

Digital Transformation: Empowering the Evolution of the CFO



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I. Introduction



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As acclaimed MIT Economics Professor Rüdiger Dornbusch once said:
“Things take longer to happen than you think they will, then happen faster than you thought they could.”

Beyond pure macroeconomic theory, this simple statement is a business reality. With technology increasingly shaping and disrupting corporate strategy and the way organizations operate, CFOs must remain poised for more change ahead, and be prepared to quickly and continuously innovate to keep pace with digital transformation.

In our first survey of over 400 financial executives around the globe, we found that the role of the CFO continues to evolve at an escalating pace, and as their role expands to include ever more non-traditional financial accountabilities, CFOs recognize they must build new skills to lead.

Technology, and the unique opportunities it offers, presents new challenges and demands on CFOs to take on a greater role in attracting, developing and retaining top tech-savvy leadership talent that can leverage new technologies within their organizations, allowing them to focus on developing and driving corporate strategy to remain competitive.

The tides have clearly changed, and the CFO focus has irrevocably shifted from “traditional” finance responsibilities to how Finance can add measurable business value. Technology is a both a driver and an enabler of this shift.

Please read on to see our findings in detail. We sincerely appreciate the participation of our survey respondents and hope this white paper generates some meaningful conversations within your organizations.

To learn more, please visit www.stantonchase.com or contact one of our experienced CFO search professionals within your local Stanton Chase office.

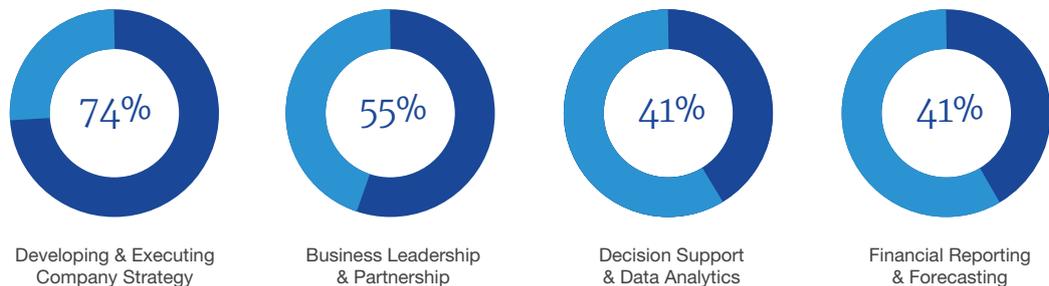
II. Findings and Analysis

Bolstered by digital transformation technologies, the role of Chief Financial Officer has increasingly and rapidly evolved beyond traditional Finance to encompass corporate strategy, business leadership and ultimately talent management.

The (Re) Evolution of the CFO

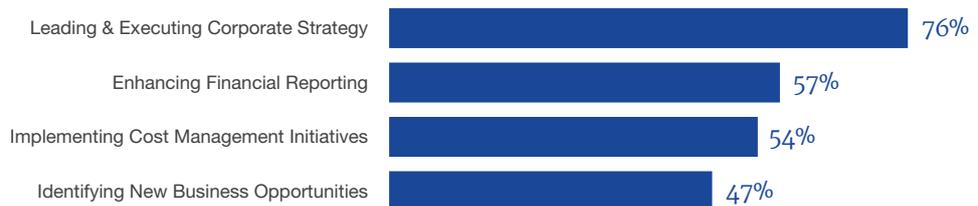
The highest priorities identified by CFOs clearly show how their role has changed. While financial reporting and forecasting are still key components of the CFO mandate, the top three priorities speak to the growing importance of the CFO initiating higher level technology enabled data analysis and decision support as well as the shift of the CFO from a financially focused silo to an integral part of the leadership team.

Top priorities of CFOs



Developing and executing company strategy is the number one priority of CFOs, regardless of years of experience in the role, company structure, operational scope, geographic location, or industry. In other words, it is the single unifying metric that connects all CFOs surveyed. Acting as a corporate strategist is also the contribution that CFOs pride themselves on most, even more so than successfully executing traditional Finance responsibilities such as reporting, forecasting, analysis, and cost-saving initiatives.

In the past year, how have you created the most value for your organization?



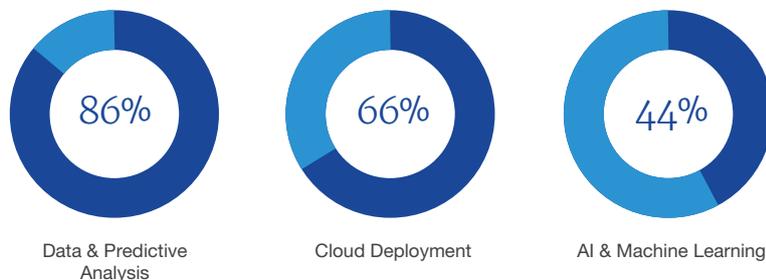
Digital Transformation

A key catalyst of the CFO's evolution is the phenomenal advances in digital technologies that have automated and streamlined many aspects of all financial processes, allowing the CFO more time and flexibility to move beyond their previous primary focus of Finance to broader corporate strategy.

As this evolution continues, CFOs are leveraging digital technologies that will further automate and enhance traditional finance processes such as data analytics, financial reporting, and some components of risk management. The right analytical tools offer huge potential for the CFO to utilize their unique perspective to offer insight into their organization's business activities, enabling them to further embrace their role as strategic corporate partner.

Data and predictive analytics are expected to be by far the most impactful digital technologies within the Finance function over the next five years, followed by cloud deployment, artificial intelligence (AI) and machine learning.

AI and machine learning has already played an important role in the automation and streamlining of internal business processes, and we believe that will only increase as new applications and technologies become accessible. While roles will not necessarily be eliminated, they will most certainly change, with AI and machine learning enabled decision making experiencing rapid growth.



The need for, and impact of, these technologies speaks to the increasingly broad responsibilities of the CFO. Beyond traditional Finance, a large majority of CFOs oversee Risk Management and Regulatory Compliance (including Legal) as well as IT and Cybersecurity.

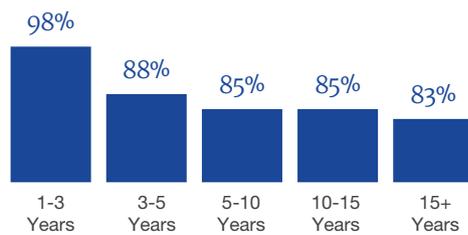
Functions outside of traditional finance that are the responsibility of the CFO



In order to effectively manage this range of responsibilities, CFOs identified a need for technological tools that not only accurately and quickly report and analyze corporate data, but confirm the security of this data as well. While not without its risks, cloud deployment has proven to be a remarkably powerful and reliable tool, addressing a broad range of business needs. CFOs have recognized the shifting dynamics and tangible business benefits to implementing cloud offerings, including flexibility, scalability, and enhanced analytics.

Not surprisingly, the newest generation of CFOs – inspired by and motivated to propel this evolution forward – place the highest importance on further advancing data and predictive analysis capabilities that will reinforce their emerging role as company strategist.

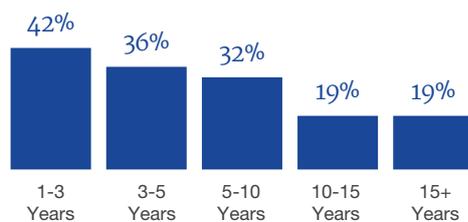
Ranking of data & predictive analysis as the most impactful digital technology



Number of Years' CFO Experience

What is interesting to note is that the same CFOs that place the highest importance on data and predictive analysis also place the highest importance on upgrading and replacing their organization's existing systems.

Importance of upgrading & replacing existing technology systems



Number of Years' CFO Experience

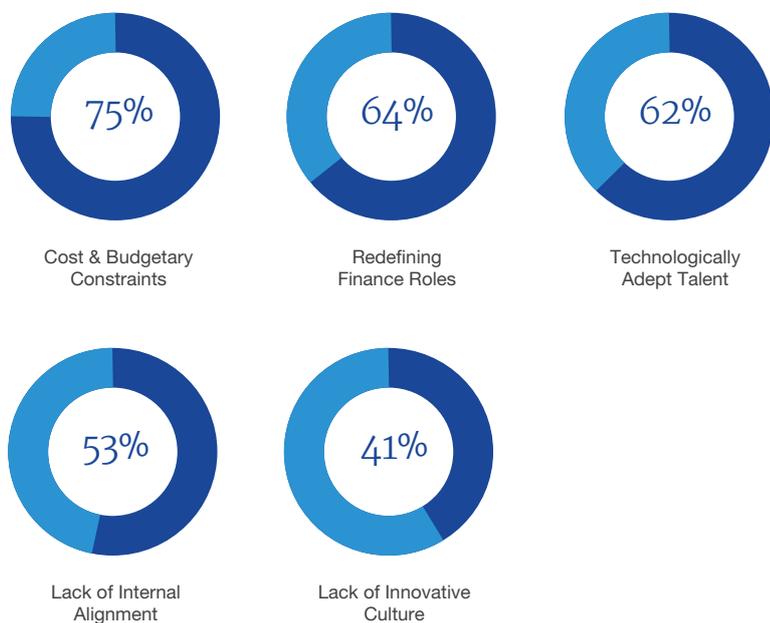
Challenges Both Quantitative and Qualitative

Change does not happen without growing pains, and the evolution of the CFO is not exempt. Although CFOs see digital initiatives as the path that will ultimately allow them to play a more proactive, strategic role in their organizations' leadership, implementing these changes is their single biggest challenge.

“Implementing innovative technology is my biggest challenge as CFO”



This struggle is due primarily to budgetary constraints, but also because CFOs are striving to redefine their role in the organization, often while facing a perceived lack of internal alignment within the business and a culture that does not support innovation and new initiatives.



Although budgetary constraints may be an unalterable obstacle, the qualitative challenges certainly are not. Inspiring a culture that supports innovation and instigating conversations that improve internal alignment are key steps in the evolution of the CFO.

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Talent is Next

Despite the expanding role of the CFO, surprisingly few of those surveyed indicated that they have played a pivotal role in the talent acquisition process or implemented talent management strategies. This is a noticeable disconnect in the overall evolution of the CFO role to that of a corporate leader, strategist, and business partner to the CEO.

Is people management & development currently a top priority in your role as CFO?

27% Say Yes 73% Say No

In recent years, has your role as CFO evolved to include a greater focus on talent management?

23% Say Yes 77% Say No

Have you had the opportunity to add value to your organization by implementing talent strategies?

19% Say Yes 81% Say No

However, their organizations' ability to attract and attain leadership talent is cited as a major hurdle to CFOs being able to successfully execute their business goals and implement digital transformation within their organizations.

In striving to meet your business goals, is attracting & retaining leadership talent a primary challenge?

63% Say Yes 37% Say No

When implementing digital transformation, is attracting & retaining talent with the requisite technology skills a challenge?

62% Say Yes 38% Say No

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Far from being an independently functioning silo, Finance is truly an integral business partner working collaboratively with other functions, with the CFO forming strong relationships with not only the Chief Executive Officer, but with the Chief Information Officer, Chief Security Officer, and Chief Legal Officer.

Key cross-functional CFO relationships



The next most strategic partnership that is central to the success of the CFO is their relationship with the Chief Human Resources Officer. Considering the essential role that technologically adept leadership plays in achieving business goals and the CFO's emerging role as a strategic partner, it is critical that talent acquisition and management play an increasing part of the CFO's corporate agenda.

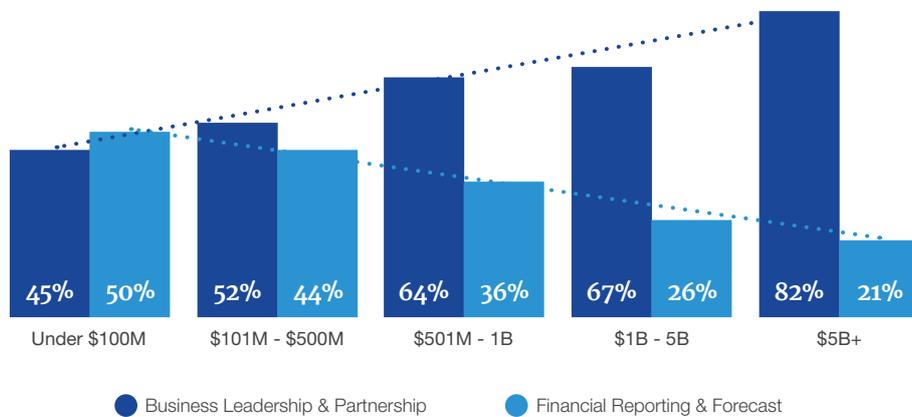


“It is critical that talent acquisition and management play an increasing part of the CFO's corporate agenda.”

The Revenue Connection

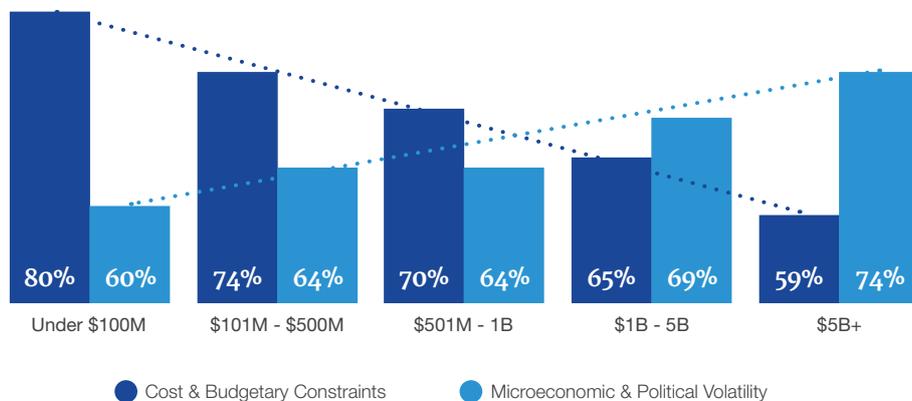
There is a pronounced interrelationship between company revenue and the evolution of the CFO role. The higher the company's revenue, the greater the emphasis the CFO puts on their role as a business leader and the lower the emphasis they place on "traditional" Finance responsibilities such as reporting and forecasting.

Relationship between company revenue & the changing role of the CFO



Not surprisingly, CFOs at larger companies are less affected by budgetary constraints, perhaps because they have greater financial resources at their disposal. The flipside of this advantageous spot is that due to their size and reach, they are more challenged by macroeconomic and political volatility.

Relationship between company revenue & primary challenges



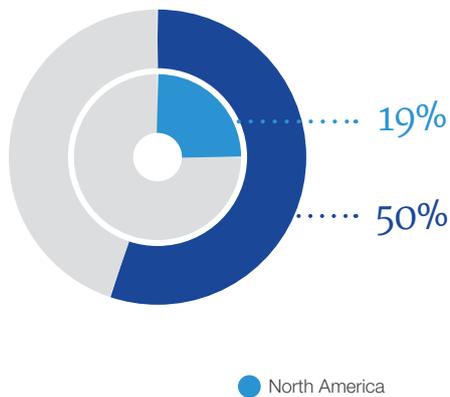
While a greater company revenue may allow CFOs more flexibility in their leadership role, it also magnifies the challenges of operating on a larger landscape.

Global Trend with Regional Differences

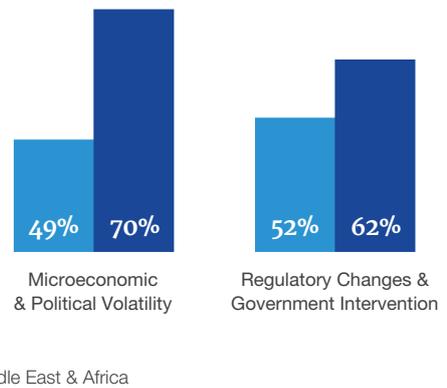
Although globally CFOs see their roles evolving in a similar direction and agree on primary technological priorities, there are marked differences within these shared views.

CFOs in Europe, the Middle East, and Africa are far more concerned with the role they play in controls and risk management and far more affected by political volatility and governmental intervention than their North American counterparts.

Controls & risk management as a priority for CFOs

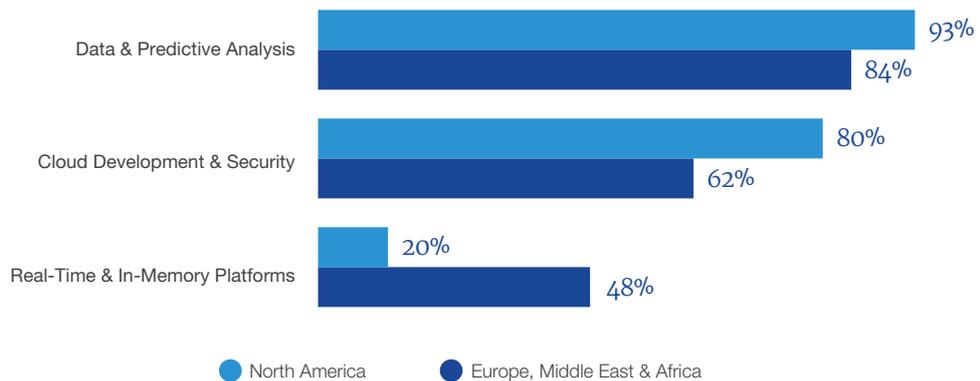


Geographic challenges for CFOs



As far as impactful technologies are concerned, our survey highlighted some interesting regional differences. European, Middle Eastern, and African CFOs place a noticeably higher emphasis on real-time and in-memory platforms, whereas North American CFOs place a greater importance on data and predictive analysis, cloud deployment and cyber security.

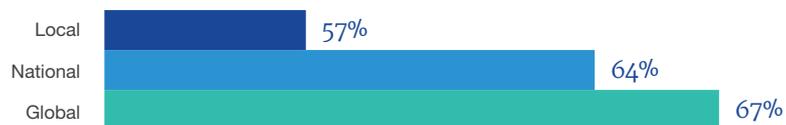
Greatest technology priority in the coming year



Multinational CFOs as Business Partners

While attracting and retaining the requisite talent to meet business objectives is a top-ranked challenge for all respondents, the farther reaching an organization’s operational scope, the more difficult this challenge is to overcome.

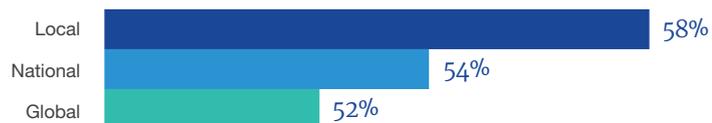
Attracting & retaining leadership talent is a primary challenge as CFO



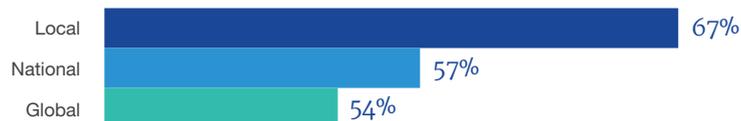
This struggle to find the right talent has galvanized a subtle but noticeable trend among CFOs at global companies: They are slowly reducing their involvement in responsibilities such as enhancing financial reporting and implementing cost saving initiatives in favor of increasing their involvement in talent management.

How have you created the most value for your organization?

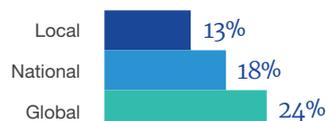
Leading cost savings initiatives



Enhancing financial & management reporting

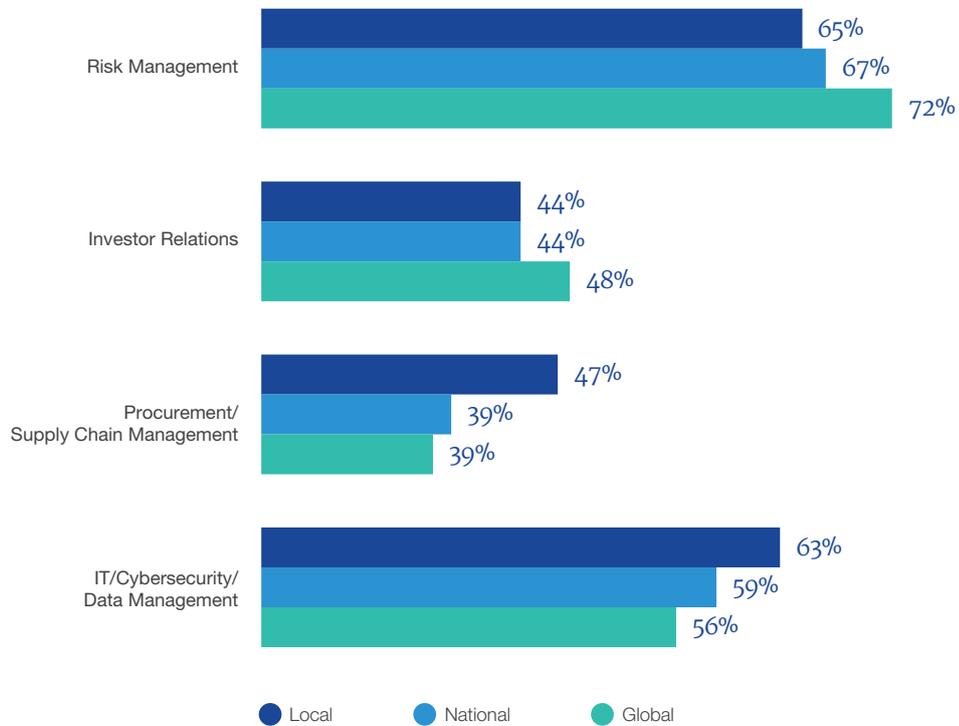


Implementing talent management strategies



There is a similarly strong correlation between operational scope and non-financial CFO responsibilities. As corporate leaders, all CFOs are taking on broader functional roles beyond Finance, however those at global companies are least likely to manage IT or supply chain management. Instead, they are more likely to partner with legal to tackle regulatory compliance and risk management or to work in conjunction with the CEO to reach outward in communicating the organization’s strategy and goals to investors.

CFO responsibilities that fall outside of traditional finance



Overall, farther reaching organizations have seen the greatest shift in their CFOs’ evolution as strategic business partners. Given the scope and scale of these organizations, these CFOs are less involved in financial reporting and cost saving initiatives and are more likely to fill the role of right hand and strategic resource to the CEO.

III. Recommendations & Insights

Based on our collective years of experience advising Boards, CEOs and CFOs worldwide, as well as the data garnered in this global survey, we offer the following recommendations:

“Adapt or die”

Technology has permeated every function within every industry. Finance is no exception. CFOs must leverage technology to its fullest not only to support their organization’s business goals, but to integrate their unique perspective as strategic leadership partners within their organization’s executive team. The newer, progressive generations of CFOs recognize, embrace, and are at the forefront of this shift. As Charles Darwin said, “It is not the strongest species that survive, nor the most intelligent, but the ones most responsive to change.”

Upgrade your systems... and your team

Data and predictive analytics are expected to have the greatest business impact over the next five years. However, based on feedback acquired in this survey, few CFOs feel emboldened to embrace the potential of advanced data analytics due to a lack of technological and talent-related resources. In order to remain competitive, CFOs must take a hard look at existing systems and determine how they need to be upgraded in order to

further empower their Finance teams. However, technology alone won’t solve all of your organization’s challenges. It is critical for CFOs to have the right talent in place to successfully leverage investments in new technologies and enhance the Finance value proposition within any organization.

Define priorities and partnerships

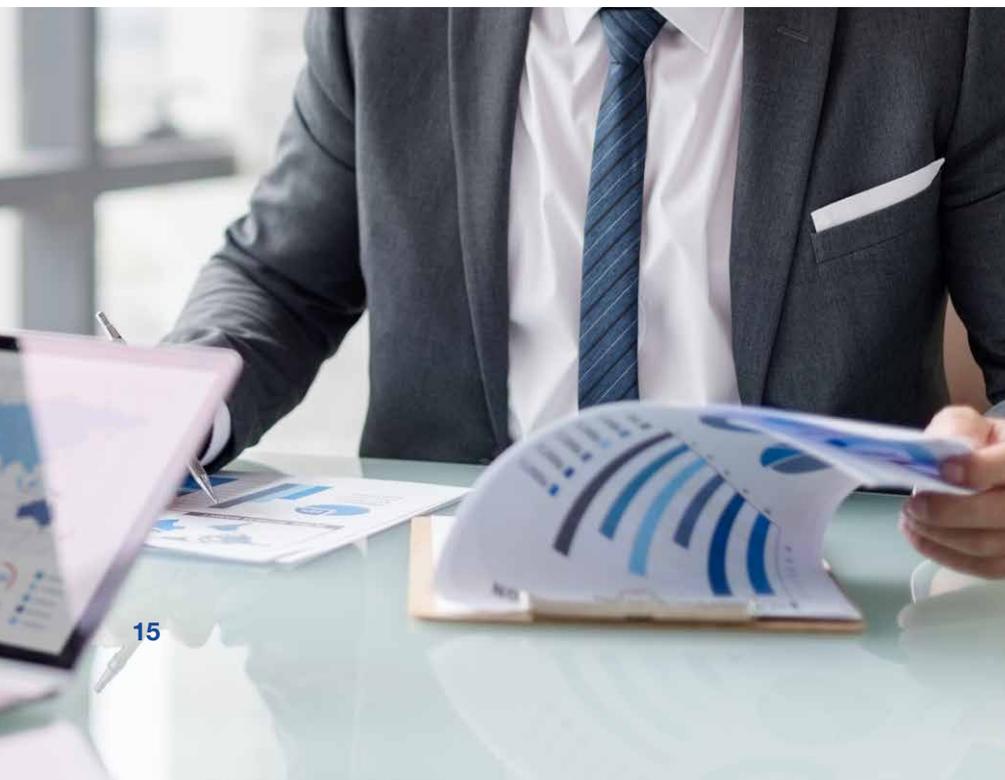
Based on our survey, CFOs face two main hurdles when implementing digital transformation strategies within their organizations: budgetary constraints and achieving alignment with internal business partners. As their roles continue to evolve, CFOs must remain in a position to respond to the opportunities within their teams and across their organizations. They must constantly evaluate their planned investments in technology systems and ensure priorities are aligned across the organization. Maintaining strong lines of communication and partnerships with CEOs and cross-functional business partners is critical for CFOs to calibrate their role in driving and implementing digital transformation within their organizations.

Make talent your business

Attracting and retaining technologically adept teams was identified as a significant challenge in meeting business goals and implementing digital transformation initiatives, yet many CFOs reported that they play a limited role in defining talent strategies within their organizations. CFOs at national and global companies have realized this disconnect as counterintuitive and are becoming more involved in talent acquisition and management. Those within organizations operating locally and planning to expand must be prepared to follow suit. More than ever, playing a leadership role in talent acquisition, management, and development is a critical business imperative for all CFOs in order to remain competitive and be successful over the long term.

To grow your company, grow your role within it

Across every industry and all geographic locations, the role of the CFO is continually evolving. Long gone is the metrics-focused gatekeeper. The CFO is an integral, strategic partner to the CEO and more than ever, plays a key leadership role in the business. Although Finance will always be the core focus, CFOs are embracing this evolution and playing a greater leadership role in driving their organization's digital transformation, growth, and ultimate success.



“The CFO is an integral, strategic partner to the CEO and more than ever, plays a key leadership role in the business.”

IV. Demographics

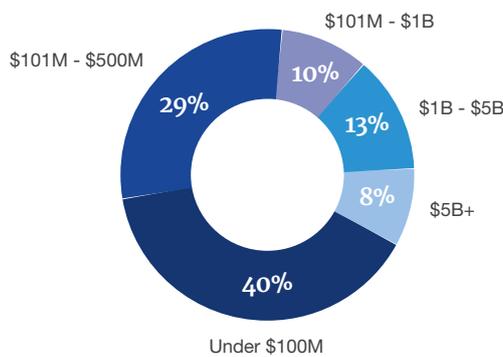
Worldwide, 440 financial professionals with varying degrees of experience from across more than a dozen industries took part in the survey. Participating firms varied widely in size from under \$100M to exceeding \$5B in annual revenues, and were diversified in their corporate structure, including publicly traded, privately owned, private equity and venture-backed, and non-profit organizations. Geographic location and operational scope were broad in content as well, including companies that operate locally, nationally, and globally on four continents.

Primary industry

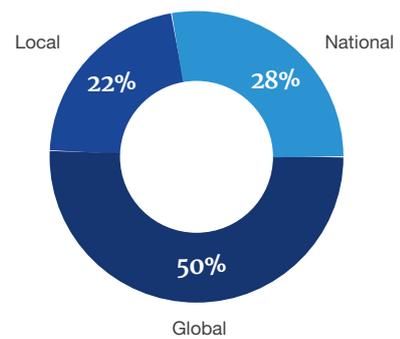


- Technology
- Healthcare & Life Sciences
- Natural Resources & Energy
- Other
- Consumer Products & Services
- Industrial
- Supply Chain, Transportation & Logistics

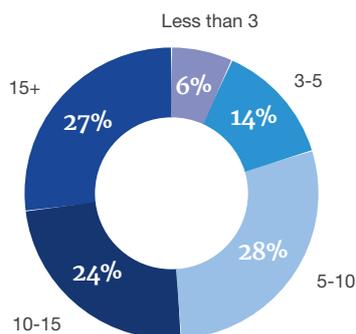
Annual company revenue



Operational scope



Number of years' CFO experience



V. About Stanton Chase

Founded in 1990, Stanton Chase is your global leadership partner, recognized for exceptional results around the world. Stanton Chase is unique in the executive search industry, offering clients the expertise and global reach of one of the world's ten largest executive search firms complemented by the service, industry expertise and personal relationships usually reserved for small, boutique practices.

Stanton Chase is proud to offer our clients a complete suite of executive search and consultancy services.



Executive Search

Our worldwide network of offices and partners gives us the ability to access top talent not just across borders but across the globe.



Candidate Assessment

Using the latest methodology for the identification, motivation, and assessment of competencies and personality profiles.



Leadership Consulting for Boards and C-Suite

Recognizing the unique challenges of CEOs, Boards, and the C-Suite and counseling our client partners on a breadth of corporate, governance, and strategic imperatives.



Diversity Search

Committed to and embracing the global reality of diversity and inclusion.

For further information about Stanton Chase, please visit www.stantonchase.com.

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