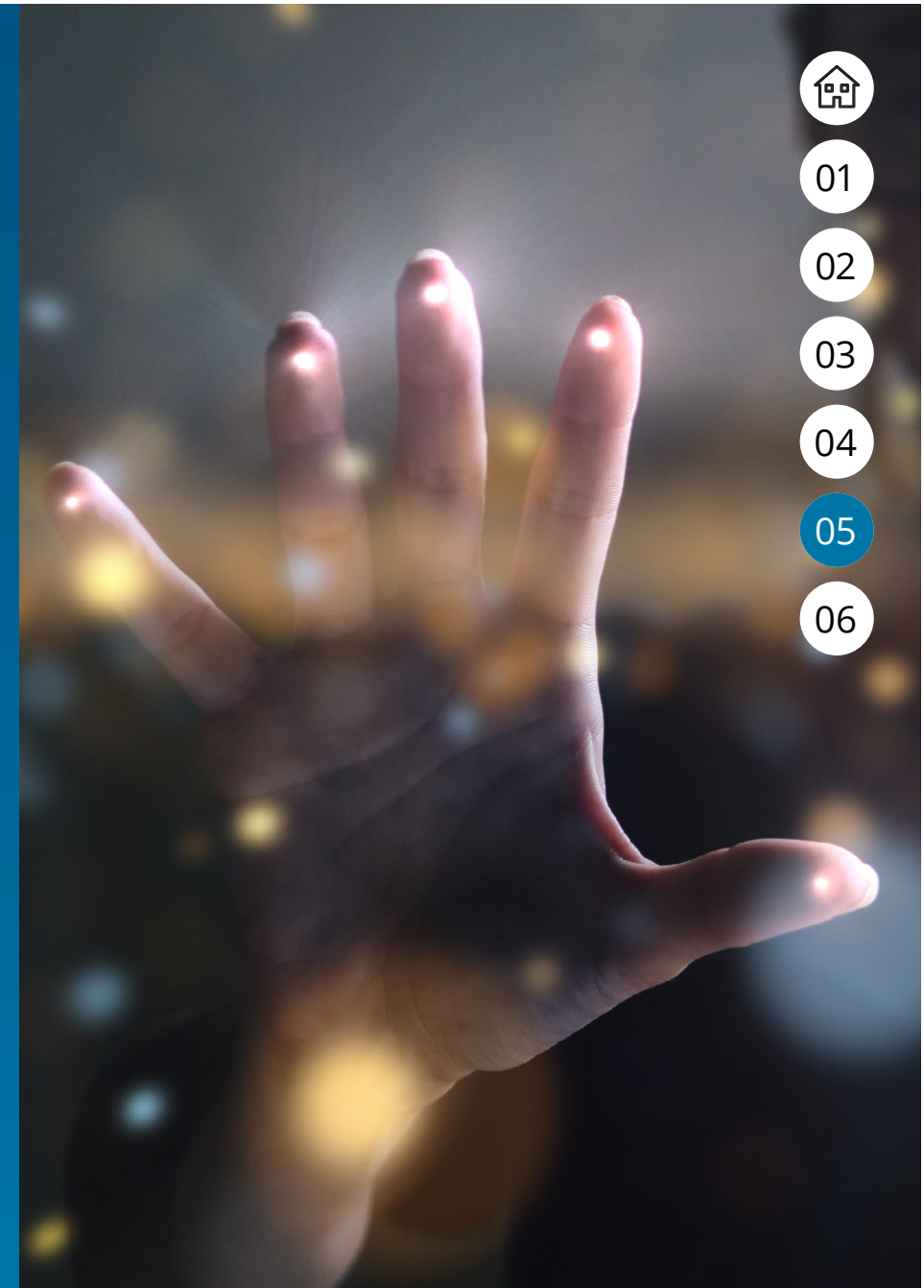
Where do you seek career and development advice?

- CFOs reported a lack of formal framework for mentorship.
- Experienced CFOs are self-reliant and 'do not seek advice'. If they do, it's from current, former and senior colleagues.
- Friends and family also feature heavily.
- Some mention they receive professional coaching, though this tended to be relatively rare.

"I have a trusted network of friends and those I have worked with for a long time."

"At the moment, it's probably a weakness that I don't spend enough time on my development."

CFOs interviewed as part of research



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What are the next steps in your career?

There is a difference between the views of CFOs in Private Equity ("PE") backed businesses and listed organisations when it comes to next career steps, with PE CFOs more likely to try new CFO roles and listed CFOs more likely to want to be CEOs.

"There is an increasing expectation for finance professionals to be able to drive change."

CFO interviewed as part of research

Chart 10 - CFOs were asked about the next steps in their careers



Source: 2023 CFO Research.



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05 CFOs: the 'human factor'

“Finance is no longer just running the numbers, but also bringing insight, challenging the business and contributing to the commercials and strategic direction.”

Managing finance talent

The CFOs were aware of a burning need to develop their team and upskill themselves to tap fully into the potential of technology and data to succeed in their role and the company's growth.

The new professional environment with hybrid work commonplace, multi-generational teams, a shortage of skills, emphasis on mental health, and a need to build further resilience with strong and multidisciplinary teams, calls for new skills and new approaches. This is a key challenge considering the current war for talent.

“Staff retention and employing quality staff is a bigger issue than it has ever been.”

“The key is to understand what talent we will need in three to five years' time and what they will want out of the role. Will we still be looking to bring in people with finance and accounting backgrounds, or will we need people with more of a technological and data background?”

CFOs interviewed as part of research



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The Deloitte View: Hybrid working – define your next normal

Top 3 actions for CFOs to retain their team

- 01. Build skills for the future:** Start by mapping out the work you need done – both today and in your re-imagined finance function of the future. Then, think about how technology will augment your finance workforce: what work can be carried out by machines vs. the human skills needed to level up the work.
- 02. Create career experiences:** Your finance employees require a series of experiences and are unlikely to be excited by a rigid talent pathway. Develop talent pathways that are flexible and individualised, encouraging a depth and breadth of capability and purpose based on everyone's aspirations. Create a sense of purpose.

- 03. Define your next normal:** We expect hybrid working to remain long term. You will need to identify the ways of working that fit in with your policies and organisational culture and develop the new norms of keeping connected. Be deliberate and gather your finance teams together for the moments that matter: strategy setting, collaboration, communicating significant change, the difficult conversations, the celebrations, and much more.

“...remote working has made a positive impact for staff on their quality of life. However, young members of staff want to be in the office as do the older end of the staffing profile. The middle bank of staff wants to be home, as they have kids etc. This will be an ongoing challenge to find a good balance for our teams and for technology to support that...”

CFO interviewed as part of research



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Conclusion

Now is the moment for finance to strengthen their reputation as the custodians, and the most skilled interpreters, of the numbers beyond financial reporting. When finance brings evidence to support insight, combining data from operations and finance, alignment with the business will be more readily achieved.

CFOs today are focused on business growth and have an expanded role with responsibilities and influence way beyond the core area of finance.

This expanded role needs to be delivered with limited time and resources, and in a rapidly challenging business environment. Yet many CFOs have yet to maximise the opportunities from new technologies and data analytics to maximise the efforts and abilities of their teams and themselves.

If CFOs can turbocharge their team's data analytic skills, they will maintain their 'edge', taking a lead role in showing the business how to achieve growth ambitions, and inspire their people. CFOs need to embrace technology and show the value they can bring through reliable insight.

What will your CFO story be and where will it take you?

Further information and support in relation to the topics covered in this paper can be accessed at www.deloitte.co.uk/CFOAdvisory.



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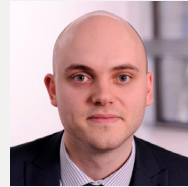
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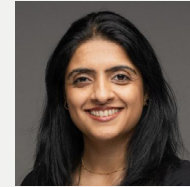
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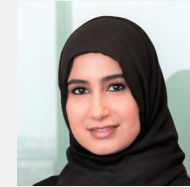
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