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Strategic Ambiguity and Change Lead CFOs' Career Concerns

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Strategic ambiguity, major change initiatives and changing regulatory requirements remain the top three career concerns of CFOs, according to finance executives responding to Deloitte's second-quarter CFO Signals™ survey. The survey asked a number of questions covering CFO careers, including top on-the-job stresses, definitions of success and how CFOs distribute their time.

The quarterly survey tracks the thinking and actions of chief financial officers representing many of North America's largest and most influential companies. Seventy-five percent of respondents were from companies with more than $1 billion in annual revenues, and from publicly traded companies.

For the second quarter, major change initiatives ranked as the top stressor. Nearly 56% of all CFOs cite this stress, and half or more of CFOs in every sector (other than Healthcare/Pharma) name it in their top three.

These results make change initiatives the most dominant career stress ever mentioned in the five quarters Deloitte has conducted the CFO Signals survey. "Based on our previous survey results, the contributing factors to CFOs' career stress in the second quarter were due to a rise in M&A activity, shifts in organization strategies and structures and new investments," says Sanford Cockrell III, national managing partner, CFO Program, Deloitte LLP. "It will be interesting to see to what degree recent debt-ceiling agreements, debt ratings downgrades and stock market declines will displace or reorder these career stresses."

In one-off findings, responding CFOs from the Technology sector are by far the most likely to cite insufficient support staff as a top job stress, and CFOs representing the Healthcare/Pharma sector are most likely to cite insufficient internal political influence/authority.

CFOs Spending More Time as Catalyst and Strategist

The second-quarter survey results also indicate that CFOs are back in their preferred roles as catalyst and strategist and are spending 30% of their time in these roles after having played mostly steward and operator roles during the financial crisis and recession.

The time that CFOs spend in each role varies by industry. Responding CFOs from only one sector, Energy/Resources, reported the steward role in their top two areas of time commitment, consuming an average of 35% of their time. CFOs responding from the Healthcare/Pharma sector report having a highly strategic focus, with their steward and operator roles consuming less than 30% of their time.

Overall, the trend toward increasing catalyst and strategist roles will likely come as a welcome change for the half of CFOs who indicated they considered themselves to be predominantly "drivers" (as opposed to "pioneers," "integrators" and "guardians") in Deloitte's 4Q10 survey. "The shift also appears to further confirm that the nature of CFOs is shifting both in terms of base personality type and organizational role," notes Greg Dickinson, who leads Deloitte's CFO Signals survey.

"As changing business environments force companies to change strategies, select and execute major change initiatives and manage a broad range of risks, CFOs appear to be playing bigger and more formal roles in each of these areas," says Mr. Cockrell.

How CFOs and CEOs Define Success

When asked how they define their own success, CFOs point to how well they play the role of a strategic CFO/Finance leader and the company's financial performance, according to the survey results. When asked to speculate about how their CEOs rate their success, responding CFOs indicated the same criteria.

CFOs' top success criterion, according to survey results, is achieving a strategic role for themselves and their finance organizations. On average, they define 22% of their own success by this measure and contend that their CEOs define 19% of CFO success by it. This ranking is reinforced by a very high (and perhaps growing) percentage of CFOs who clearly desire to add value as strategists and catalysts. An interesting twist, however, is that nearly 20% of CFOs say their CEOs place no emphasis at all on this strategic role.

CFOs perceive that their CEOs focus more on financial performance when defining success. On average, responding CFOs believe CEOs associate 28% of CFO performance with financial results, notably above their own weighting of 21%. Only 17% of responding CFOs base more than 30% of their performance on financial results. Meanwhile, respondents indicated that more than one third of CEOs do so.

There is also variability by industry. Generally, there appears to be a relatively high focus on financial performance in the Manufacturing and Energy/Resources sectors, and a substantial focus on strategic roles in Services. Retail/Wholesale and Energy/Resources appear to place the highest focus on liquidity and solvency as a success criterion.

About Deloitte's CFO Signals Survey

Each quarter, Deloitte's CFO Signals tracks the thinking and actions of CFOs representing many of North America's largest and most influential companies. The report summarizes CFOs' opinions in five areas: CFO career, finance organization, company, industry and economy. Deloitte's CFO Signals survey was conducted in the last two weeks of May. Seventy-five percent of respondents were from companies with more than $1 billion in annual revenues, and from publicly traded companies. Responding CFOs represent eight sectors: Energy/Resources, Financial Services, Healthcare/Pharma, Manufacturing, Retail/Wholesale, Services, Technology and Telecommunications/Media/Entertainment.

Full Report: **CFO Signals™: 2011 Q2 Results**

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