



The Association of  
Accountants and  
Financial Professionals  
in Business

The global  
body for  
professional  
accountants



**Accountants for Business**

**Future pathways to finance leadership**

# ACCA and IMA

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## About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. ACCA aims to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. For more information about ACCA, please visit [www.accaglobal.com](http://www.accaglobal.com)

## About IMA®

IMA®, the association of accountants and financial professionals in business, is one of the largest and most respected associations focused exclusively on advancing the management accounting profession. Globally, IMA supports the profession through research, the CMA® (Certified Management Accountant) program, continuing education, networking, and advocacy of the highest ethical business practices. IMA has a global network of more than 65,000 members in 120 countries and 200 local chapter communities. IMA provides localised services through its offices in Montvale, N.J, USA; Zurich, Switzerland; Dubai, UAE; and Beijing, China. For more information about IMA, please visit [www.imanet.org](http://www.imanet.org)

## About Accountants for Business

ACCA's global programme, *Accountants for Business*, champions the role of finance professionals in all sectors as true value creators in organisations. Through people, process and professionalism, accountants are central to great performance. They shape business strategy through a deep understanding of financial drivers and seek opportunities for long-term success. By focusing on the critical role professional accountants play in economies at all stages of development around the world, and in diverse organisations, ACCA seeks to highlight and enhance the role the accountancy profession plays in supporting a healthy global economy. [www.accaglobal.com/ri](http://www.accaglobal.com/ri)

## Foreword by Helen Brand

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In delivering successful finance leadership and performance, the standout challenges facing today's Chief Financial Officers (CFOs) are already significant. But for the next generation of finance leaders, they will be even greater. This will shine a spotlight on the need to evolve new finance career paths which equip the leaders of tomorrow with the skills, experiences and capabilities necessary in a rapidly changing business environment.

ACCA (the Association of Chartered Certified Accountants) and IMA (Institute of Management Accountants) have partnered on one of the largest ever global studies of current and future CFO career paths. *Future pathways to finance leadership* outlines the career routes that present CFOs have taken to become finance leaders, and addresses the critical question for those seeking to become the next generation of CFOs: how do I get there and what experience should I seek out?

It's essential reading for companies wishing to develop their future CFO talent, and for those professionals with ambition and talent who wish to become future CFOs – whether that will be their next career step, or something they aim to achieve over the next decade and more.



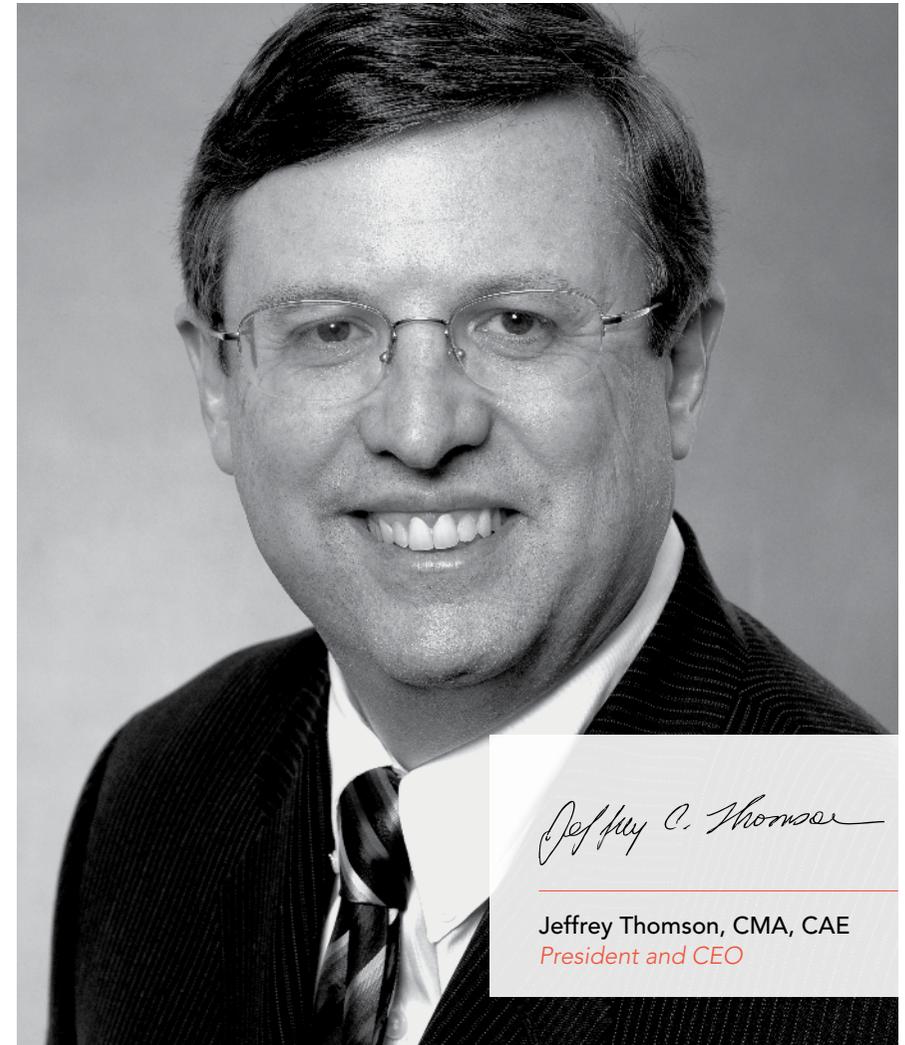
## Foreword by Jeff Thomson

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We at IMA are pleased to partner with ACCA on one of the largest studies of its kind to understand the pathways to senior leadership positions in finance and accounting, and more importantly, to ultimately help develop, nurture, and grow the next generation of leaders with appropriate competencies along their career arc.

Today's CFO faces many challenges and these will only increase, in the areas of globalization, technology, consumer sophistication, competition, among other factors. They need to have multiple lines of sight – oversight, hindsight, and foresight, balancing technical skills with leadership skills, and running the business with growing the business initiatives. Now, more than ever, the CFO is at the forefront of value preservation and value creation activities; no small balancing act.

IMA and ACCA believe we have an obligation to enrich the profession and society by creating ethically sound accounting and finance team leaders with technical accounting depth and business operations breadth. I hope you'll agree this report is a significant milestone in that journey.



## Introduction and about the survey

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The future operating environment for tomorrow's companies is complex and competitive. It is also less stable, and inherently risky. Amid this uncertainty, tomorrow's CFO and the finance teams they lead must somehow chart a path able to create and sustain value for their businesses.

When we consider what the future of finance will look like, are all bets off? Is there simply too much technological, social, economic and business change taking place to reliably predict how the future role of the CFO will evolve? Or does this turbulence instead set the framework for how the future role of finance leaders will evolve, as well as redefining the skills and experiences that will be most valued in tomorrow's leaders?

This report shares findings from a global study undertaken jointly by ACCA and IMA on the future careers of CFOs. Combining a global survey and interviews with leading CFOs, the research provides insights from today's finance leaders on how they see the role of the CFO evolving, and explores the developments shaping finance leadership in the future. The report outlines what all of this means for the career experiences that next generation finance chiefs need to acquire.

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**OVER 750**

**CHIEF FINANCIAL OFFICERS, FINANCE DIRECTORS AND C-SUITE FINANCE LEADERS RESPONDED TO OUR GLOBAL SURVEY, REPRESENTING ONE OF THE LARGEST EVER STUDIES OF ITS KIND.**

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## Executive summary

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For finance professionals with ambitions firmly set on becoming future CFOs, the career trajectory they will need to follow is already being redefined, a reflection of how the role of today's finance leader is changing, as well as broader technological, social and economic trends impacting business. There is no evidence, however, to suggest the finance leadership rulebook needs to be entirely rewritten for future CFOs: this is really a story of evolution, not revolution.

But how future CFO career paths will evolve is, of course, the essential point. We can expect the traditional linear routes through the finance organisation to CFO to apply less in the future, and there will be new stepping stones to the CFO role. As the CFO role rebalances between the traditional stewardship role to value catalyst, the skills and capabilities that must be brought to bear will naturally evolve and so too will the career experiences that bring about proficiency in those capabilities. It will play out in many ways; the need for future CFOs to develop much broader leadership capabilities beyond traditional finance strengths; the requirement for deeper business and sector specific experience and knowledge; the capacity to lead major transformation and change projects cross-functionally; skills in working effectively across different cultures and international environments; finely honed communication and influencing capabilities which enable finance chiefs to put across the right messages to very different internal and external stakeholders groups, and so on. We should also recognise too that whilst there may be a cohort of core evolving

capabilities of particular value to future finance chiefs, these will be nuanced and prioritised, influenced by the size of the organisation, its sector, its history and culture, its geographic footprint, its future strategy and so on.

These evolving capabilities are not simply needed by chance. They are, of course, a direct response to how the business environment is changing, and as a consequence reflect the changing expectations the business and the wider market has of the CFO and the finance teams they lead; a rebalancing global economy where businesses operate across both mature low-growth western markets and faster growing emerging markets; the changing face of the finance organisation with increasing use of shared services and business service constructs and a more focused retained finance operation wired to 'add value' or to provide deep specialist finance advice in an increasingly complex regulated environment; the proliferation of risk, with wider regulatory challenges and greater scrutiny on organisation performance; a more competitive environment, fuelled by the growth of

consumer power in an age of increasing brand disloyalty and lower switching costs; and of course the defining influence of our age – the proliferation of information and data, and the advent of social, mobile and cloud technologies that will revolutionise how and where we do business.

In the face of all of these developments, this report simply asks what the implication is for how aspirant CFOs should plan out their own careers to successfully lead the finance function of the future. It reflects the view and perspectives of current CFOs on the skills and capabilities that will be of most value for future finance chiefs. This is their advice:

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**FOR FUTURE CFOs – WHAT'S THE MOST IMPORTANT SKILLSET YOU NEED? IT'S GOING TO BE A DIVERSE SET OF EXPERIENCES.**

Tom Naratil, Group CFO, UBS

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### 1 Plan A – know your finance fundamentals

Future CFOs will still need a strong financial understanding and should target career experiences that provide them with that understanding across various points in the finance value chain. Ninety-five percent of current CFOs agreed it was important that future CFOs have experience in the core finance areas of financial and management accounting. Almost half of today's CFOs have had six or more finance roles during their career, 80% have had a finance role in more than one organisation and almost three-quarters have finance experience in more than one industry.

As the breadth of the role increases, it's unrealistic to expect future CFOs to deep-dive into every aspect of the finance operation, but critically they must be able to ask the right questions across the organisation. That's a skill that best comes from experience gained across multiple finance roles. Experience in specialised roles will continue to be beneficial, but experience in mainstream roles in finance remains essential. Plan A should be to build this broad foundation of finance experience through the career.

### 2 See strategy and business experience as the new baseline

The future CFO role in supporting strategic growth will be increasingly valued. Strategy formulation and execution was identified by current CFOs as the most important area in which to have experience for future CFOs. Over the next decade the business landscape will be reshaped by a combination of market volatility, globalisation and transformational innovation<sup>1</sup>. In an environment where 'commercials' will change quickly, deep business experience will be highly valuable. Whilst most of today's CFOs (61%) do not have experience outside of the finance team, future CFOs should seek out greater mobility in and out of the finance organisation, building the commercial qualities needed, and of course the internal relationships. Establishing commercial credentials early on in the career journey will be advantageous, but routes to and from the finance organisation must be planned carefully.

### 3 Career plan for the next big thing in finance: Insight and Analytics

How organisations regress, correlate, and extrapolate data to drive better decision making is the next 'big opportunity' for tomorrow's finance team as data grows and the multiplicity of information presents new challenges to business decision making. The business will be more demanding on the insights needed from the finance organisation because the requisite technology should be in place to provide this. Our survey suggests current CFOs rate financial insight and analysis as the second most important area in which future CFOs need to have gained career experience. Future CFOs should plan experience in the area and actively seek out analytics roles, so they understand its value and application.

### 4 Get risk experience under the belt

Future CFOs will operate in a business environment that's high risk. From traditional financial risks to emerging risks such as online reputational risk or cyber risk, the risks business face will grow, change, and in some cases become more difficult to calibrate and manage. The future finance organisation will have a significant role to play in balancing carefully the investments that need to be taken against potential risk impacts, and plan out the different scenarios. Experience in risk management was identified by current CFOs as the third most important area in which future CFOs need to gain experience and risk management challenges were identified as the second most important factor influencing the future role of the CFO. It should be said that this isn't a play for being risk averse. Rather it's about being prepared to take calculated decisions having a better understanding of the risk implications. Risk experience is a must-have on the CV of future CFOs.

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<sup>1</sup>100 drivers of change for the global accountancy profession: ACCA and IMA 2012

### **5** Become a deal maker

With the rebalancing of global economic wealth, more businesses will look south or east to drive growth longer term. Some growth will be organic, but much is likely to be through acquisition and merger and other forms of business tie-ups, tapping into already established businesses to ease market entry and leverage expertise and market knowledge. Merger and acquisition activity was identified as the fourth most important area of experience for future CFOs to obtain. It gives specific technical finance experience in structuring deals, but also can help develop wider skills in change and project management. More broadly, we can expect funding, capital market experience and investor relations to remain core finance capabilities in the future for CFOs of larger businesses too.

### **6** Get closer to stakeholders, become customer-focused

The range of stakeholders with whom future CFOs will have to engage will be significant. The future finance leader will need to 'talk the same language' across a wide range of traditional finance and non-traditional finance relationships. CFO aspirants need to plan for roles that increase their breadth of stakeholder engagement and cultivate strong relationship management skills. But the emerging powerhouse stakeholder that future CFOs need to be mindful of in an age of brand disloyalty is customers of the business. The future finance organisation will need to be attuned to the needs of different consumers and develop a culture which is customer-centric. This will be an important milestone on the transition from back to front office for the finance organisation. The future CFO needs to be customer savvy and taking roles which provide greater customer understanding will be key.

### **7** Focus on the management skills that matter

While next generation CFOs will need to call into play a wide range of skills to perform the role successfully, there are a number of standout management capabilities that will be needed. The top four skills identified in our survey were leadership skills, communication skills, strategy skills and change management skills. Strong leadership skills will be essential because the success of the future finance organisation is very dependent on a strong united leadership vision and an engaged and skilled finance team, particularly as the finance organisation become more diverse. Businesses will continue to evolve and re-engineer their operations and activities, so experience in transformation and change management for future finance leaders will also be a priority. So too will be effective communication skills as they align messages and provide appropriate context on financial and business performance to different stakeholder groups.

### **8** Prepare for more regulation and broader reporting

It's no surprise that future CFOs are likely to face more regulation. Regulation was identified as the third highest factor influencing the future CFO role. Future finance chiefs need to be confident operating in a regulated environment and should be adept at putting in finance structures and processes that manage legislative and increasing tax requirements effectively.

Alongside more regulation, we can expect ongoing changes in reporting requirements – growing interest in the concept of integrated reporting, more involvement of the finance organisation in reporting on different corporate performance measures, increasing use of financial and non-financial data, recalibrating investment assessments to account for environmental or social impacts and so on. Future CFOs need to track carefully developments in these areas and think about how their career plans help develop understanding here.

### 9 Get connected

Technology transformation in the finance team hasn't quite delivered on its promise to date. But there are developments on the horizon that may well shape the role of the future organisation and role of the CFO. The growing interest in the coming together of social, mobile and cloud technologies may revolutionise day-to-day business practices. Closer to home, there are other developments; possible use of robotic software in parts of the finance team to increase automation and better workflow, plug and play technology, and access to real-time information that provides finance chiefs with the ability to cut data many ways and which offer an immediate, integrated view of business performance. For many future finance chiefs, real-time business information in the palms of their hands on mobile devices will be a reality. Technology and automation was identified as the fourth highest factor influencing the role of future CFOs. Tomorrow's CFOs need to be technologically adept and understand the significant role technology can play in driving better finance delivery. They should also target roles which develop and utilise their technological understanding.

### 10 Expand your 'footprint'

The footprint and construct of many future finance teams will continue to change. The future CFO will need to be able to manage carefully the different demands between mature and emerging markets and align their finance strategies accordingly. They will need to be adept at working in the global business environment, leading finance teams which are diverse and virtual across mature and emerging markets. From managing new reporting requirements to driving financial insight into new markets and new consumer sectors, or raising capital, the finance organisation of the future must be entirely aligned to the business's needs. Future CFOs that can bring cross-cultural, cross-market business and finance experience to the table will be highly valued. Time served in shared service operations may also be of benefit, both in terms of gaining core finance experience, but also understanding the centre – retained relationship dynamics.

## The top finance job today

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Chief Financial Officer as a job description for today's finance leader doesn't quite reflect the reality of the role. Finance leaders continue to deliver on their finance stewardship responsibilities, but the role of today's finance leader in strategy formulation and execution, which is well versed already, is growing further. Balancing the breadth of responsibilities continues to be a challenge. Time is at a premium; so too is prioritisation.

As the growth agenda comes back in the line of sight, how the finance organisation supports businesses' ambition dominates CFO thinking. But helping chart the route to growth is no easy task. From managing regulatory changes to control of the decentralised finance organisation and driving insight to support better decision making, the significant challenges for finance chiefs are evolving. The public face of the CFO also continues to grow with more scrutiny from stakeholders who clamour for sustainable long-term value and an increasing flow of reliable information; the investment community continue to challenge the robustness of investment and growth plans.

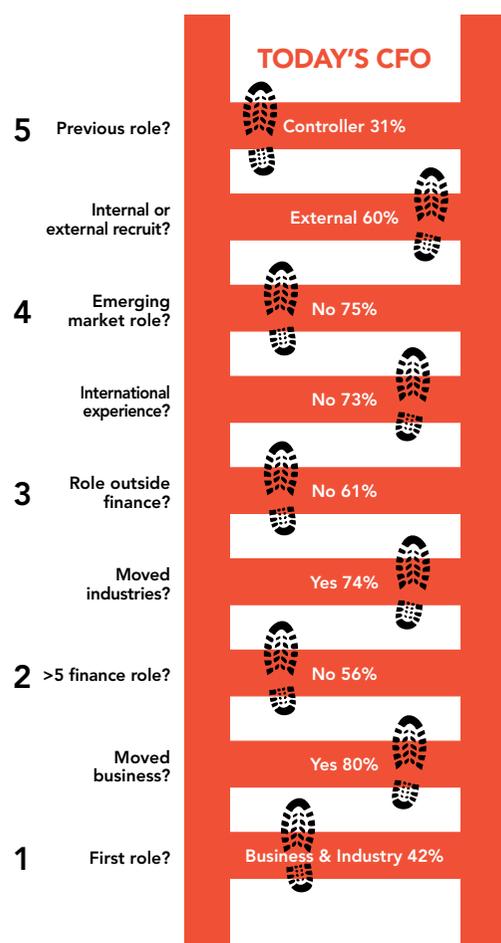
The global trading environment remains difficult. CFOs continue to cite challenging economic conditions, but also see technology and automation, regulation and risk as key issues impacting their

role most significantly. The environment is dynamic and uncertain, on the one hand creating the desire for sustainable growth, but also presenting multiple risks in delivery. Balancing this pursuit of growth with appropriate control of the organisation has become the defining hallmark of finance leadership today.

But here is the rub: for all the changes that have started to take place with the role of finance leadership today, our analysis shows that today's CFOs have broadly followed the expected 'traditional' finance career trajectory. To understand and contextualise how career experiences may evolve in the future, we start by exploring the classic career paths that shaped today's finance leader. And we simply ask: will this change, and what are the career experiences of most value for future finance leaders?

# Today's classic finance career

Figure 1: The most common career route for current CFOs according to our survey



## 1 Familiar starting blocks

Today's CFO started their careers in classic 'finance' training grounds. Forty percent began their finance careers in public accounting firms, and auditing firms continue to be a significant pipeline and entry point for the global profession. Slightly more finance chiefs (42%) started their careers in a finance role in business. This is no surprise: these routes typically provide much of the core foundational finance knowledge needed, from statutory reporting and financial control, through to management accounting and analysis. Only 8% started their professional careers in a non-finance role.

## 2 Mobility within 'finance' – the classic career

Almost half of the CFOs participating in the survey have had six or more finance roles under their belt. The majority have gained financial experience across different businesses and almost three-quarters have moved industries to further their career ambitions. This breadth of financial understanding remains the building blocks of today's CFO role because different finance roles and disciplines can never be practiced in isolation. The survey also revealed that today's CFOs have deep experience coiled around three core finance areas – management accounting and business commentary, financial control, and financial

insight and analysis; essentially the finance fundamentals. These remain the cornerstone skills developed in the classic finance career today.

## 3 Moves into the 'business' only for the minority

The majority (61%) have never taken roles outside of the finance team, spending their careers entirely within the boundaries of finance. This represents an on-going challenge for finance leaders in developing their commercial acumen and understanding, and suggests much of these developments takes place in the role as CFO, rather than during the career journey. It exposes the challenges that often prevail when shifting from control positions to CFO. Some differences due to business size were noted however; those CFOs representing larger businesses were less likely to have taken a non-finance role at some point during their career.

## 4 The primacy of domestic rather than international careers

The career story of today's CFO is one of domestic rather than international careers. Only 27% of the current CFOs in the sample had spent time in an overseas role. Only one quarter of CFOs had spent any time in 'emerging markets'. This is likely a reflection

of the extent of the globalisation of business during the career period, and levels of expansion into emerging or new markets at the time. However, some differences due to business size were noted here; for those CFOs representing businesses with \$1 billion+ turnover, 41% had international experience and 30% had spent time in a finance role in an emerging market.

## 5 Tested stepping stones to CFO

Financial director and financial controller roles remain the prior destination of choice for those with sights set on the top finance job. Thirty-one percent of current CFOs were controllers or group controllers and 22% were finance directors prior to their current CFO post. Sixty percent of current CFOs were recruited externally. Again it's further evidence that core financial knowledge remains fundamental to the role of today's finance chief. Over one-quarter (27%) were CFOs elsewhere prior to taking their current positions. Only a minority of CFOs came into the role through less conventional routes such as external deal making (2%), shared service or transformation leads (2%), and specialist finance roles such as tax, treasury or risk (1%).

## How can tomorrow's finance leader best prepare?

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The career story of today's CFO is the classic finance career. However, the business environment of the future will continue to change, shaping a different finance career experience. The advent of rapidly changing technology will have significant implications on how business is done, and how customers are served. The rebalancing of economic power from west to east will bring inevitable longer-term consequences, not least where business activities are focused. Businesses have to contend with greater exposure to risk due to economic turbulence and low-growth patterns, amid broader social, demographic and political changes on the world stage which will inevitably impact the business landscape too.

However, through all of this complexity and volatility, tomorrow's CFO must still support the business with effective finance leadership. Some things don't change that much. But the context and factors shaping the finance leader role will continue to evolve. These developments presents a challenge, as well as an opportunity for those ambitious finance professionals intent on becoming the finance leaders of the future. It begs the question: in light of these changes, what are the career experiences and capabilities that will be of most value?

## How can tomorrow's finance leader best prepare? > Continued

### 1 Plan A – know your finance fundamentals

Today's CFOs still expect an understanding of core finance fundamentals to be essential for future finance chiefs – 95% agreed it was important that future CFOs have experience in the core finance areas of financial and management accounting. It's difficult to foresee a future business environment which does not continue to require a strong grasp of baseline finance skills and core finance practices such as capital expenditure programmes, cost management, cash flow, financial reporting, financial analysis, financial planning and forecasting. These are the finance activities that underpin the essential workings of a business. There is no reason to assume the business won't still highly prize CFOs who bring strong control and financial management to the



**CFO ASPIRANTS NEED A SOLID UNDERSTANDING OF THE ACCOUNTING FUNCTION SO THEY CAN HAVE AN INTELLIGENT CONVERSATION WITH THE CONTROLLER. THEY NEED TO HAVE A BROAD UNDERSTANDING OF HOW THE BUSINESS MAKES CASH AND HOW DECISIONS AFFECT THE LONG-TERM SUSTAINABILITY OF THE COMPANY.**

Andre Alexander, Former CFO, Special Olympics

organisation, particularly in a period of increased volatility. A challenging economic landscape was cited as the top influence impacting the future role of CFOs in our survey. These findings citing the volatility of the future global economy are consistently supported elsewhere<sup>2</sup>.

Whilst breadth of finance expertise will continue to be essential, it should, however, be acknowledged that it is not possible for finance leaders to hold deep expertise in every finance discipline or area. However, a fundamental skill of significant value is being able to ask the right questions of the finance team and the wider business. This is a skill that comes from many years of experience and rotation through different finance roles. The advice is simple – aspirant CFOs need to ensure a balanced portfolio of finance roles across their career arc. Experience in specialised roles will continue to be beneficial, but experience in mainstream roles in finance remains essential.

Other data points consistently support the notion that core finance experience remains vital. In another survey, 80% of CFOs agreed it was important for newly qualified finance professionals to understand the entire finance value chain, and 96% felt it was essential they had a good working knowledge of financial management.<sup>3</sup>

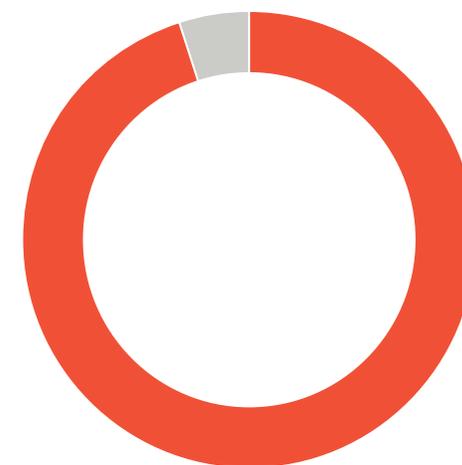


**A FINANCIAL BACKGROUND, COUPLED WITH BREADTH OF FINANCE EXPERIENCE ENABLES YOU TO ASK THE RIGHT QUESTIONS AS A CFO. IT WOULD BE HARD TO DO THIS IF YOU DIDN'T HAVE A FINANCE BACKGROUND.**

Robert Mello, CFO, GE Healthcare Greater China



Figure 3: Do you think it is important that future CFOs have experience of the core finance areas of financial and management accounting?



Base: all respondents

■ Yes 95%  
■ No 5%

<sup>2</sup>100 drivers of change for the global accountancy profession: ACCA and IMA 2012

<sup>3</sup>The complete finance professional 2013 ACCA



## How can tomorrow's finance leader best prepare? > Continued

### 2 See strategy and business experience as the new baseline

If future CFOs and the finance teams they lead are to live up to the promise of being growth catalysts for the organisation, strategy and commercial experience are 'must haves'. Tomorrow's CFO will play a critical role in strategy formulation, validation and execution. With rapid change in both business and consumer models, commercial acumen will become a baseline requirement for future finance chiefs.



**ONE OF THE MOST IMPORTANT PIECES OF ADVICE I WOULD GIVE FUTURE CFOs IS TO GAIN COMMERCIAL EXPERIENCE AND BUSINESS UNDERSTANDING.**

Richard Moat, Group CFO, Eircom Group



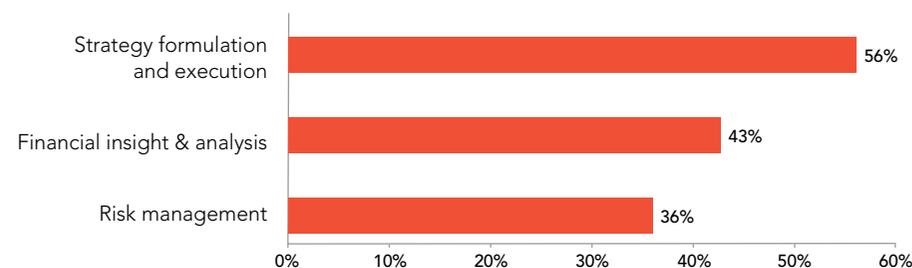
Today, the finance business partnering role is well established (though challenges still prevail), giving more commercial exposure to the finance organisation. But deeper business experience is usually only acquired in more senior roles. In the future, CFOs will benefit from commercial exposure earlier in their career to develop both the requisite business understanding as well as critically

helping develop successful relationships outside of the finance team. Ambitious finance professionals should seek out business experience, not just finance understanding, and quickly.

The aspirant CFO needs to think carefully when planning this deeper business experience. The good news is that some organisations are starting to understand the essential importance of providing their next generation CFOs with deep business experience, and mandating rotation into a variety of business functions, and we can expect this to continue. The challenge at the individual level is to ensure ongoing visibility both to the business and finance leadership team when such career moves take place. There is always the risk of going 'off radar'.

The future CFO has a number of options to gain this broader experience; they can take embedded finance roles in the business to gain greater insights into the value drivers of the organisation. They can proactively seek out roles which develop change management or project management capabilities, or take up overseas postings that give greater insight into regional or market dynamics.

Figure 4: In your opinion, what are the top three areas for future CFOs to personally have finance experience in?



Base: all respondents



**TO MAKE YOURSELF A MORE VIABLE CFO CANDIDATE YOU SHOULD SPEND SOME TIME IN THE BUSINESS. THE BIG QUESTION IS HOW DO I GET THERE?**

Tom Naratil, Group CFO, UBS



**FUTURE CFOs HAVE TO BE STRATEGICALLY FOCUSED. THIS WILL BE FUNDAMENTAL TO THEIR ROLE.**

Christie Zou, Former CFO, Merck Pharma China



## How can tomorrow's finance leader best prepare? > Continued

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### 3 Career plan for the next big thing in finance: Insight and Analytics

Today, finance teams mostly remain rooted in basic business intelligence queries. Analysis remains focused on 'what' happened, rather than 'why', 'how', or 'what's the implication for the future?'. Technologically speaking the finance team is reactive and playing catch up – multiple ERP systems, manual reconciliations, and limited data extraction and manipulation tools continue to be the norm. There's lots of talk of finance driving the value agenda, but significant challenges remain. In particular, analytics in finance is embryonic for most organisations.

For next generation CFOs and the future finance organisation, predictive insights through analytics presents fantastic opportunities for superior decision support, which in turn enhances the reputation of the finance team internally.

There is growing evidence that high performing businesses have finance teams that deliver better insights<sup>4</sup>. In the future, analytical insight – regressing, correlating, forecasting and extrapolating data that drive much better customer or product insights – become essential in unlocking value and creating competitive advantage.

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#### INSIGHT WAS RATED THE SECOND MOST IMPORTANT AREA FOR FUTURE CFOs TO HAVE EXPERIENCE IN.

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The business will ask new questions and wish to gain a better understanding of the true profitability of its activities – it will wish to better understand the real return on marketing campaigns, or wish to gain a clearer understanding of the true costs to serve across its product portfolio.

But the question of who has primary responsibility for, or 'ownership' of analytical insights in the business is not a foregone conclusion. In this respect, it presents both an opportunity and a threat to the finance team. Future CFOs do, however, have the opportunity to drive this agenda, and they can start by proactively building analytics experience into their career portfolios. With more complexity, more data, and neater extrapolation and analysis tools, it's no surprise that present CFOs rate financial insight and analysis as the second most important area for future CFOs to have gained career experience in. A strong grounding in providing and applying insight will be essential for future CFOs, but framing the discussion in a business context, and developing the compelling story behind the numbers will matter just as much.

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**FOR CFOs OF TODAY AND THE FUTURE EXPERIENCE IN THE AREA OF ANALYTICS AND HOW IT CAN BE APPLIED TO BRING VALUABLE INSIGHT TO THE BUSINESS, IS NOW MORE IMPORTANT THAN EVER.**

Richard London, CFO, IBM Ireland

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**KEY SKILLS WILL INCLUDE CRITICAL AND ANALYTICAL THINKING.**

Scott Rosenberg, CFO, Purchasing Power

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<sup>4</sup> The new value integrators: IBM 2012

## How can tomorrow's finance leader best prepare? > Continued

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### 4 Get risk experience under the belt

Strategic risk, financial risk, political risk, operational risk, environmental risk, cash flow risk, commodity price risk, innovation risk, talent risks, regulatory risk, economic risk, cyber risk, competition risk... the risks businesses of all sizes face will grow and change over time. Most CFOs agree effective risk management is already a priority today. It was identified as the third most important area in which future CFOs need to gain career experience.

Some of the traditional financial risks faced by businesses in the future will need to be viewed as a portfolio of increasingly complex and linked investments that need careful management, estimation and financial projection<sup>5</sup>. For aspiring CFOs, experience in scenario planning and more complex financial risk assessments processes will be valuable. Here again, analytics will be invaluable.

But given the breadth of risks faced, astute CFOs of the future will need to be able to step back from detailed and complex risk assessments on specific financial projects. They will need to be able to consider the broader risk landscape, and new strategic and future risks emerging on the horizon, such as the increasing risks relating to cyber security, or the high levels of reputational risk now present for businesses in a 24-7 connected environment.

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#### RISK MANAGEMENT WAS RATED THE THIRD MOST IMPORTANT SKILL FOR FUTURE CFOs

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With so much risk in the environment, future CFOs must not be risk averse; rather they must be prepared to take risks which have been sufficiently calculated. The value added by deep commercial experience and business exposure will be significant in this respect.

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**TO ACHIEVE SUSTAINABLE GROWTH IN THE FUTURE, CFOs WILL REALLY NEED TO UNDERSTAND AND BE VERY COMPETENT IN RISK MANAGEMENT. THEY ALSO HAVE TO RECOGNISE THAT THE RISKS THAT BUSINESSES FACE WILL CONTINUE TO EVOLVE – FOR EXAMPLE RISKS RELATING TO SOCIAL AND DIGITAL MEDIA, OR RISKS THAT DEVELOP AS A RESULT OF GLOBALISATION AND EXPANDING THE BUSINESS INTO NEW EMERGING MARKETS. THERE IS ALSO THE INCREASED SPEED AT WHICH SOME RISKS WILL OCCUR AND HOW YOU CAN BEST PREPARE TO COPE WITH THIS STRATEGICALLY.**

Teuta Bakalli, CFO, Pepper Europe

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**FUTURE CFOs WILL NEED TO ENSURE THEY ARE SKILLED AND KNOWLEDGEABLE IN RISK MANAGEMENT. IT'S A VITAL IMPERATIVE.**

Christie Zou, Former CFO, Merck Pharma China

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<sup>5</sup> The changing role of the CFO 2012 ACCA and IMA

## How can tomorrow's finance leader best prepare? > Continued

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### 5 Become a deal maker

Most bets are placed on a long-term rebalancing and redistribution of global economic wealth. Western centric organisations increasingly look east or south to drive growth. Many of the largest organisations in the world increasingly have emerging market origins. Some of this future growth will undoubtedly be inorganic; capital will flow both ways. Even in the short-term, an uptick in acquisition and merger activity is likely – significant cash balances on corporate balance sheets and low interest rates help. Some analysts are going further and pointing to a decade of capital ‘superabundance’<sup>6</sup>.

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**MERGER AND ACQUISITION ACTIVITY WAS IDENTIFIED AS THE FOURTH MOST IMPORTANT AREA FOR FUTURE FINANCE CHIEFS IN WHICH TO HAVE EXPERIENCE**

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**CAPITAL MARKETS EXPERIENCE IS VERY IMPORTANT FOR GROUP CFO ROLES OF MAJOR BUSINESSES.**

Tom Naratil Group, CFO, UBS

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For future CFOs in the largest organisations, we can expect previous deal making experience to be valued. In our survey, merger & acquisition activity was identified as the fourth most important area in which future finance chiefs need to have experience. But this isn't just a technical finance play. There is no doubt that understanding aspects of due diligence and deal structuring will be skills of immense value for future CFOs, but merger and acquisition activity is also about developing capabilities such as change management, project management and deeper transformation experience.

There is a broader funding dimension too. For larger listed businesses, we can expect capital market issues to continue to be essential for finance lead – which is why experience in specialist finance areas such as investor relations will continue to be relevant. We should also recognise and expect increasing breath of fundraising options for CFOs to deal with in the future, beyond traditional finance sources. Learning the technical finance mechanics of funding the business, as well as developing investor-facing capabilities and skills will remain important. Selling the right story to analysts is a critical skill for group CFOs to cultivate.

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**LEARNING M&A CAPABILITIES EARLY ON WAS VERY USEFUL FOR MY FUTURE CAREER.**

Christie Zou, Former CFO, Merck Pharma China

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**FOR ASPIRANT CFOs WHO WISH TO LEAD LARGER LISTED ORGANISATIONS IN THE FUTURE, GETTING EXPERIENCE OF CAPITAL MARKETS, AND MERGER, ACQUISITION AND DISPOSAL ACTIVITY I THINK WILL BE INCREASINGLY IMPORTANT.**

Richard Moat Group, CFO, Eircom Group

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<sup>6</sup> Bain: A world awash in money. Capital trends through 2020.

## How can tomorrow's finance leader best prepare? > Continued

### 6 Get closer to stakeholders, become customer focused

The CEO – CFO relationship is well documented: the CFO treads a careful line between collaboration and independence. On the one hand the CFO must support the CEO in developing and executing the strategy of the organisation. But they also have a fiduciary responsibility to ensure the business is well controlled and strategy ambitions do not put the longer-term health of the business at risk. It's a difficult balance to manage.

But broader relationships with the board or senior management team matter too. Most business activities and projects touch the finance team. CFOs are uniquely positioned to see the bigger picture in the organisation; they're plugged-in by default due to the remit of the finance organisation they lead. This is why CFOs

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**FUTURE CFOs WILL NEED TO BE MUCH MORE IN TUNE WITH WHAT IS HAPPENING IN THE EXTERNAL ENVIRONMENT. THERE'S A LOT OF CONSTITUENTS OUT THERE YOU WILL NEED TO DEAL WITH.**

Robert Mello, CFO, GE Healthcare Greater China

must be skilled in cultivating strong relationships across the business. Future CFOs need to think carefully about how they develop a strong internal profile, cultivating strong relationships across the business, and take on roles which give greater visibility.

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**ALWAYS THINK ABOUT YOUR VISIBILITY WITH THE LEADERSHIP DECISION MAKERS IN YOUR ORGANISATION.**

Robert Mello, CFO, GE Healthcare Greater China

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Externally there are challenges too. More stakeholders than ever scrutinise company performance. They have vested interests themselves and the nature of their finance relationships are broadening out. Expectations of the responsibilities of finance teams are changing too. It may not always be about the financial best return for some stakeholders, or 'growth at any cost'.

There will be more complex trade-offs and ethical issues for finance leaders to consider too – the environmental impacts on investment projects, the ethical dimensions of 'legal' corporation tax payments made, and so on. It's a more complex networked environment that future finance chiefs will have to navigate.

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Future CFOs will need to be closer to customers too because they'll be the stakeholders with real power – better information on the business and its competitors, more product choices and lower switching costs. In the age of brand disloyalty, cultivating a better understanding of customers across the business will be essential, but it will be more important for the finance organisation too. In a 24-7 digitally and socially connected environment, CFOs and the finance organisation will need to be more 'tuned-in' and customer-centric.

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**FUTURE CFOs WILL REALLY NEED TO UNDERSTAND HOW TO DEVELOP RELATIONSHIPS WITH A WIDE RANGE OF STAKEHOLDERS. A STRONG NETWORK WILL BE ESSENTIAL TOO.**

Richard Lundon, CFO, IBM Ireland

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**MANAGING A BREADTH OF STAKEHOLDERS IS A KEY SKILL AND IT APPLIES ACROSS THE BOARD, NOT JUST TO THE LARGEST LISTED BUSINESSES. EVEN FUTURE CFOs SETTING UP 'START-UPS' WILL NEED TO BE ADEPT AT ENGAGING WITH DIFFERENT STAKEHOLDERS BECAUSE YOU ARE TRYING TO BUILD THE BRAND, YOU NEED TO RAISE FUNDS, YOU NEED TO BE ABLE TO REMAIN AGILE AND SO ON. IT'S AN ESSENTIAL SKILL FOR FUTURE CFOs TO MASTER.**

Teuta Bakalli, CFO, Pepper Europe

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**THE CFO NEEDS MORE THAN JUST TECHNICAL SKILLS. THEY NEED POLITICAL SKILLS & CAPABILITIES. THEY ARE PART OF THE SENIOR LEADERSHIP TEAM.**

Andre Alexander, Former CFO, Special Olympics

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## How can tomorrow's finance leader best prepare? > Continued

### 7 Focus on the 'management' skills that matter

Our survey identifies leadership skills, communication skills, strategy skills and change management skills as the top four must-have capabilities.

Tomorrow's finance leader will have to build deep capability in their finance teams to meet the needs of the business. They will have to present a clear vision of the future of the finance organisation, and increasingly manage a diverse and diffuse finance workforce. They will also have to lead virtual finance teams, and they will need to recognise that high performing finance teams are created from engaged, knowledgeable, committed and highly skilled finance professionals. Developing these new types of leadership capabilities and an appreciation of the importance of talent management will be absolutely essential.

Secondly, great communication and influencing skills will be key for future finance chiefs to master. Getting internal and external stakeholders on board with



#### **FUTURE CFOs NEED LEADERSHIP EXPERIENCE TO BUILD STRONG TEAMS.**

Tom Naratil, Group CFO, UBS

key finance messages will be critical. Message alignment will be important; speaking the 'same language' for different stakeholders will be necessary. Communication channels are evolving too of course, and future finance leaders will need to be adept in mastering new communication technologies.



#### **I BELIEVE VERY DEEPLY THAT FUTURE CFOs MUST UNDERSTAND THE IMPORTANCE OF THEIR TEAM. YOUR TEAM, AS A LEADER, IS THE MOST IMPORTANT THING YOU HAVE. YOU CAN ONLY BE AS SUCCESSFUL AS YOUR TEAM IS.**

Robert Mello, CFO, GE Healthcare Greater China

As businesses continuously re-engineer their processes to play catch up in an increasingly fluid global consumer marketplace, change is a constant too. The transformation programmes that many finance teams themselves are now engaged to better align themselves to the business, as an example, are far-reaching. Tomorrow's finance leader will need to bring deep change management capabilities because the finance team will be continuously re-engineering itself to ensure it is most effectively aligned with the business.

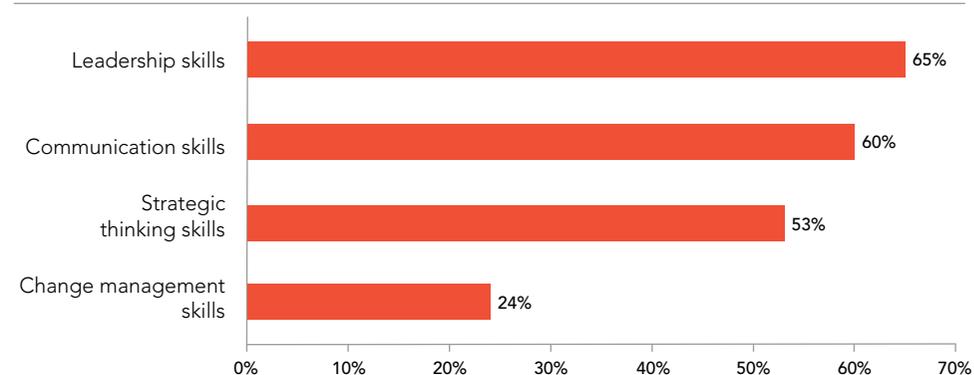


#### **COMMUNICATION SKILLS ARE ESSENTIAL FOR FUTURE CFOs TO MASTER.**

Benjamin Mulling, CFO, Tente Casters Inc.



Figure 5: In your opinion, what are the top management skills needed by future CFOs?



Base: all respondents



**DEVELOPING THE RIGHT MANAGEMENT AND LEADERSHIP SKILLS IS ESSENTIAL. MY ADVICE TO FUTURE CFOs WOULD BE IN SEVERAL AREAS. FIRSTLY, BE PREPARED TO PUSH YOURSELF OUT OF YOUR COMFORT ZONE IN DEVELOPING YOUR CAREER. SEEK OUT BREADTH AND DEVELOP BUSINESS EXPERIENCE AND STRONG BUSINESS RELATIONSHIPS SO THEY COME TO YOU. THIS GOES HAND IN HAND WITH DEVELOPING REALLY EFFECTIVE COMMUNICATION SKILLS. WITH THE EMERGENCE OF TECHNOLOGY ADVANCEMENTS BE PREPARED TO BE MOBILE BECAUSE THIS IS LIKELY TO BE EVEN MORE IMPORTANT IN THE FUTURE. ALSO BE PREPARED TO OPERATE IN A CONTINUOUSLY CHANGING ENVIRONMENT. ALL OF THESE EXPERIENCES WILL HELP BUILD THE RIGHT CAPABILITIES TOWARDS A SUCCESSFUL CAREER.**

Richard Landon, CFO, IBM Ireland



## How can tomorrow's finance leader best prepare? > Continued

### 8 Prepare for more regulation and broader reporting

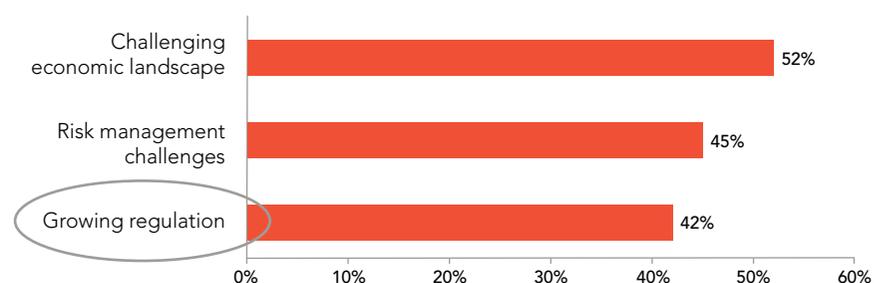
Future CFOs are likely to face greater regulation. They will have greater personal accountability in ensuring regulatory issues are dealt with and, for those leading large businesses expanding into emerging markets, they will need to learn to develop finance organisations that can on-board regulatory adherence seamlessly, as well as being assured in specific technical areas such as tax. Putting finance structures and systems in place which can manage future regulatory and reporting requirements will be an essential skill for future CFOs to learn. Regulation was identified as the third highest influence on the future CFO role in our survey.

Part of the way in which regulation may grow is through broader reporting requirements. The limitations of traditional financial statements in communicating the financial health and position of the company are well-documented. In response, there has been a growth in broader disclosures to plug the perceived gap, from sustainability reporting, to corporate governance disclosures to director remuneration disclosures. Part of the problem however is that there has been a growth in the length and complexity of reports too.

The calls for integrated reporting, bringing together different strands of information that give a more coordinated and joined up view on how the entity is intending to achieve its corporate objectives over the longer-term, grow stronger. Though developments remain embryonic in this challenging area. ACCA's investor research suggests it will be a welcome advance.

What is certain is that stakeholders increasingly seek broader assurance on the sustainability of business activities. The question of how to effectively report organisation performance and value creation will increasingly dominate the CFO agenda and thinking. The impact for future CFOs is significant: it requires new finance thinking on establishing and measuring performance indicators; systems will need reworking, and financial and non-financial trade-offs will need to be better calibrated and understood. Longer-term this is probably another great opportunity for the finance team to extend its influence in the business but it will be a major challenge in two areas: changing finance culture and ensuring relevant skills. Gaining reporting exposure and tracking these developments ongoing is essential for future CFOs.

Figure 6: What do you think are going to be the top three influences impacting the future CFO role?



Base: all respondents

## How can tomorrow's finance leader best prepare? > Continued

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### 9 Get connected

Technology hasn't quite delivered on its promise for the finance team... yet. Whilst current finance teams may be more closely evaluating more automated invoicing, payment and workflow tools, progress is slow. Even in 2013, transactional finance remains stubbornly human capital intensive, and plug and play finance technology isn't quite there in reality. Significant data extraction and analysis deficiencies in most finance teams remain too with multiple finance systems in play.

Looking further afield, if future predictions on disruptive technologies are even partly accurate, however, the impact on business and by default the finance organisation will be significant. Technological advances will shape the careers of next generation CFOs and the finance teams they lead. Technology and automation was identified as the fourth highest influence impacting the future CFO role.

The obvious technology development is the coming together of social, mobile technologies and cloud infrastructure which means more and more future CFOs should have real time self-service access to all sorts of data on business performance

in the palm of the hand. There will be less effort 'accounting' for the numbers and more time spent explaining the implications – finance will have great data at their hands from the cloud to be able to explain the numbers and the implications for the business.

There are other developments too more specifically within the finance department which could impact on career paths; robotic technology could significantly reduce foundation level careers openings in transactional finance areas, and mobile technology could reduce the need for large physical finance departments rendering traditional and visible career paths less obvious.

Aspirant CFOs need to understand how technology is likely to impact how the finance organisation of the future operates. They need to plan in roles which expand their technology capabilities and understanding, and which give insights into how technology is transforming the business, not just the finance department.

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## NO.4 TECHNOLOGY AND AUTOMATION WAS IDENTIFIED AS THE FOURTH HIGHEST INFLUENCE IMPACTING THE CFO ROLE

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## How can tomorrow's finance leader best prepare? > Continued

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### 10 Expand your footprint

Many organisations are rebalancing their operations between mature and emerging markets. Increasingly they seek to stabilise their operations in mature markets and look for growth in emerging economies. But this means greater risk as well as opportunity, and significant operational and cultural challenges.

Tomorrow's finance team will reflect the businesses they serve, and embrace diversity. Operationally we can expect a greater rebalancing of the footprint of the finance team. It's already happening; the advent of shared services and outsourcing has dramatically reshaped where finance activities are delivered. It may not be unrealistic to view that time served in these operations could be beneficial for future CFOs, given the scope of finance activities they now cover and their ambitions to move up the value chain. This is an area of significant debate at the moment. Will future CFOs come from this environment? If they don't, are there implications for how the necessary understanding is developed amongst future finance leaders?

Market expansion impacts the finance team directly too in other areas: onboarding new regulatory reporting, meeting tax and legal requirements, driving financial insight into market and product performance, raising capital or managing the different risks that emerging economies present.

The technical demands of new market entry are significant for the finance team, but so too are cultural and diversity dimensions. Gaining international finance experience, understanding how to work effectively across different cultures and leverage diversity should be clear career goals for next generation CFOs.

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**TAKE THE OPPORTUNITIES TO HAVE DIFFERENT ASSIGNMENTS IN DIFFERENT PARTS OF THE WORLD. UNDERSTAND HOW THINGS ARE DONE, BECOME MORE ADAPTABLE IN YOUR THOUGHT PROCESSES, TO DIFFERENT CULTURES; WORKING EFFECTIVELY IN ONE COUNTRY IS NOT ALWAYS THE SAME IN ANOTHER COUNTRY. RECOGNISE THE DIVERSITY IS POWERFUL, LEARN HOW TO LEVERAGE IT.**

Robert Mello, CFO, GE Healthcare Greater China

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**HAVE A GLOBAL VISION AND GLOBAL SKILLS – YOU NEED TO UNDERSTAND DIFFERENT CULTURES.**

Christie Zou, Former CFO, Merck Pharma China

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**YOU NEED TO BE A CFO THAT SEES THE ENTIRE PICTURE – YOU NEED TO SEE EVERYTHING FROM ALL POINTS OF VIEW.**

Benjamin Mulling, CFO, Tente Casters Inc.

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## Conclusion

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For tomorrow's CFO, the leadership handbook is being redrafted, but not entirely rewritten. They will certainly lead their finance organisations through a very volatile, uncertain and continuously changing environment. The next 10 to 15 years will be a period of technological advancement, as well as political, economic and social upheaval. Inevitably, the business landscape will evolve in response. New organisation models will emerge, and we will see a significant rebalancing of business and consumer power.

We will see more automation of finance activities, and in the shorter term an ongoing change to the footprint of finance operations to deliver efficient and standardised finance services. At the same time, the growing diversity of the finance organisation will itself present new leadership challenges and call into play new capabilities. There will be more regulation and more scrutiny on how the business achieves its performance levels. We can expect significant developments and challenges to finance teams to drive insights to create advantage in what will be a more complex, competitive international environment

But for future finance chiefs, this is a story of rebalancing between traditional and new finance responsibilities, and contextualising these for a changing world. Many of the capabilities that future CFOs will need are in train now, and evidenced by the skills that current CFOs are already having to bring to the table – growing involvement in strategic decision making,

an acute understanding of effective risk practices, skilled stakeholder management capabilities, dealing effectively with compliance and reporting requirements, working cross culturally – and so on. For aspirants CFOs planning their career paths, their focus should be on gaining experience which enables them to build better skills in all of these key areas, and learning how to apply them effectively in a changing business environment.

It should also be said that all of our on-going research in this area suggests that a core understanding of fundamental finance concepts will remain as relevant for future finance chiefs as it does today for current CFOs. Businesses will still want to create value and profit, they will still want to manage costs, they will still need funding, they will still need to be controlled and their risks managed, they will still be asked to account for their activities. These finance fundamentals aren't changing. This is why future CFOs need to continue to build these core

finance capabilities in their careers, and why qualifications such as ACCA and CMA will continue to remain relevant. However, the successful CFO of the future will recognise that the context in which these skills are applied is shifting rapidly. As a consequence, the traditional linear route through the finance organisation may not provide the requisite capabilities that most CFOs in the future will need to apply these skills effectively. These developments could well signify the end of the road for the classic finance career to the CFO role.

## A final word

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If I reflect on some of the experiences which I have learned which I think are going to be vital for future CFOs, there are many pieces of advice I would give. You always need to foster a good relationship with your CEO and you need to be able to increasingly handle relationships with a broader set of stakeholders such as shareholders, debt and bond holders, the government, the press and so on. I'd also suggest you need to be very open minded about where your future growth in the business will come from. You will certainly need a strong basic finance understanding because this remains at the heart of strategic decision making, but you will also need to be able to translate the numbers and communicate their implications. Learn to think strategically, and get deeper and broader management experience for example by overseeing significant change management and transformation projects. Increasingly I believe international experience and experience across different cultures is going to be important if you wish to be a CFO leading a major international organisation. The future CFO role will be very challenging, but also very rewarding for the right candidates.

Richard Moat, Group CFO, Eircom Group



## Acknowledgements and about the author

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CFO, GE Healthcare Greater China

**Andre Alexander**

Former CFO, Special Olympics

**Scott Rosenberg**

CFO, Purchasing Power

**Christie Zou**

Former CFO, Merck Pharma China

**Benjamin Mulling**

CFO, Tente Casters Inc.

### About the author

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