



## Beyond the numbers:

The CFO's modern  
multi-layered job

October 2024





# Introduction

Every new CFO aspires to build a high-performing finance team that contributes to the success of their business. Establishing an agile, vibrant, talented, and inclusive finance team, building strong relationships with peers, stakeholders and overall business, and – if necessary – turning around business performance are some of the most important tasks for CFOs today. However, achieving the transformation of the finance function can be challenging due to the numerous disruptions taking place in Africa and in the world. It can become taxing to accomplish this within the first six to twelve months of appointment as the outcome can either be positive or negative due to the uncertainties that exist. In 2023, a lot of CFOs around the world experienced volatility in almost all aspects of their jobs.

“Leadership is a humbling experience.”

“My aim is to grow to be a respected, well-rounded CFO.”





# Prospective analysis of external factors at both global and local levels

Businesses worldwide are navigating an economic landscape marked by economic fluctuations, subdued growth, high and slowly declining inflation, and persistently high interest rates. Concurrently, the imperatives of digitisation and the urgency to respond proactively to climate change have ushered in an era of deep transformation.<sup>1</sup>

In terms of financial performance, North America and the Asia-Pacific region appears to be facing similar challenges. CFOs have also identified high inflation and interest rates, an uncertain regulatory environment, volatile macroeconomics, and geopolitical risk as some of the key obstacles that could impact their organisations in the next 12 months. Other external risks include a slowdown in market and consumer demand, which could result in liquidity constraints and hinder companies' ability to achieve their financial goals in the upcoming year. These factors may pose significant challenges and CFOs will need to navigate them effectively to ensure their organisations remain profitable and sustainable in the long run. The next few years will be defined by change, and how organisations strategically adapt to these evolving realities will determine their resilience in the face of uncertainty.<sup>2</sup>

In 2023, CFOs in Africa encountered strong headwinds that were significantly higher than their usual levels. Similarly, the past few years have presented numerous challenges for businesses across various industries. The COVID-19 pandemic forced companies to adapt to new safety measures and remote work arrangements, while supply chain disruptions have caused delays and increased costs. The ongoing war in Ukraine and high inflation seen in 2022 and 2023 have also contributed to economic uncertainties, alongside higher capital, and business costs. Furthermore, slower global growth has affected businesses operating on an international scale. In South Africa, an uneven local recovery following the COVID-19 pandemic has added to the challenges, further aggravated by acute power shortages and logistics challenges.<sup>3</sup>

According to Deloitte South Africa's CFO survey, a staggering 92% of CFOs expressed that their businesses are facing significantly high levels of external financial and economic uncertainty. Most CFOs highlighted loadshedding as the most critical risk to their businesses in the upcoming year when discussing business risks. This outcome should not come as a surprise to many, considering the current subdued economic outlook and growth environment. The survey also highlighted the immense pressure due to poor company performance, the changing regulatory requirements and the demands of the CEO and board.<sup>4</sup>

Geopolitical and policy uncertainty in many key markets throughout the world is an additional business risk South African companies have to deal with. This risk will potentially increase in the months after the 2024 national elections that were held in South Africa at the end of May 2024.<sup>5</sup> The election results revealed that the African National Congress (ANC), the incumbent party, had lost its majority. This means that South Africa is governed by a coalition government for the first time since 1994.

In 2024, the world will witness an unprecedented number of elections which are set to break all previous records. More than 2 billion voters spread across 50 different countries will exercise their right to vote and actively participate in shaping the future of their respective nations.<sup>6</sup> However, given the current volatile political conditions in many key markets that are going to elect new governments, these elections will also inject more uncertainty and volatility into global markets.

# Main goals for the next 12 months

The initial analysis of the first set of CFO transition labs was conducted nearly two years ago. As per our previous findings, it has become evident that the role of CFOs has transformed significantly in response to the ever-changing business and operational environment. Lately, organisations expect CFOs to play a vital and more active part in the strategic decision-making process, this means making efforts towards building a business that is both sustainable and profitable. In today's business landscape, CFOs are no longer expected to just crunch numbers. Their role has evolved into that of a strategic partner, providing valuable insights and recommendations to the executive team. By leveraging data analytics and their financial expertise, they can help guide the organisation towards its goals and make informed decisions that drive growth and success. As a result, CFOs are now expected to be more than just financial managers; they are expected to help foster growth, profitability and be strategic partners to the CEO.

"CFOs aspire to be trailblazers and want to achieve what others haven't done before."

The latest research results shed light on the emotions and concerns experienced by CFOs. These findings reveal that CFOs are grappling with a mix of hope, anxiety, and past experiences that are shaping their present decisions and actions. Most CFOs aspire to play a more active role as a sounding board for stakeholders and the executive team when it comes to strategic direction, treasury, and liquidity deals. Drawing upon their expertise in finance as well as in mergers and acquisitions, CFOs can provide valuable insights to the executive team in making strategic decisions and by leveraging their knowledge and experience, CFOs can help shape the direction of the organisation and drive sustainable growth. To be effective, CFOs must foster a productive, dependable, and transparent partnership with the organisation as a whole. They should cultivate a skilled and diverse finance team and be able to enhance business outcomes.

For example, in the Asia-Pacific region, CFOs are focused on implementing a range of strategic changes to propel their organisations towards accelerated growth and secure a stronger position in the market. The responsibilities of a modern CFO extend beyond cost management, as they are expected to become strategic business partners and drive the finance department's transition from traditional accounting to value creation. With these evolving expectations, CFOs are required to have a broader skillset and vision to navigate the challenges of the market and create growth opportunities.<sup>7</sup>

"As the Financial Director you can't be everywhere and you need to find the places to influence and to implement collaboration."



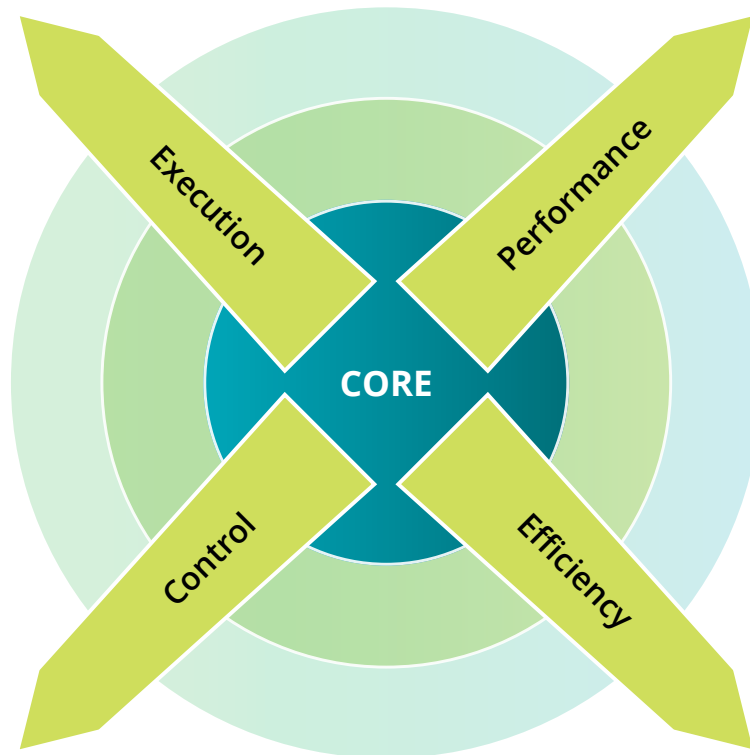
# Redefining the top priorities in the *Four Faces Framework*

## Catalyst

Catalyse behaviours across the organisation to execute strategic and financial objectives creating a risk-intelligent culture.

## Steward

Protect and preserve the critical assets of the organisation and accurately report on financial position and operations to internal and external stakeholders.



## Strategist

Provide financial leadership in determining strategic business direction, M&A, financing, capital market and longer-term strategies vital to the future performance of the company.

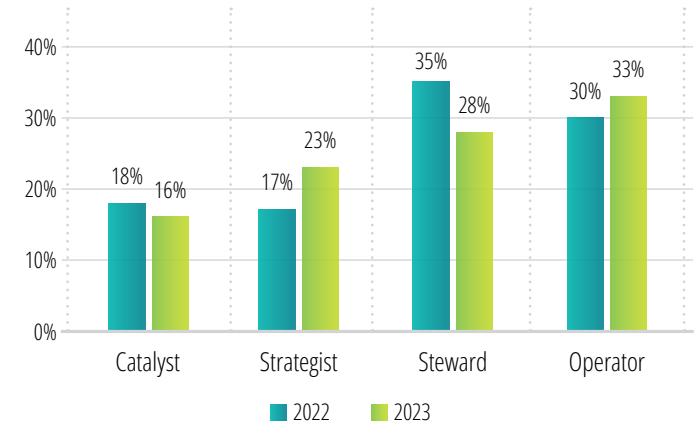
## Operator

Balance capabilities, talent, costs, and service levels to fulfil the finance organisation's core responsibilities efficiently.

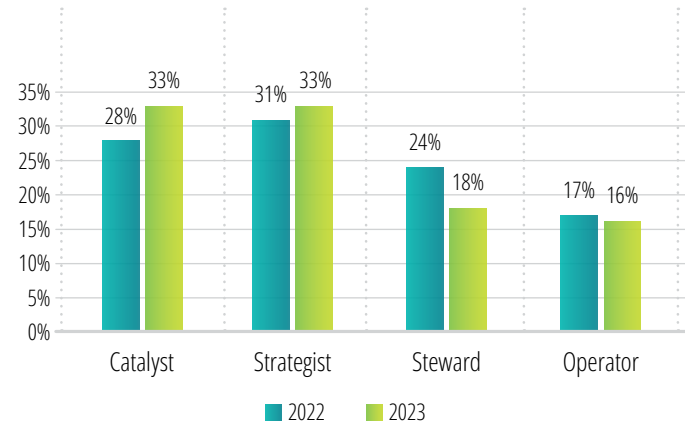
As new CFOs step into their roles, establishing clear priorities becomes crucial in navigating a constantly changing world. CFOs must focus on the most pressing issues. In previous CFO transition labs, various top priorities were identified, including supporting decision-makers, setting meaningful goals for employees, assessing mergers and acquisitions transactions, and most importantly, prioritising talent management. These priorities hold relevance in the latest transition labs as well, emphasising the significance of talent and talent management in the success of any organisation.

The four faces of the CFO: Time allocation

Current allocation %



Future allocation %



Source: Deloitte Africa CFO Transition Lab Insights  
Note: Current 0-6 months in the role, Future: 6 months onwards

Top key priorities

Talent

Numerous CFOs aspire to have a finance team that is well-resourced and can be effectively engaged with. They also seek to utilise innovative structural frameworks to ensure the smooth functioning of the finance function. While acknowledging that team development is a time-consuming process, most CFOs understand that relying solely on existing talent is insufficient for creating a future-ready finance organisation. This includes those who are nearing retirement age and may not possess the necessary skills. As a result, many CFOs provide development programmes, such as project management, advanced financial reporting & visualisation, and finance management, to align their team with their vision and specific needs. These programmes are implemented after a new team member joins the finance department to ensure that they have the necessary skills to create a finance organisation that is future-ready.

Top desired priorities for CFOs	
<div>2022</div> <ul style="list-style-type: none"> <li>Enhance decision-making through fact based analysis</li> <li>Set meaningful and impactful goals for staff</li> <li>Drive balance of growth, margin, and investment focus</li> <li>Talent: recruit, retain, and develop talent</li> <li>Assess M&amp;A transactions</li> </ul>	<div>2023</div> <ul style="list-style-type: none"> <li>Talent: recruit, retain, and develop talent. Improving business performance.</li> <li>Stakeholder management (provide insights to stakeholders and bring them on board).</li> <li>Being a catalyst for change (culture, governance issues etc).</li> <li>Risk sensing and finance risk response (Risk Management).</li> </ul>

“Build a world-class finance function, and the most innovative and digitally-enhanced finance team and organisation.”

“I trust my team, but I am constantly verifying. Sometimes I over-verify, and that can come across as micromanaging.”

### Improving business performance

The role of the CFO in any organisation is of utmost importance. Their top priority is to ensure that the business is running smoothly by gathering valuable insights through key conversations and improving the planning, budgeting, and forecasting processes. CFOs aim to enhance market value through strategic leverage and by prioritizing effective management of the balance sheet.

South African CFOs are constantly striving to avoid poor performance in the early stages of their appointment, since it has led to restlessness and concerns among stakeholders in the past. In order to improve margins, CFOs focus on employing and deploying qualified people and implementing effective and efficient business processes to ultimately improve business performance. By identifying areas to optimise costs across the business, setting target metrics, and demonstrating measurable progress against ratios, they can make sure that the organisation is heading towards success and profitability.

### Stakeholder management

One of the top priorities for CFOs is to establish strong and reliable relationships with stakeholders. This involves taking a proactive approach to align with the stakeholders and provide them with well-informed insights to address their requirements. To achieve this, CFOs engage in regular interactions with a wide range of executive members, committees, board members, and team leaders. They understand the importance of these interactions in building trust and maintaining a good rapport with all stakeholders, hence, they take great care to ensure that each interaction is meaningful and productive.

By fostering such robust relationships, CFOs can develop a deep understanding of the stakeholders’ perspectives, which can then be used to drive informed decision-making and deliver long-term value to the organisation.

“My biggest surprise was how many new relationships I had to form and maintain. I underestimated how much time and effort that will require.”

### Being a catalyst for change – culture, governance issues

In the current competitive business environment, organisations face several challenges that can hinder their growth and profitability. These challenges include a lack of accountability, ownership, and sense of urgency among employees, as well as complacency and a lack of goal congruency. To overcome these obstacles, organisations must foster a culture of accountability and instill a sense of ownership among their employees. This can be achieved by setting clear performance expectations, providing regular feedback, and incentivising goal achievement. Additionally, organisations should encourage a sense of urgency by prioritising time-bound goals and creating an environment that values speed and agility.

To address complacency and goal incongruence, organisations must ensure that employees understand the company's overall mission and vision.

This can be achieved by communicating these values clearly and consistently and aligning individual goals with organisational objectives. By doing so, employees are more likely to stay motivated and engaged, leading to improved performance and increased profitability. This can involve changing the way that leaders interact with their teams, promoting a more collaborative and empowering approach that allows people to excel and reach their full potential. Many CFOs are dedicated to driving this kind of cultural transformation, leveraging their leadership style as a strategist and governance to create a more positive and impactful work environment. Through their efforts, they aim to establish a fit-for-purpose organisation that is well-positioned for long-term success.

### Risk sensing and finance risk response – Risk Management

Many CFOs worldwide are now adopting a scenario-planning mindset and shifting their focus towards financial risk management instead of just financial reporting. They are also developing an awareness of the challenges that come with the ever-changing world and environment and aligning their strategies with the CEO. Additionally, there is now a greater emphasis on developing a culture of proactive risk management. In South Africa, CFOs are navigating the headwinds and risks of a subdued global and local economic and financial environment with strategic planning and implementation. However, they are also facing local challenges, including a high likelihood of experiencing power outages again due to insufficient and unreliable power generation, logistics bottlenecks due to ailing transport infrastructure and persistent inflation. Despite these obstacles, CFOs remain committed to managing risks and ensuring the financial stability of their organisations.<sup>8</sup>

# Creating the 180-day plan is crucial for incoming CFOs

When a new CFO is appointed, it is crucial that they hit the ground running and establish a clear plan of action with specific objectives within the first six months. This plan is essential in enabling CFOs to effectively manage and safeguard their most valuable assets, which includes their time, talent, and relationships with key stakeholders. By setting a solid foundation early, newly appointed CFOs can ensure that they are positioned to succeed in their role and make meaningful contributions to the organisation's overall success.

During the first 180 days of their tenure, CFOs can significantly influence their stakeholder engagement by having early and open conversations. These conversations allow them to clarify expectations, understand communication preferences and the working style that their key stakeholders prefer. It is important to note that there is no one-size-fits-all approach to building successful relationships, and new CFOs must possess emotional agility to navigate diverse stakeholder relationships. Every interaction with stakeholders is an opportunity to create a positive reputation; however, this can be a daunting task for new CFOs.<sup>9</sup>

To ensure an effective start, CFOs must undertake specific actions, including thorough planning, meticulous execution, and proactive stakeholder engagement. The involvement of stakeholders is integral to the successful implementation of plans. It is imperative to align these plans with key performance indicators (KPIs). Regular monthly or bimonthly check-ins are necessary to track progress and make adjustments as needed.

Establishing a knowledgeable community to provide insights on technical matters, for example, consulting data analytics for information, engaging accountants for financial analysis, and involving sustainability consultants for environmental, social, and governance (ESG) considerations, can greatly assist CFOs in their roles. It is essential to mandate alignment from the team based on the established plans, fostering a collective commitment to achieving the outlined objectives.

As CFOs take on the role, their primary focus is on improving business performance through growing revenue, improving margins, retaining and developing talent, and making informed decisions. In the first six months of appointment, most CFOs aim to concentrate on operating and strategic roles such as talent management, treasury management and studying the business landscapes. All CFOs strive to build a highly engaged and inclusive team, as motivated employees are essential for making a business more sustainable and profitable. For instance, one CFO in the lab requested input from the team on improving the function, with suggestions centered on initiating big-picture thinking from the outset rather than being consumed by daily spreadsheet tasks. There was also emphasis on accelerating and improving the quality of reporting and investor relations. This kind of setting worked because it helped cultivate a team with clear goals in mind.

CFOs aim to create efficient processes (including Close, Consolidation and Reporting (CCR), budgeting and strategic planning), a robust environment, and a team full of talented individuals. The CFO aspires to spend more time in the future on above-the-line activities in *Catalyst and Strategist* (20% vs 50%), in particular in the *Catalyst* space, due to the amount of personal time required to build their credibility within the Exco group. However, this requires them to acquire the

right talent and focus on the basics, such as recruiting, retaining, motivating, developing, and mentoring their employees, to enable a move towards the *Catalyst and Strategist* quadrants.

Aspiring to take on the role of *Catalyst and Strategist*, the focus will be on achieving business performance objectives such as enhancing market value and effectively managing the balance sheet. In addition to this, as a strategic partner, the CFO will also need to look beyond the core finance function and drive behaviour towards strategic goals. In today's complex and ever-changing world, the CFO's ability to navigate uncertainty will be essential for successfully fulfilling the role of *Catalyst and Strategist*.

According to CFOs, transitioning from an *Operator* role to a *Strategist* role might take some time. However, by focusing on the *Catalyst and Strategist* role, one must think about the bigger picture, and focus on long-term goals while keeping short-term targets in mind. CFOs agree that execution is a crucial aspect that needs to be focused on. Hence allocating more time towards being a *Strategist* will assist CFOs in being more aligned with the CEO.

“We must force ourselves before we need to be forced. We do not have the luxury of time as we are operating in an agile environment. Finance is centered on the business, yet business rarely sees Finance as a business partner.”



# Conclusion

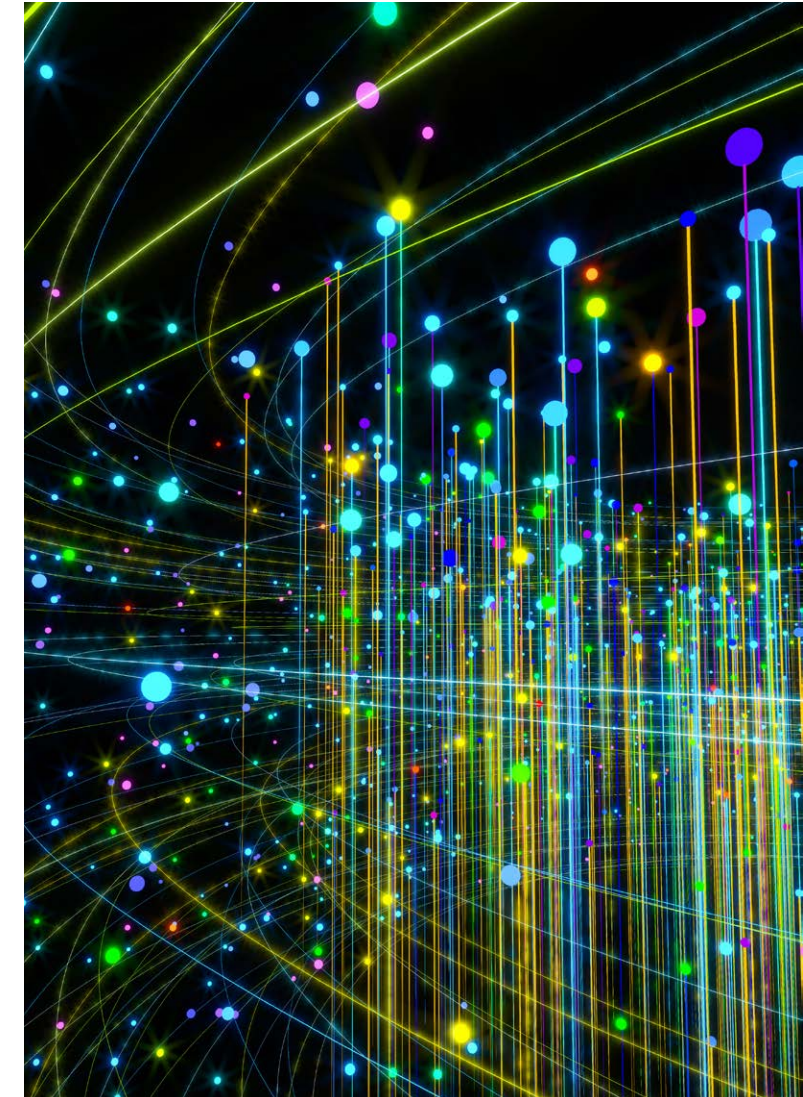
Embarking on a new role is a significant milestone in any professional's career, presenting novel obstacles, uncertainties, and expectations. In the constantly evolving sphere of modern business, the position of CFO has become increasingly complex and demanding. In the future, CFOs will have to shoulder more responsibility for creating and maintaining a sustainable organisation that strikes a perfect balance between utilising state-of-the-art technology and fostering a diverse and proficient workforce. Furthermore, they must consistently achieve high levels of efficiency, create value for all stakeholders, maintain a culture of integrity, and provide visionary leadership to steer the organisation towards long-term prosperity. All-in-all, the role of a CFO is pivotal to the success of a contemporary business, requiring a unique combination of financial expertise, strategic thinking, and robust leadership skills.

In the current business landscape of Africa, CFOs face a multitude of challenges that pose significant threats to their companies' success. These challenges include supply chain disruptions, inflation, sluggish global growth, and high likelihood of experiencing power outages again. However, despite these obstacles, CFOs remain cautiously optimistic about their companies' earnings and capital expenditure. To ensure their companies' sustenance in such a challenging business environment, CFOs are taking immediate action to address the identified business risks and challenges. These actions include diversifying energy sources, prioritising cost optimisation, investing in digitalisation, and finance transformation. By adopting such strategies, CFOs aim to mitigate the impact of the challenges and potential risks that come with them, enabling their companies to stay resilient and competitive amid the uncertainties.<sup>10</sup>

"Expect what you Inspect" – there is a culture in the team to not escalate any issues".

"The current routine is unsustainable ... I find myself working 24/7... knowing what is critical and prioritising is very important."

"Make sure you begin to unpack the old issues and spend time with your internal customers talking about what's working and what's not working. Like all things, it's always a two-way street."



# Methodology

This report presents a comprehensive analysis of the insights gathered from the CFO transition labs, which were expertly conducted by Deloitte from June 2022 to October 2023. The report provides valuable information and recommendations for companies that are seeking to navigate the complex challenges involved in CFO transitions.

The CFO transition labs by Deloitte are designed to assist newly appointed CFOs in identifying and exploring their priorities for the next six to twelve months, as they navigate through the critical aspects of their role. The programme offers a set of carefully selected interview questions and a well-crafted process that helps CFOs achieve a breakthrough in their professional journey.







# Endnotes

<sup>1</sup> Deloitte, *The next set of imperatives for CFOs in the Asia- Pacific region, reveals Deloitte Survey, 28 December 2023*

<sup>2</sup> Deloitte, *CFO Signals, 2024*

<sup>3</sup> Deloitte, *Deloitte CFO Survey: SA CFOs feel the weight of uncertainty, June 2023*

<sup>4</sup> Ibid

<sup>5</sup> Ibid

<sup>6</sup> World Economic Forum, *2024 is a record year for elections. Here's what you need to know, 15 December 2023*

<sup>7</sup> Deloitte, *The next set of imperatives for CFOs in the Asia- Pacific, reveals Deloitte Survey, 28 December 2023*

<sup>8</sup> Deloitte, *Deloitte CFO Survey: SA CFOs feel the weight of uncertainty, June 2023*

<sup>9</sup> Deloitte, *Making an Impact: The CFO view, 2023*

<sup>10</sup> Deloitte, *Deloitte CFO Survey: SA CFOs feel the weight of uncertainty, June 2023*



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