



The new CFO: Meet the chief “future” officer

How today’s chief financial officers are a secret weapon for transformational growth

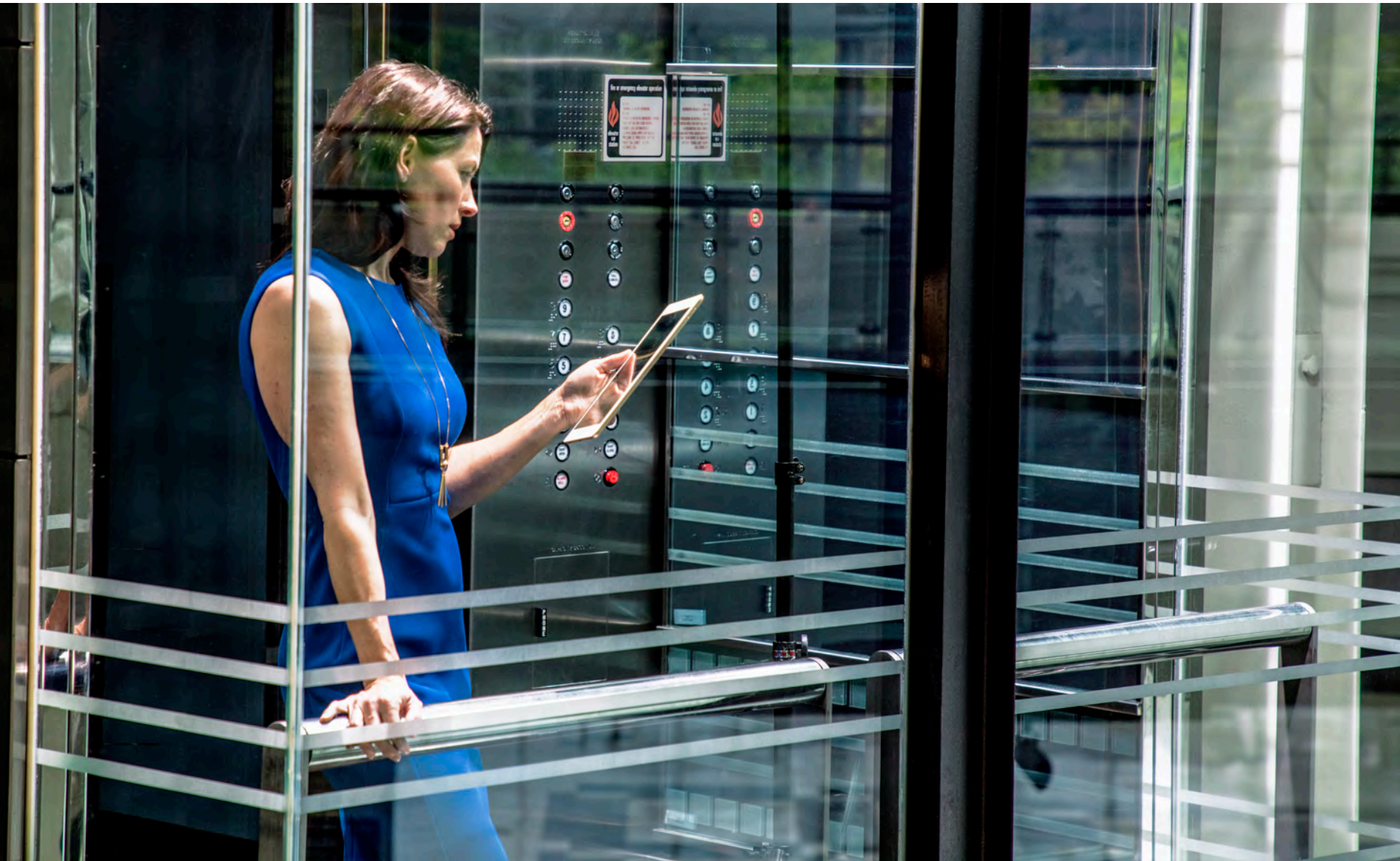


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CFOs as change makers

When prediction becomes the name of the game, how does a CFO go from chief financial officer to chief future officer?

In today's marketplace, where the future is always in flux, businesses and finance leaders have to not only anticipate what's next but also predict what's next. The modern CFO is broadly responsible for helping their organizations save time, achieve profitability, reach sales goals, and manage controls. At the same time, constant regulatory and compliance changes, talent retention, and market volatility make modern finance a moving target. Today's financial decision makers must be versatile, fast-paced, and digitally minded to be able to anticipate and respond to ever-changing circumstances.

Traditionally, CFOs and other finance leaders had a more narrowly defined role; they analyzed a company's financial risk, managed financial planning, and ensured records were clean and compliant, according to Aberdeen.¹ These are still core components of any company's financial operation, but top-ranking professionals in the field have evolved far beyond money management. The modern financial professional is expected to be a visionary who influences the company's overall strategy.

Digital transformation has become a number one priority for many companies. Amy Hood, Executive Vice President and Chief Financial Officer of Microsoft, explains why finance is taking a leadership role in tech adoption.



“By adopting innovative technologies, finance will strengthen its business leadership through compliance, accuracy, and efficiency,” says Hood.

It’s not uncommon to have a CFO called a change maker or catalyst, a description previously held for roles like CEO or CMO. The finance professionals poised to achieve the greatest success will be long-term visionaries, equipped with big ideas, the right technology, and the ability to anticipate change in an unpredictable world. The digital economy, when harnessed, can unlock new value, uncover opportunities, and take an organization to the next level. But is the finance function prepared?

1. The Evolution of the CFO Role

As the finance function is increasingly at the forefront of digital transformation and shepherding organizational transformation, professionals are presented with **three major challenges**:

- 1 Effectively managing surging data and updating legacy systems
- 2 Inadequate tools to anticipate growing business complexity and manual, inefficient, and error-prone processes
- 3 Increasing regulations, rules, and threats



What's your function?

There's no denying that technology has changed business operations. Digital disruption has given way to new growth opportunities, but also new challenges. Navigating this new landscape requires a shift in mindset, with the financial leader poised to lead technology adoption at a corporate level. As all areas of business continue to be transformed by digitalization – from HR to marketing – finance leaders must be prepared to invest in technology that supports organizational evolution and growth.

Studies have shown that the number of functions reporting to CFOs has increased. It's not uncommon to see functions like HR, administrative, and IT reporting into finance, as digitalization forces new investments and new operational standards. With finance leaders now overseeing a broader range of functions, they are well-positioned to establish the department as a leading change agent, poised to accelerate digital transformation while fostering company-wide collaboration.

However, there is still a perception gap that can limit finance's ability to truly shepherd widespread organizational change. In fact, leaders not within the finance function perceive financial professionals to be only focused on a traditional financial role.

CFOs and other finance professionals can become partners in decision making for adopting new technology tools with the power to accelerate digital adoption.



The most effective finance leaders become partners in the process to evaluate what tools will be used and which tools will have a meaningful impact on driving the business forward.

On embracing change

Ellen Johnson, Incoming CFO, IPG

“Change management is something we have to embrace. Technology is changing everything we do, and it’s not going to slow down. How do you adapt your business and culture to embrace that change and get people to lean into it?”

That may not sound like something a finance person would have in their job description, but unless you can partner with your CEO or COO to embrace that change and make it happen, you’re not going to succeed in this new world. It comes down to allocating capital, crafting the proper business plan, and making sure the plans allow and support the necessary changes needed to execute.

We’re in a unique position. Whether it’s from allocating capital, setting budgets or setting financial targets, being able to articulate the value proposition in what we’re trying to achieve, having finance support and making sure it’s aligned is critical to getting to the objective.”

“Technology is changing everything we do.”



C-suite alliances: A seat at the table

With increased responsibility comes increased visibility, as CEOs look to finance leaders to integrate with the C-suite, take a stronger lead on business strategy, and be a facilitator of growth. Whether supporting business goals with data-driven customer insights or using machine learning to mitigate risk, finance executives are evolving to be collaborative corporate partners to C-suite colleagues. CFOs are also taking an increasingly visible role in board-engagement activities. Which means finance executives now need to be able to create a narrative and successfully convey vision and storytelling when it comes to reporting business performance and plans for the future.



Being a good business partner

Judy Schrecker

VP Finance, Allegheny Technologies Incorporated

"The finance function traditionally was to record and report. While important, finance has now become the business partner to the CEO who is responsible for driving results. Being a good business partner means having oversight of all aspects of business, which is a massive shift.

For example, in contract negotiation 15 years ago, a CFO may not have had a seat at the table. They do now. The shift is that a CFO must have broader look at the overall results of a company, to connect the dots.

The CFO role is the coordination of many dynamics and at end of the day, if you don't have the view or oversight of all the pieces, you are at a disadvantage. Technology has allowed for the accounting field to mandate a company's accountability.

Additionally, there's more reporting out of the CFO office than there used to be. Investors are interested in not just bottom line results, but what the strategy is, what the growth rate is in that market, where does the company fit in that market. The CFO now spends a lot more time helping to tell the story to investors, employees, rating agencies—and that ties together a much broader view.

CFOs need to have a seat at the table when it comes to technology counsel. They need to keep pushing to come up with solutions, new innovations. If you're going to be responsible for setting the future, you've got to see all the pieces and what's on the horizon. Unless you have a broader sense of the business, you're at a disadvantage. Technology helps provide context to evaluate risk."

Data, insight, action: From quantitative to qualitative

Today's finance function is focused on more than just reporting the numbers; it's about interpreting the numbers, and using the numbers to inform strategy and planning. Skillsets that combine financial expertise with trend forecasting are critical to advancing business goals and managing risk.

According to Hood, finance is no longer just about the numbers. It's about empowering organizations to make decisions. "Six years ago, we rewarded people in finance for how much they knew, how many numbers they memorized, and how quickly could they answer a question. And the reality is, that's the exact opposite of what you ought to be rewarding in any company that wants to focus on customer outcome. What you want to focus on is how available was that information to all of the people who needed to make great decisions. It's about literally leveling the playing field for impact," she said.

With data-driven backgrounds, those who have climbed the finance ranks are prepared to take on a broader range of business challenges when they can back up decisions with quantitative proof. However, the pairing is unique, and increasingly finance leaders are challenged to bring qualitative analysis to the table.

CFO respondents to a 2019 Korn Ferry² survey spent nearly a third of their time driving strategy (32%). Data is a key factor in informing insight and action.



Using the right technology, finance leaders can create systems and tools to help proactively mitigate risk and automate finance processes.

With focus shifting from data reporting to creative analysis, knowledge mining and the use of AI and machine learning can aid in number crunching so more time can be spent on interpretation.

2. Korn Ferry CFO Pulse Survey 2020

Process at scale: Optimization leads to innovation

One of the biggest challenges for a leader in finance today is the sheer amount of data. Every division has been impacted by digital, which means companies must evolve fundamental operational processes to stay competitive. Streamlining information and data sharing across an organization is becoming a key priority for the finance function, forcing leaders to be more proactive and less reactive.

CFOs are increasingly being tasked with overseeing digital activities at their companies. Managing resource allocation in this environment is critical, along with nimbleness and the ability to shift course seamlessly, knowing that in today's marketplace the consumer experience changes all too rapidly.

“Making sure people are incentivized and compensated for the right goals is another area we can help shape. Particularly in a client service industry, your finance and HR function have to be completely linked. You need clear objectives to what you’re trying to drive to. You have to have a way of measuring whether people achieve those objectives and how to calculate incentives in a way that’s completely linked and transparent. That’s how you drive results. There’s a real technological component to having systems that talk to each other, that are connected,” said Ellen Johnson, incoming CFO, IPG.

Thankfully, technology and automation have turned laborious tasks into efficient processes by creating an



ecosystem that revolutionizes how finance leaders can operate and compete. Scalable processes save time and reduce error, which frees up more energy and resources on innovation and transformation. Finance leaders are increasingly using automated technologies in strategic planning and corporate development.



When tasks like computation can be automated, bandwidth and time can be reallocated to analytics, which allows leaders to focus more time on the interpretation of information rather than the computation of information. Forward-looking financial leaders know that to be competitive, you must innovate not only process strategy, but people strategy. To further focus on strategy, financial leaders are empowering executives in non-finance roles to take on activities like forecasting, reporting, and budgeting, responsibilities typically reserved for finance.

Opportunity ahead

While an exciting time for the modern CFO, leaders would be remiss not to keep looking ahead. Finance professionals have an unprecedented amount of freedom to envision their company's future, shepherd transformation, and become true change agents. With the right tools and mindset, both established and emerging finance executives can continue to chart their course and create new definitions of the CFO role and, ultimately, the industry. "You can rewrite what the job is about," Hood said. The future awaits.

For more information, [watch this interview with Amy Hood, Executive Vice President and Chief Financial Officer of Microsoft](#), where she talks about her perspective on the Microsoft business and how technology impacts decision making.

As companies adopt integrated technologies to better serve customers, CFOs are supporting those efforts with a more unified reporting process.

"Five years ago I was accustomed to getting siloed reports. However, as we've pivoted from product-centric reporting to customer-centric reporting, we moved to common data frames, more access, unified terminology, and strong data governance."



Amy Hood
Executive Vice
President and
Chief Financial
Officer, Microsoft

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