

A blurred photograph of a crowd of people walking through a modern building with large glass windows. The image is overlaid with a semi-transparent white rectangle containing the title and subtitle.

# The CFO of the Future

A research report from ACCA and IMA

# Foreword

The CFO is at the pinnacle of many finance functions. It is a role that places the accountancy and finance profession at the forefront of many stakeholders' minds when considering how an entity conducts its financial affairs. Yet that traditional role of the guardian of an entity's finances has been superseded by a new reality: one where the CFO has a broader function across the piece, where performance is measured against the 3Ps of people, profit and purpose that are increasingly used to evaluate success.

The global COVID-19 pandemic has placed the CFO role at the heart of the entity. The need to ensure liquidity has become paramount. Yet this requires a balance of strategic objectives and day-to-day operations, and where the situation can change rapidly. Reforecasting and adaptation are key. The effective use of data and the application of technology are essential. Leadership is required more than ever in challenging times.

In this report, ACCA and IMA consider how the role of the CFO is changing and what the accountancy and finance profession needs to do to ensure that it has a robust generation of finance leaders for the future. By surveying members of both bodies, as well as non-member CFOs and chief executive officers (CEOs) and conducting a number of virtual roundtables, globally, we have gathered a range of insights into what is currently expected of the CFO and the opportunities for the future. For those who hold the role today, it is a challenging but extremely rewarding one.

Many of the skills of the CFO cannot be taught. The current incumbents speak of the application of a lifetime of experiences. Yet all place their qualification at the core of their skill set. This has enabled them to develop their relevant experiences through networking, mentoring and coaching, using their professional bodies to the utmost to share experiences and develop others. As a profession, we need to ensure that this remains a vibrant career path for those who aspire to the pinnacle.

*Helen Brand, Chief Executive, ACCA*

*Jeffrey Thomson, Chief Executive Officer  
and President, IMA*

# Contents

4. Our research
5. The changing role of the CFO
6. COVID-19 impact for the CFO
7. Valued attributes of the CFO
8. The challenges of the CFO
9. The CFO of today
10. The CFO of the future: six hypotheses
11. The response
12. The CFO of the future
13. CFO skill set
14. Growing the skills of the CFO of the future?
15. How do we grow the next generation?
16. What experience does a future CFO need?
17. Developing the CFO of the future

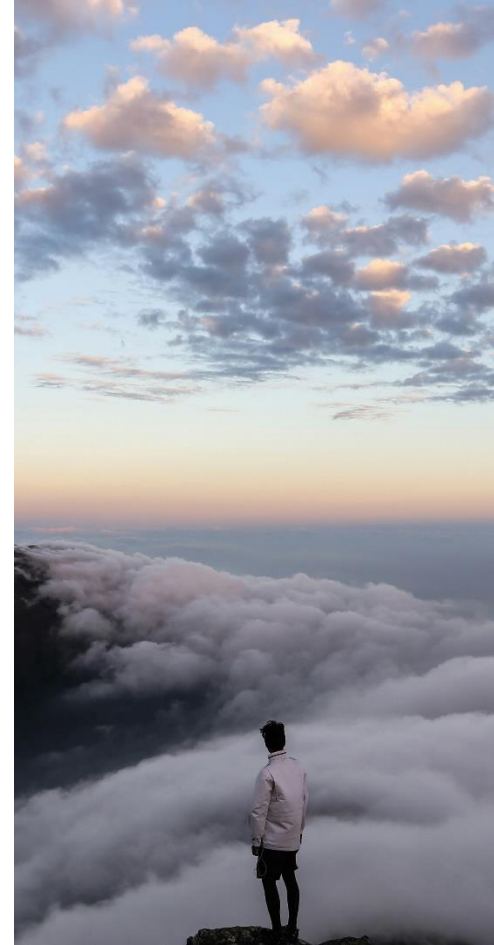


# Our research

The objective of the research was to discover how the role of the chief financial officer, the CFO, was changing and what the expectations of the role were becoming.

The research focused on the following four areas:

- What the current role of the CFO is and how is it changing?
- What the role may become in the future?
- Identifying the skill sets that the CFO needs to be effective
- Understanding the development paths for those aspiring to be CFOs in the future.



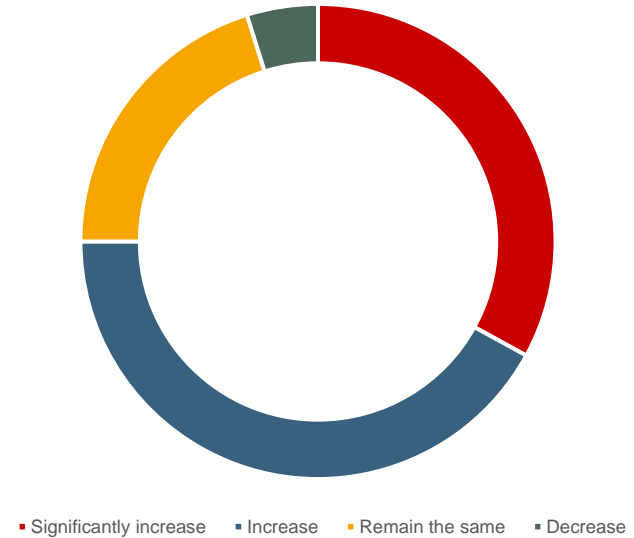
# The changing role of the CFO

The role of the CFO is changing. For many CFOs the traditional role has expanded into a broader, more encompassing role. In 2012 ACCA and IMA identified 9 key areas that the CFO needed to embrace. In this research we have sought to explore the role of the CFO as it exists today and how it may change towards the future.

The research is based upon the insights of 1,152 ACCA and IMA members, together with a number of non-member CFOs and CEOs, who completed a survey in June 2020. The results of the survey give some interesting insights into the CFO role and how it is developing. The survey was supported by the contributions of 82 ACCA and IMA members.

Our first question (Figure 1) was whether the CFO role was changing relative to the other C-level executives. 72% of the respondents felt that the role was either **increasing** or **significantly increasing**. When we looked at the responses of the approximately 200 CEOs who completed the survey, 82% thought that the role was increasing or significantly increasing, in contrast to 66% of the CFO respondents. This potential gap in perception is something that we encounter throughout the survey results.

Figure 1: How do you think the relative importance of the CFO role will change in your entity in comparison to that of other C-suite executives?

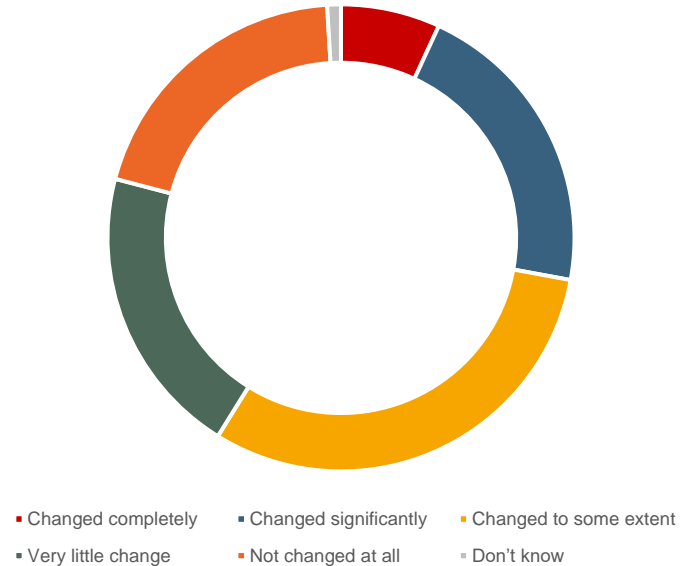


# COVID-19 impact for the CFO

The survey was undertaken in June 2020 and it would have been remiss of us not to consider the impact of the pandemic on the role. We have seen finance functions needing to become more responsive as planning horizons have changed dramatically. CFOs in some instances have been left with just a core group of staff as organisations took the opportunity to take advantage of various government job retention schemes.

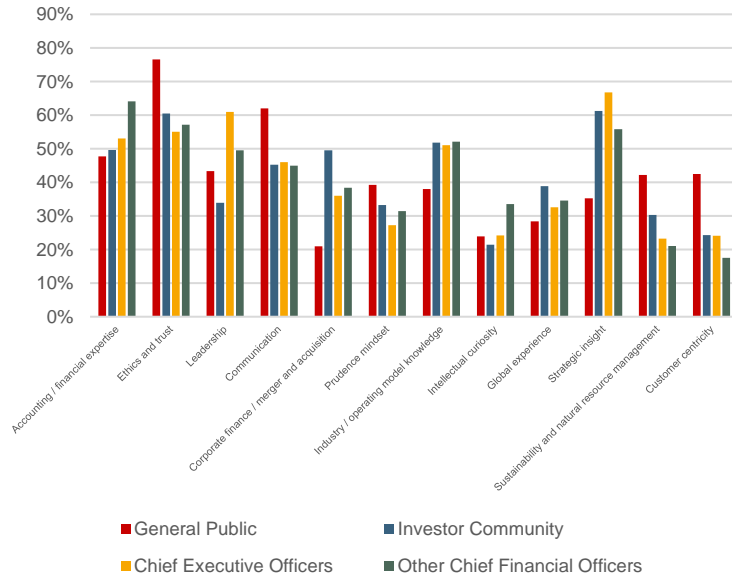
How did our survey respondents see the impact of the pandemic on the role? As Figure 2 shows, 58% thought that there had been some change, with 7% thinking that the role had **changed completely**. When we look at our CEO respondents again, 25% said that it had changed completely and 29% that it had changed significantly. This underlines this CFO / CEO relationship that is fundamental to the success of many organisations, yet one which we may, as finance professionals, underplay?

Figure 2: To what extent has the COVID-19 outbreak changed your ideas of the evolution of the CFO role?



# Valued attributes of the CFO

Figure 3: Which of the following attributes of a CFO do you think the following groups of people most value?

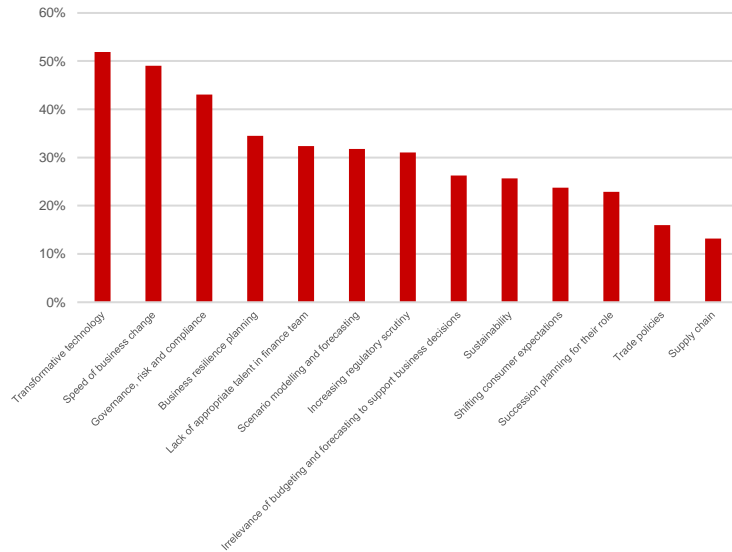


We asked our survey respondents how they perceived the attributes that four key audiences for the CFO community valued the most (Figure 3). Our respondents had differing views on the various attributes from the perspectives of the audiences. When they considered the general public's view **ethics and trust** were the most prominent attributes followed by **communication**. In contrast, **strategic insight** rated very highly from the perspective of the investor community yet did not do so for the general public. Likewise CEOs were thought to rate **strategic insight** and **leadership** as well as **industry knowledge**. Finally, other CFOs were perceived as having the **accounting and finance experience** as the greatest attribute.

Whilst variation is to be expected, the range of the relevance of each of the attributes that we identified underlines the importance and breadth of the CFO role. It has long surpassed just financial expertise but encompasses a broad range of skills each of which probably plays in different ways to different audiences.

# The challenges of the CFO

Figure 4: Which of these do you think represent the greatest challenges to today's CFOs in developing a strategy for their finance function?



Our survey respondents were then asked to consider what the greatest challenges were for the CFO (Figure 4). Unsurprisingly the top three of **technology transformation, speed of business change** and **governance, risk and compliance** all relate to the changing world in which we live. The need to address the changing working environment, one where customer centricity is at the heart of digital transformation cannot be far away from many CFO's agenda. Indeed, ACCA and AliBaba Cloud considered this issue in their joint paper on digital transformation and the role of the CFO in 2019.

Perhaps surprising was how low the **sustainability** agenda was ranked by our respondents. With this and other recent ACCA surveys the role of finance in business in the sustainability agenda ranks lower than one might expect. Whether there is a belief that 'accountants can change the world', or indeed have a role to play in this important agenda.

**Succession planning** was also not seen as a challenge. This is a subject that we will revisit later on in the presentation.



# The CFO of today

We can conclude our review of the role of the CFO at present by saying that it has moved significantly beyond that of pure financial stewardship. That role is still important and for many of our interviewees is the essential core of the role.

However, the role has moved beyond that. It is strategic and looks to a broader agenda than a pure financial one. It is transformative, at the heart of digitalisation. In both of these elements it is role that is the adjunct to the CEO – as one interviewee encapsulated it, if the CEO is the forward thinker then the CFO is the conscience of that role; enabling but providing appropriate challenge.

# The CFO of the future: six hypotheses

Figure 5: Six hypotheses for the development of the CFO role

Stakeholder focus	Strategy formulation	Growth optimisation	Wide view of performance	Forward insights	Career progression
The CFO will come to predominantly focus on stakeholder and investor management rather than safeguarding and reporting	The CFO will have a leading responsibility for business strategy formulation, validation, and execution through responsibility for its achievement	The focus of the role shifts from principally historically based cost control to growth optimisation	The role will encompass measurement of all aspects of the strategic objectives of the organisations (for example, as indicated by the six capitals of integrated reporting)	Will provide greatest value to their entities through forward insight rather than retrospective reporting, becoming a chief performance officer	Increasingly will have the CEO role as the next progression in their career development

To inform the discussion about the future role we developed six hypotheses to test

- Firstly, that the CFO role shifts to one that is predominantly focused on **stakeholder and investor management** rather than safeguarding and reporting. Many of our roundtable participants questioned the word 'rather' and indicated a preference for the phrase 'as well as'. There was a feeling that the safeguarding and reporting role remained fundamental to the CFO no matter what other additional facets were added to the role. Getting the core fundamentals right and covered was a recurring theme.
- Our second hypothesis concerned the **strategic nature** of the role and whether the CFO had a leading role in strategy formulation.

- Aligned to this was the third hypothesis that the CFO was concerned with **growth rather than just cost control**. These two were debated by our roundtable participants. They felt that cost control was always core to the CFO role but that a growth agenda was equally important.
- To achieve growth we need to look to **purpose** – the 3P's of people, purpose and profit that are increasingly referenced in relation to organisations. Should the CFO role encompass a broader role that encompassed the six capitals (financial, manufactured, intellectual, human, social and responsible, and natural) of the International Integrated Reporting Council's framework?
- And if it did, in our fifth hypothesis, that the CFO was becoming the CPO – **Chief Performance Officer** – with a broader remit to manage and report on performance across the capitals? A role that promoted forward modelling and the use of tools such as predictive analytics, rather than just reporting on the past – often way after it had happened. One CFO commented that, 'the ability to define what performance looks like in an entity is fundamentally a contention for the soul of the place because you get to say what is good and what is bad. If you have got that you are largely running the show. It is a space that CFOs and finance functions want to play in'.
- Finally, did this mean that the CFO was progressing the next stage of their careers towards the **CEO role**? This hypothesis had a mixed response from the roundtable participants. Some felt it to be an opportunity, whilst others felt that it was a step too far and that many CFOs did not have the entrepreneurial spirit of the CEO.

Overall, some roundtable participants felt that the hypotheses had already been achieved whilst others felt that it was a journey underway. This was not a question of organisational size, rather one of personal perception.

# The response

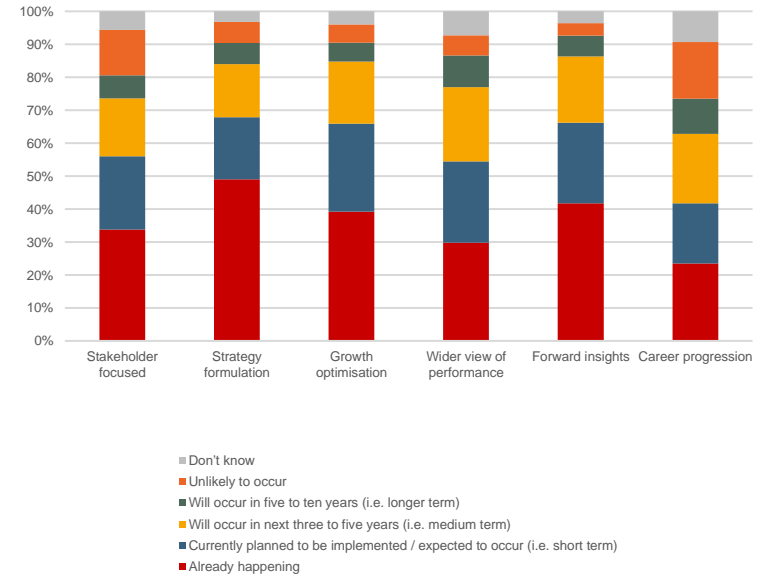
Our survey respondents (Figure 6) had similar mixed views of the hypotheses. They saw that the CFO had a role to play in **the formulation of the business strategy** and for 58% of them this was either achieved or would be in the short term. A similar response was recorded for **forward insights**.

The balance of the role had also shifted for many in that it was focused on **stakeholders** rather than just **safeguarding and reporting**. Defining the relevant stakeholders was an interesting question. Many roundtable participants drew a broader view of those who might be included, and referenced to the **six capitals** as an example of how this broadened out.

Career progression towards the **CEO role** was seen as the least but still 42% of the respondents felt that this would be achieved in the short-term. There were some geographic variations in the responses in, especially to this last hypothesis. With South Asia being particularly forward thinking in this area whilst the Middle East felt that it had not started to happen at all.

Across the hypotheses the **CEO** respondents were more conservative than the CFO ones in terms of both overall achievement and whether these were being advanced at the current time or not.

Figure 6: When do you expect each of these hypotheses to be achieved in your organisation?





# The CFO of the future

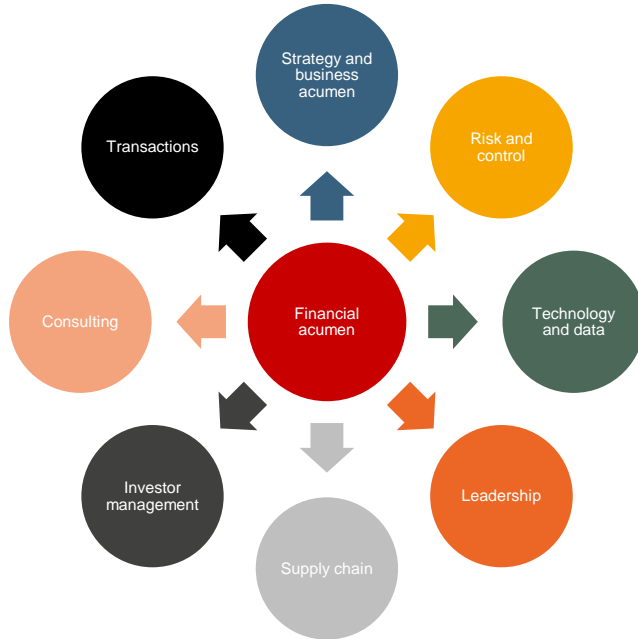
We can infer that the CFO of the future will **continue to see a broadening of their role**. They are a **leader** and a **stakeholder manager** as well as a **safeguarder** of the assets and the finances.

Increasingly they will look towards a **broader definition of performance** rather than just a narrower agenda.



# CFO skill set

Figure 7: Skills of the CFO of the future



What do we consider to be the skill set of the CFO of the future? Figure 7 sets out our key skills.

- At the heart of the role remains the **financial acumen** – the financial skill set that CFOs started with their qualification. For all this was the bedrock of their competence. Yet that competence extended into other areas.
- An ability to be **strategic** and understand the development of the business
- To have **ethics, governance and risk management** at the core of what they do
- To be a **technology transformer** who embraces data – and for many survey respondents the CFO is the custodian of the organisation's data
- A **leader** across the organisation with deep personal skills in many areas
- Have a knowledge of the **industry and organisation** beyond the boundaries of the entity into the supply chain – managing the supply chain for strategic advantage was echoed by several CFOs
- A **relationship manager** with the investors, recognising that the definition of investors exceeds that which we might think of in terms of financial capital but into the other capitals of the IIRC's framework
- The ultimate **business consultant** – with all that implies
- The ability to drive **transactions** and value from them

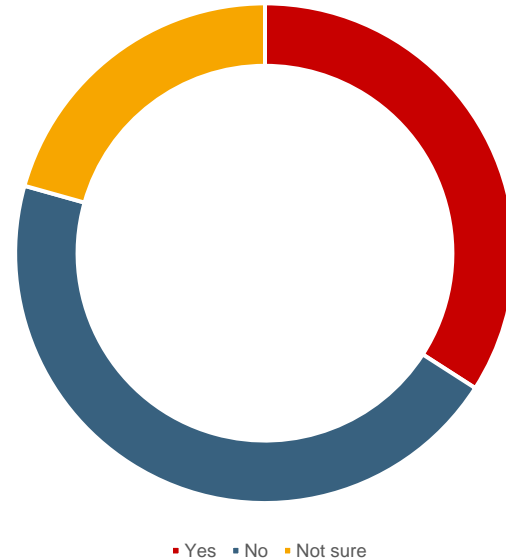
These skills have a basis in the ACCA Professional Quotients, but they extend and refine these for the level at which the CFO needs to operate to be successful. Clearly the CFO role is a flexible one and not all these skills will be needed to the same degree in each role. A smaller business may require more of the leadership role, for example, but nevertheless these remain relevant.

# Growing the skills of the CFO of the future?

Inevitably careers develop and people move on. For a role as fundamental to businesses it is important that we have a **flexible development pathway** that supports the growth of the next cadre of CFOs. Many of the roundtable participants felt that they had grown into the role and developed the skills needed as they went. They also conceded that the pathway that they had followed may not be available to their successors. Most were committed to developing their successors but the challenge was to give it sufficient focus. A failure to address the growth of the next generation would present challenges for businesses going forwards.

To explore this we started considering the issue asking the survey respondents whether they considered that we were paying enough attention to the development of the next generation of CFOs (Figure 8)? As you can see just under half said that they thought not and a further fifth were not sure. This may suggest that we are not creating the career pathways to develop the next generation. A challenge especially as the ask of the CFO is significant. Interestingly, only 25% of our CEOs thought that not enough attention was being paid to this.

Figure 8: Do you think that enough attention is being paid to growing the skills of the next generation of CFOs?

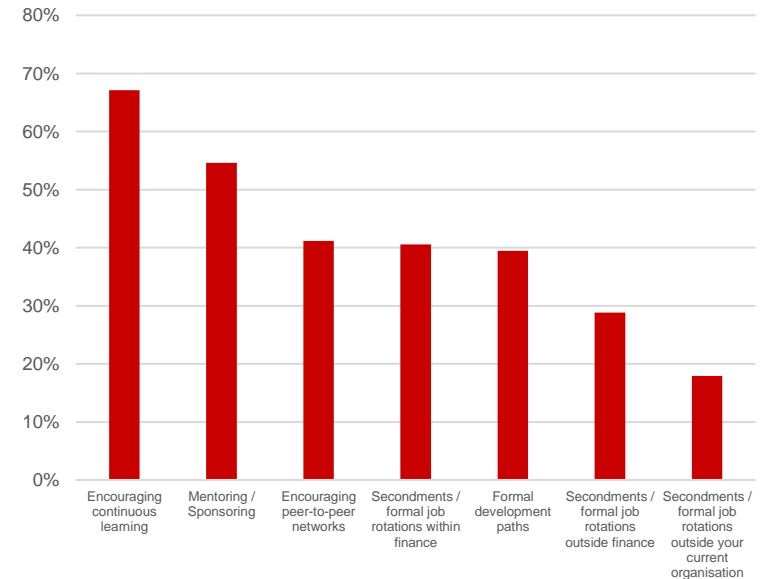


# How do we grow the next generation?

How do we currently develop the next generation of CFOs? Our survey respondents gave their views as demonstrated in Figure 9.

For many roundtable participants it was a case of developing the skills on the job. Growing in experience. Many CFOs commented that they always sought to develop somebody as their successor so that their organisation was not left without a capability. Interestingly, as we speak about the need for broader experience and for finance teams to be 'super-connectors' so only 29% thought that secondments outside of finance were an active step being taken.

Figure 9: Which of these active steps are you taking to develop the next generation of CFOs?



# What experience does a future CFO need?

The survey respondents were asked where they thought that the next generation of CFOs would come from – what would their previous career step be. The results are shown in Figure 10.

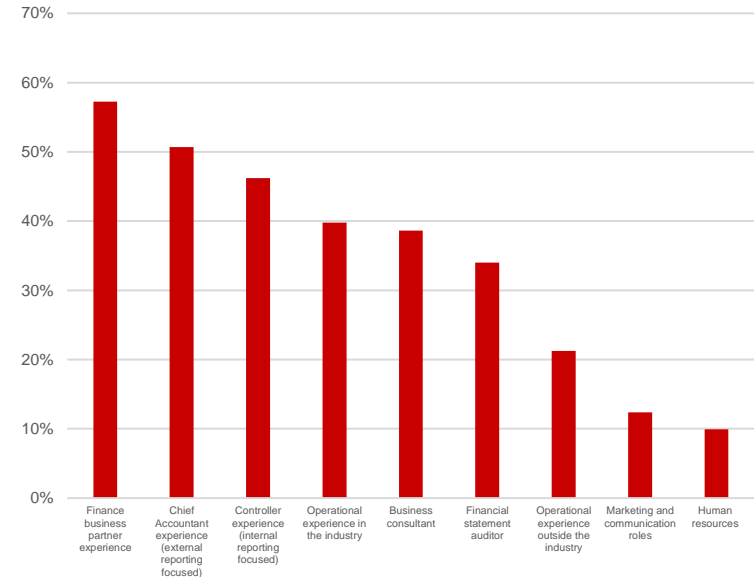
Given the importance of the communication in the role, **finance business partner** experience was rated most strongly as a source of relevant experience with 57% of our respondents identifying it. **Direct finance function** experience was also rated highly.

The respondents were asked whether they felt that an accountancy qualification was essential for a CFO role in the next three to five years. About 54% of the respondents felt that an accountancy qualification was essential for a CFO. This is perhaps unsurprising given the importance of the financial skill set that we identified earlier.

Finally we asked what other qualifications were important for a CFO in the medium term. Just under 50% suggested a CFO qualification (and this was strongest in South Asia) whilst just over 40% suggested an MBA – although one roundtable participant commented that his MBA had reminded him of how to apply what he had learned in his accountancy qualification!

Management consulting and technology skills score highly in this question too.

Figure 10: Where do you think the next generation of CFOs will be coming from?





# Developing the CFO of the future

What can we take away about the development path of the CFO?

Firstly that it is an informal pathway, especially as we have established that the skill set is broad.

It is an area that we need to pay attention to otherwise we may not be developing the next generation that is fundamental to organisational success.

The future of the CFO role is assured, however, we need to appreciate the breadth of the role and ensure that we develop people appropriately.

## About ACCA

ACCA is the Association of Chartered Certified Accountants. We're a thriving global community of 227,000 members and 544,000 future members based in 176 countries that upholds the highest professional and ethical values.

We believe that accountancy is a cornerstone profession of society, supporting both public and private sectors. That's why we're committed to the development of a strong global accountancy profession and the many benefits that this brings to society and individuals.

Since 1904, being a force for public good has been embedded in our purpose. And because we're a not-for-profit organisation, we build a sustainable global profession by re-investing our surplus to deliver member value and develop the profession for the next generation.

Through our world-leading ACCA Qualification, we offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. And using our respected research, we lead the profession by answering today's questions and preparing ourselves for tomorrow.

More information is here: [www.accaglobal.com](http://www.accaglobal.com)

## About IMA® (Institute of Management Accountants)

IMA®, named the 2017 and 2018 Professional Body of the Year by The Accountant/International Accounting Bulletin, is one of the largest and most respected associations focusing exclusively on advancing the management accounting profession. Globally, IMA supports the profession through research, the CMA® (Certified Management Accountant) and CSCA® (Certified in Strategy and Competitive Analysis) programs, continuing education, networking and advocacy of the highest ethical business practices. IMA has a global network of more than 125,000 members in 150 countries and 300 professional and student chapters. Headquartered in Montvale, N.J., USA, IMA provides locally based services through its four global regions: The Americas, Asia/Pacific, Europe, and Middle East/India.

For more information about IMA, please visit: [www.imanet.org](http://www.imanet.org)



Think Ahead



The Association of  
Accountants and  
Financial Professionals  
in Business