

Office of CFO

The role of the CFO is not just shifting; it is expanding. Expectations from the CFO are increasing boards and CEOs increasingly expect CFOs to manage financial performance and provide insights on technology, societal changes and environmental changes. The CFO agenda is more interconnected, requiring collaborative and forward-thinking strategies to address multifaceted pressures.

The digital revolution offers a great transformation opportunity, leading to a step change in the CFO's role: Empowered by digital capabilities, the CFO is poised to carry out a pivotal strategic function on top of their traditional fulfilment responsibilities, changing the way the finance function interacts with its business counterparts.

As macro market forces shape the shifts in how businesses operate and create value, what is needed and expected of the CFO and the finance team is likely to not only evolve but expand. To answer this call, we are likely to

see an exponential CFO take centre stage—an executive who can lead the organisation through unprecedented changes both in scale and speed by accelerating value creation across the organisation, driving enterprise-wide operational excellence and shaping talent experience and culture.

"With a paradigm shift in the expectations of the CFO role from the traditional steward/operator to a strategist/catalyst, arising out of rapid changes in technology, use of data to make sharp focused decisions, being responsible for partnering with the businesses and enabling a wholistic customer experience whilst managing talent challenges and being responsible for the well-being, we see the birth of the exponential CFO of the emerging today and of the future."

**– Nandita Pai,
Partner, CFO Program Leader,
Strategy, Risk & Transactions,
Deloitte India**

Key themes

- CFO, the strategist – Innovation, changing business models

Historical precedents show how technology has influenced business processes over time. However, the current wave of digital technologies is having an even more significant impact on broader business models, particularly in terms of how organisations engage with their customers and generate revenue. Many new business models have emerged from the digital technologies now available. These trends are also reshaping products and service offerings and consequently altering supplier relationships.

Technology is continually changing and improving, which is why many CFOs have opted for a more cautious approach. They prefer to monitor technology innovation and its effects before making significant investments. As digital technologies transform the market landscape, leadership teams, especially CFOs, must contend with the possibility that their competitors can change rapidly. Because of this, they can no longer afford to wait. Their response times to new markets and environments need to be bolstered by higher-quality, more accessible information. In response, many CFOs are becoming more digitally savvy themselves.

As the demands you face from internal and external customers multiply and become more intense, a dynamic finance team will likely benefit from smart technology that augments human power. It could accomplish more by collaborating virtually in ways that obliterate distance.

“Innovation is creating incremental value to the organisation and its customers both internal and external. Innovation should be viewed as a necessity and requires a balance of risk-taking abilities to drive transformation while monitoring the same.”

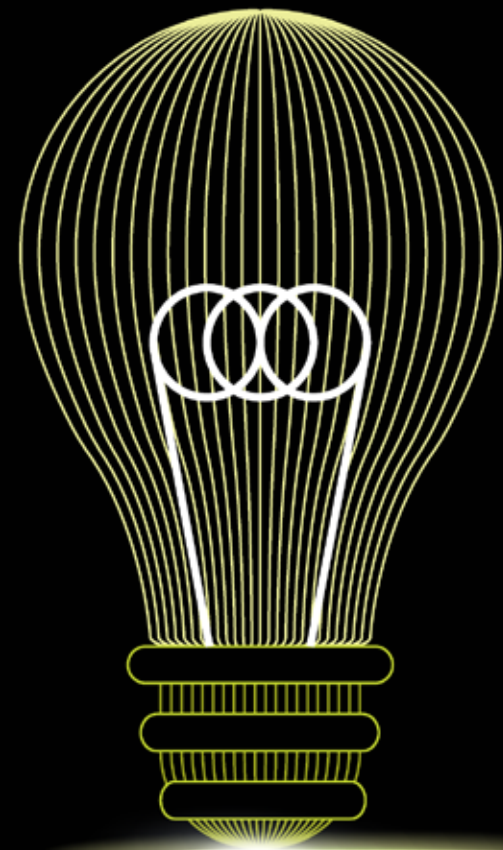
- **Intelligent decision-making using enterprise data**

Everywhere a CFO turns, something underscores the need to care about and prioritise data: compliance with new regulations and demands for transparency, supporting agile and effective decision-making amid rapid change and reacting to market and stakeholder demands as business cycles continue to shorten. Data is central even to the hiring and upskilling that keeps a finance organisation on its toes—and in hiring and retaining talent with data skills, the competition includes not only finance but the whole business world.

The truth is not all data is equal in importance. But it should be equal in usability. It should serve an identified need—such as financial, operational and sustainability—based on the industry and operations. In addition, a forward-thinking approach to data standards can help maintain alignment across existing systems, future ones and ones you may acquire through integration.

Getting serious about data is no longer an incremental need for Finance. It is a transformative one—or a reason transformation might fail.

“Transforming raw data into actionable insights is a critical component of data-driven decision-making. Data analytics and visualisation tools play a vital role in this process, enabling organisations to uncover patterns, trends and relationships within their data. Transitioning to a data-driven organisation requires a cultural shift that embraces data as a strategic asset.”



- **Future-proofing the finance organisation**

Given human-technology collaboration, new work and worker expectations and the growing prevalence of multigenerational work teams, how companies integrate the human agenda into their corporate agenda may need to be profoundly different.

Work continues to evolve across the organisation, potentially requiring new—likely in high demand—skills and capabilities such as business prompting and influence. Worker expectations across intergenerational talent need thoughtful inclusivity, workplace flexibility and new measurements of “productivity.”

Traditionally, CFOs waited for the business to collaborate with them, rather than approaching the business for collaboration on vital strategic decisions. The value CFOs brought to the table was primarily rooted in their ability to manage the company's financial health, mitigate risks and ensure regulatory adherence. However, as the global business environment has grown more complex and competitive, the expectations placed on CFOs have expanded. CFOs today engage with various aspects of the organisation, from operations and marketing to technology and human resources, providing insights that drive strategic initiatives and foster sustainable growth. This

integrative approach necessitates a blend of financial and business acumen, making the CFO a crucial player in steering the company towards its long-term objectives.

CFOs, as leaders, must drive and invest in mandatory training programmes, both internal and external, so that finance professionals can upskill themselves just as much as any other professional within the organisation while giving them enough opportunity to grow.

“The future finance target operating model should incorporate a clear vision of the future to strengthen the competitive setup and deliver value.”

- Catalyst for inorganic strategy

M&A is important for any company, and the CFOs are the most critical part when the deal is underway. They must look at potential synergies, manage compliance, potential risks and pitfalls and allocate capital to finance the deals. Of course, obtaining accurate information and evaluating liabilities and crossovers from the company on the block is a monumental task.

“CFOs should be involved at the stage of assessment for the requirement of inorganic growth, rather than at the stage of assessment of fitment.”



- Driving value across the customer lifecycle

New business models involve closer, deeper relationships with customers. As a result, customer experience is becoming a standout area of interest for finance. This is because customer experience attracts strong digital spending, due to being perceived as a key competitive differentiator. CFOs provide a crucial role in such initiatives: they can inform operational management with analytics driven insights and ask challenging questions to ensure proposals are good for business. Even more significant, customer experience is becoming a source of value creation. It is well established, for example, that customer satisfaction can drive brand loyalty and encourage personal recommendations.

Another aspect of this is the changing nature of customer feedback mechanisms. In the past, feedback was dealt with in a closed environment between the customer and the support desk (with the CFO making available appropriate transaction information). Today, however, customers feel increasingly empowered to voice opinions about products and services on social media. Companies must protect their brand by managing this risk, alongside a focus on improving quality service and delivery – involving the CFO where necessary.

Customer experience may even help shape a firm's overall direction – not least where products become better integrated with corporate systems, for example delivering diagnostic information.

"A company's ability to keep customers satisfied and turn them into loyal customers is critical for business growth. Loyal customers are more likely to make repeat purchases and promote your brand to others."

- **Strategise and steer ESG initiatives to drive enterprise value**

Despite increasing pressure on companies, many CFOs have yet to recognise the importance and impact of becoming more sustainable. Most of the planning, steering and reporting work CFOs do is focused on financial KPIs, but a company's value and risks are not only expressed in financial statements. In fact, we are witnessing increasing pressure from a variety of stakeholders, including:

- government regulators for compliance with non-financial (ESG) requirements
- Investors and analysts that prefer comprehensive sustainability reporting
- Customers shifting towards sustainable products

CFOs are not only key stakeholders in this area, but they are also most suited to take the lead due to their organisational network and in-depth oversight of data and processes. In addition, CFOs have the professional toolkit to align ESG issues with the company's profitability goals.

The methodologies for tracking and assessing the financial impact of sustainability

measures are becoming more and more advanced, including internal cost accounting methods for sustainability projects. By using their power to develop new tools and solutions, internal dashboards, as well as individual and collective performance criteria, CFOs have the big-picture view they need to impact both financial and non-financial performance and create roadmaps to reach their goals.

"At the intersection of sustainability and financial performance, CFOs are in the best position to communicate to stakeholders how a company's ESG strategy management and performance contributes to overall value creation."

"Every business is deeply intertwined with ESG concerns. It makes sense, therefore, that a strong ESG proposition can create value."

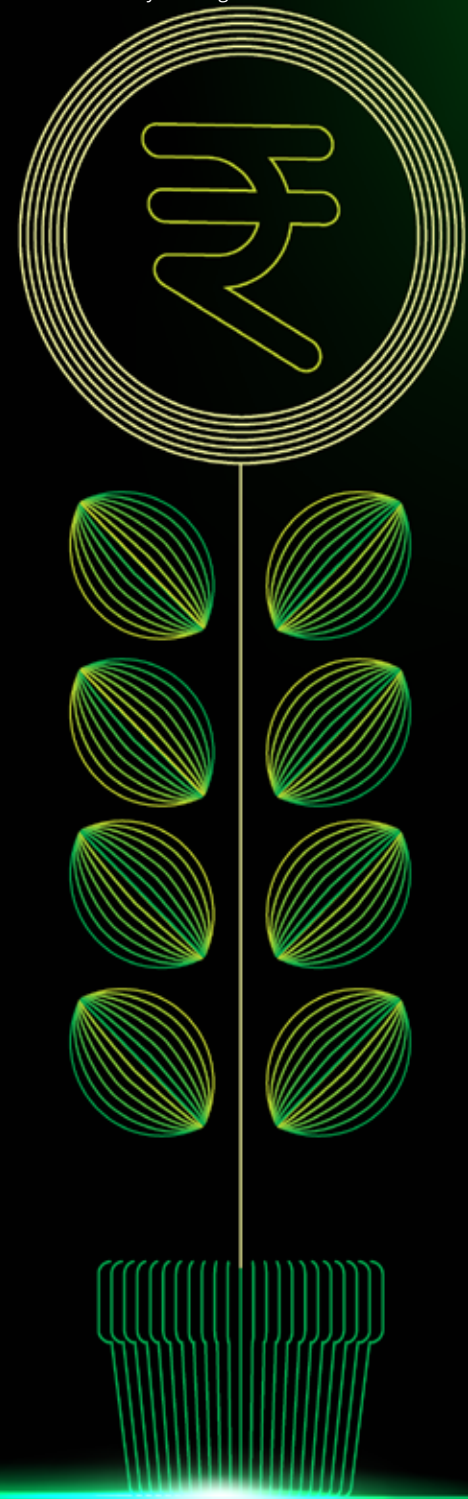
- **Dynamic finance – Flexible, agile, tech-enabled**

Dynamic finance is a new way of operating. The pursuit of dynamic finance is a challenging journey, requiring fundamental changes in people, processes and technology to derive significant competitive advantage. There are certain pillars to how finance is becoming dynamic:

- Transformation mindset
Having a strong, flexible foundation of technology, processes, data and talent that allows you to dynamically support the business in every situation.
- Workforce of now
Be intentional about the workforce and their experience, invest in and foster all your people and give them the opportunity and space to grow.
- Lights out processes
Reimagining and redesigning processes to be performed by systems and automation while ensuring human interaction adds and drives value.
- Information on demand
Meeting the enterprise's growing appetite for fast and reliable information while rethinking how information is made available today to fully align with business needs.
- Data for storytelling
Establish strong governance for your data and ensure finance is well-versed in how it is being used. This will allow the organisation to flex quickly to provide analysis.
- No-regrets tech
Using modern, compatible and continually updating platforms that can change and scale with the business while using evolving platforms that bring new capabilities.
- Sense and learn
Developing the capability to sense, weigh and mitigate risks—and prepare the organisation for what's next.

It is imperative to radically rethink the finance function, including the overall organisation structure, to make it more agile and capable of accepting, analysing and strategising dynamic data. This would probably involve investing in upskilling finance talent and having meaningful technology conversations within and across departments to build and sustain techno-functional acumen.

“Real-time data, flexible budgeting and streamlined processes will help finance teams make faster, smarter decisions that drive growth.”



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