Bridging the gap between the finance team you have—and the one you need

Given current technology trends, it seems fair to say that CFOs will be overseeing vastly different finance departments in the not-so-distant future—both in terms of who will be doing the work and how that work will get done.

In fact, many finance leaders are already preparing for a future where finance "talent" comes in multiple forms. In the most recent *CFO Signals*™ survey, for example, 73% of respondents said they will implement technology to replace talent—up from 58% a year ago.[1] And in the Q3 2018 report, CFOs said they foresee increased utilization of outsourced, contingent, or gig workers, and higher use of shared services or offshore personnel over the next three years.[2]

As finance moves through this technological transition, focusing on gaining higher levels of insight, CFOs should expect a very real gap between the workforce they currently employ and the one they will need. For as much as automation and algorithms may streamline processes, and outsourcing can improve cost efficiency, they will not abolish the need for skilled employees. And in this issue of *CFO Insights*, we will discuss why acquiring and developing those skilled employees should be embedded in an overall business strategy and identify some key questions to help guide finance leaders as they build their workforces of the future.

powered by
The CFO Program

The big shift

There is no denying that technologies, such as cloud computing, robotic process automation (RPA), and analytics tools promise to revolutionize finance and improve performance. But while automation is likely to replace some workers in repetitive task jobs, such as those in accounts receivable/payable and invoicing, not every current position is scheduled for extinction. Instead, the new tools will transform many positions within the department, likely requiring members of finance to demonstrate more strategic and analytical skills.

CFOs, it seems, are well aware that the shift to an insights-driven department will occur within a tight time-frame. In the Q3 2018 *CFO Signals* survey, 63% of respondents said that the time allocation of the finance workforce in three years will likely shift toward analysis, prediction, and decision support. Moreover, 68% ranked analytical skills, digital technologies/automation, and core business skills as the most important skills an organization needs to develop to deliver finance effectively in three years.[3]

The path to developing and delivering those skills starts with a series of questions—and actions—that can help formulate a road map. Specifically:

1. **How does your future digital strategy address talent?** From data to governance to investment decisions, implementing a digital future is hardly simple. To realize it, CFOs need to develop strategies that address the kinds of work that are best done by smart machines and the types that should be left to humans. When it comes to applying critical thinking, for example, humans are likely to retain an edge. But by pairing human inventiveness, creativity, empathy, and influencing skills with cognitive technologies, companies have the potential to elevate their collective problem-solving capabilities.

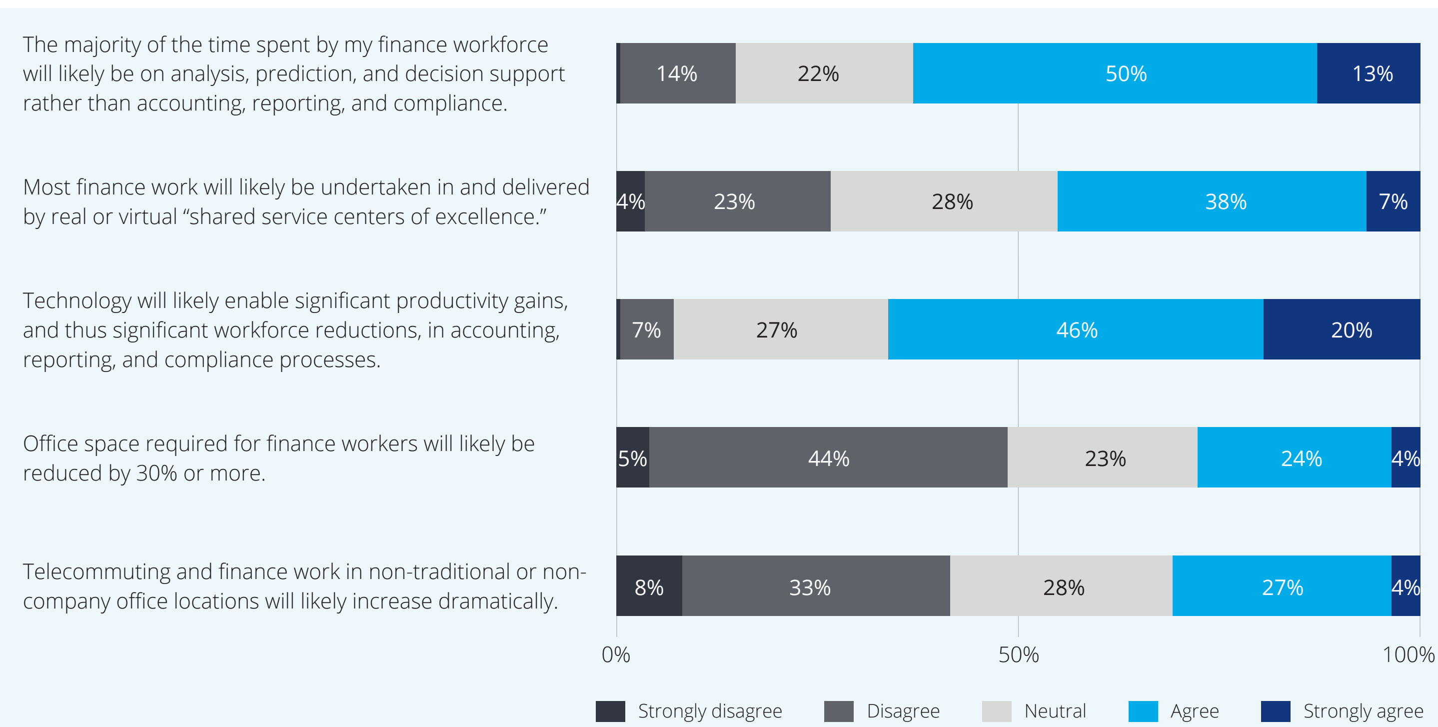
   As part of the exercise, companies also need to determine the skills necessary for the roles to be filled by humans, assess gaps in their current workforce, and develop a plan to either build, buy, or borrow those skills (training, hiring full-time, or using gig workers/contractors).

2. **How does the future of work change organization design and behavior?** The onslaught of new technologies will likely expand CFOs' options for reshaping finance for the digital era. Such tools can also create the opportunity to partner with human resources (HR) to determine exactly what form the organization takes. For example, using data analytics tools, CFOs can work with HR to gain insight into workforce trends, from pinpointing turnover and attrition to identifying workers in need of additional training.

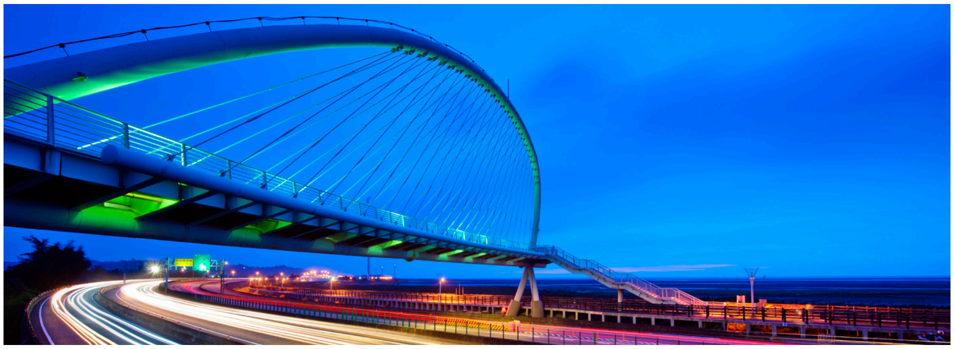
   It is possible CFOs may end up presiding over an increasingly divided kingdom: one group will be composed of more traditionally skilled employees, focused on incorporating tools such as RPA and artificial intelligence (AI) into accounting and reporting processes; the other will provide data analysis, identifying trends and patterns so they can act as strategic advisors. Rewards, learning, and performance management programs will also need to recognize and acknowledge the importance of retaining and motivating both the legacy teams and the new, innovative groups.

Figure 1. Finance work expectations in three years

(Percent of CFOs selecting a specific level of agreement for each statement.)



Source: North American *CFO Signals*, Q3 2018, CFO Program, Deloitte LLP.



3. How does leadership development need to change? Enabling existing employees to make the transition to a more analytical approach to finance—or recruiting those who already possess certain crucial skills—may constitute a leadership challenge for CFOs. As they reinvent their workforces, finance executives will need employees infused with agility, able to learn, and capable of performing productively in a changing environment.

Figuring out who will thrive in this environment—and how to effectively upskill them—may be as tough as determining which technologies to prioritize. But while immersive learning experiences and interactive chatbots represent digitally advanced options for retraining, there are also some practical tactics finance executives can use:

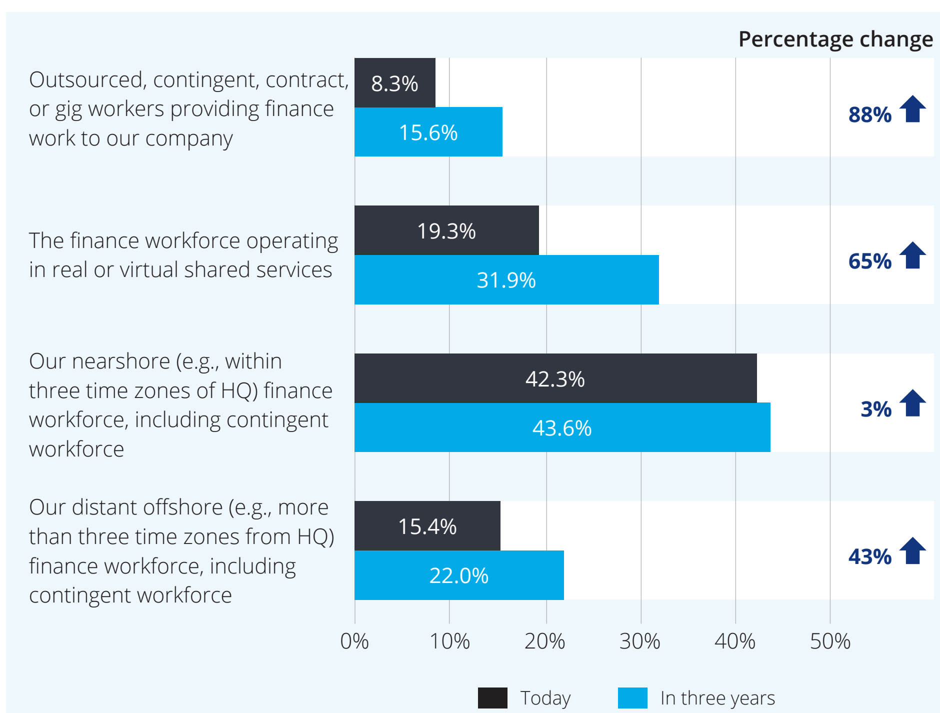
- **Start a reverse mentoring program.** With as many as four generations inhabiting the workforce, why not assign older workers to learn from younger ones? By pairing more experienced workers with so-called digital natives, the transfer of necessary knowledge can take on a face-to-face dimension.
- **Encourage rotations.** To develop skills, set up rotations for finance staff both within the function and outside of it. That way, workers gain an understanding of different parts of the business—or a holistic view of finance—so that they become better partners to the business.
- **Make time for side projects.** Try assigning high-performing employees to spend 10%-20% of their time on a special project inside or outside of finance, stretching their skills and capabilities. Those who eagerly accept the offer will likely play a leadership role in the company's digital future.

4. How does the future of work change access to talent? Notwithstanding the fact that some highly desirable skilled workers are in scant supply, the model for acquiring employees has also undergone a transformation. Digital technology has reshaped every aspect of hiring, from sourcing to selecting to hiring. Here are some keys to getting in sync with a competitive market:

- **Integrate technology into sourcing.** AI tools can help identify candidates who have a high probability of switching jobs, analyzing data to find those whose employers are contracting, for example, or who have logged a comparatively long tenure in their positions. Predictive analytics can evaluate the quality of different recruiting sources and forecast the results of tweaking certain qualifications (required years of experience, for example). Deloitte's [2018 Human Capital Trends] report found that 42% of the respondents believe that AI will be widely deployed at their organizations within three to five years—up from 38% the year before.[4]
- **Update job postings to attract digitally sophisticated recruits.** Currently, there is often a mismatch between the jobs described in postings and those that finance actually needs to fill. Typical finance-related postings specify credentials, years of experience in financial reporting, and familiarity with certain software—in other words, the same qualifications companies have sought for a decade. To be effective, postings should instead stress activities, such as partnering with the business, understanding the underlying drivers of growth, and possessing skills in the engineering and science domain—including proficiency with statistics and scientific software, data management, and data analysis.[5] CFOs would also be wise to hire for core capabilities, and stress differentiating aspects of the position, such as flexible hours.[6]

Figure 2. CFOs' workforce expectations

(Percentages reflect workforces today and in three years.)



Source: Source: North American *CFO Signals*, Q3 2018, CFO Program, Deloitte LLP.

- **Redesign the working environment.** As fashionable and functional as cubicle farms may be, they are typically designed with full-time permanent employees in mind. But given the rise of task-specific work, performed by contingent and contract workers, CFOs need to create a workplace that accommodates a variety of flexible arrangements. In the Q3 *CFO Signals* survey, in fact, 45% of respondents expected most finance work to likely be done in real or virtual shared services in three years.[7] Another 28% believe there will be a significant reduction (>30%) in office space required for finance workers.

5. How do you develop a workforce experience for the future workforce?

Just as CFOs are looking for new formulas to measure the value of talent, so have members of the new workforce recalculated what they want out of a job. While digital natives may be sought for their agility with technology, they do possess other defining characteristics. For instance, many prefer workplaces devoid of hierarchy, suffused with teams, and supportive of work-life balance. And just as they expect to be able to manage their lives via smartphone apps, they anticipate using platforms to track their performance or align their goals.

These employees, especially those whose skills are in high demand, have the luxury of being very selective in choosing where they want to work. Exceptionally talented workers are drawn to companies for reasons other than salary and benefits. They're often searching for values and a mission that resonate—which means that companies can gain a competitive advantage in the labor market by actively touting their distinct culture. Other components that might make your organization "irresistible," include ample growth opportunities and transparency in leadership (see "Unlocking the secrets of employee engagement," *CFO Insights*, August 2015).

Once those highly sought-after prospects come aboard, their performance should be judged based on how well they are developing the skills the company will need, rather than those they already use. And it will fall to CFOs to make sure those skills are disseminated strategically. To the extent they succeed, finance may be positioned to become an exporter of talent—training employees in a future-oriented mind-set and sprinkling them throughout the business. In turn, CFOs may serve as models to other leaders when it comes to appreciating the value of incorporating data and analytics into decision-making—and developing the digital talent to do just that.

Contacts

Jessica L. Bier
Managing Director
Deloitte Consulting LLP
jbier@deloitte.com

Rob Dicks
Principal
Deloitte Consulting LLP
rdicks@deloitte.com

Ajit Kambil
Global Research Director,
CFO Program
Deloitte LLP
akambil@deloitte.com

Endnotes

1. 2018 Q4 *CFO Signals, Tariff and gridlock expectations stoke recession fears*, p.14.
2. 2018 Q3 *CFO Signals, Fading optimism, led by trade, tariffs, and talent concerns*, pp.13-14.
3. 2018 Q3 *CFO Signals, Fading optimism, led by trade, tariffs, and talent concerns*, pp.12/14.
4. 2018 Deloitte Global Human Capital Trends: *The rise of the social enterprise*, p.73.
5. Transcript of webcast, Building a digital-ready finance workforce," Deloitte Dbrief, October 2018.
6. Ibid.
7. 2018 Q3 *CFO Signals, Fading optimism, led by trade, tariffs, and talent concerns*, p.12.

About Deloitte's CFO Program
The CFO Program brings together a multidisciplinary team of Deloitte leaders and subject matter specialists to help CFOs stay ahead in the face of growing challenges and demands. The program harnesses our organization's broad capabilities to deliver forward thinking and fresh insights for every stage of a CFO's career—helping CFOs manage the complexities of their roles, tackle their company's most compelling challenges, and adapt to strategic shifts in the market.

For more information about Deloitte's CFO program visit our website at: www.deloitte.com/ us/thecfoprogram.

Follow us @deloittecfo

Deloitte CFO Insights *are developed with the guidance of Dr. Ajit Kambil, Global Research Director, CFO Program, Deloitte LLP; and Lori Calabro, Senior Manager, CFO Education & Events, Deloitte LLP. Special thanks for Josh Hyatt, Manager/Journalist, CFO Program, Deloitte LLP, for his contributions to this edition.*