



The Association of
Accountants and
Financial Professionals
in Business



ACCOUNTANTS FOR BUSINESS

Future pathways to finance leadership 2013

FIVE MINUTES ON...

Future pathways to finance leadership



In delivering successful finance leadership and performance, the standout challenges facing today's Chief Finance 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.

The 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.

A handwritten signature in black ink, appearing to read 'Helen Brand'.

Helen Brand OBE
Chief executive, ACCA

Key findings: the advice from current CFOs on career planning for a future CFO role

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 organisation, 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 innovation¹. 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 on line 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.

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.

¹ 100 drivers of change for the global accountancy profession: ACCA and IMA 2012

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 reengineer 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 requirements effectively.

Alongside more regulation, we can expect on-going 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. Directly within the finance function there are other developments too; 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 palm of their hand on mobile devices will be a reality. Technology and automation was identified as the 4th highest factor influencing the role of future CFOs. Tomorrow CFOs needs 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 technology 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.

For more information and access to the full report: www.roleofcfo.com



Future pathways to finance leadership

About this report

This report shares findings from a global study undertaken jointly by ACCA and IMA on the future careers of CFO's. Combining a global survey of over 750 Chief Finance Officers, Finance Directors, and C-Suite Finance leaders and supplemented by 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.

In summary

The report suggests the end of the classic narrow finance career. Tomorrow's CFOs will still need baseline finance capabilities, but they will also need a much broader skill set. As a consequence the career journeys of most value will evolve. There are a number of key influencing factors as to why: a broader role for the future CFO, rebalancing growth across markets, faster business change, new finance function models, the proliferation of information, the advent of social, mobile and cloud technologies, and so on. The CFO role will still be focused on finance, but the context and environment will continue to shift.

For more information and access to the full report: www.roleofcfo.com

About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim 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.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We seek to open up the profession to people of all backgrounds and remove artificial barriers, innovating our qualifications and their delivery to meet the diverse needs of trainee professionals and their employers.

We support our 162,000 members and 428,000 students in 173 countries, helping them to develop successful careers in accounting and business, with the skills needed by employers. We work through a network of 89 offices and centres and more than 8,500 Approved Employers worldwide, who provide high standards of employee learning and development.

About IMA

IMA® (Institute of Management Accountants), the association for 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) programme, continuing education, networking, and advocacy of the highest ethical business practices. IMA has a global network of more than 60,000 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.

Accountants for Business

ACCA's global programme, Accountants for Business, champions the role of the finance professional in all sectors as true value creators in organisations. Through people, processes 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/accountants_business