



7 core skills for today's modern CFO

Introduction

As a CFO, you don't just help your organization survive a crisis; you're looking for ways to help it respond and thrive. You're a strategic business partner to the C-suite, leading calculated decisions and using your financial planning and analysis processes and experience to push beyond the expected. Challenges or no challenges.

But doing this isn't always obvious or easy. So, we've pulled together several key tasks to help you get there:

1. Create finance-first cultures

As the best CFOs know, digital transformation brings significant benefits. One of the biggest is enabling different departments to collaborate by working closer together, while understanding their contribution to the business.

Making these business partnerships happen requires increased cross-functional co-operation and improved communication and understanding. As CFO, you need to be a strong communicator and make sure everyone in the business understands how their contributions and actions impact the bottom line – positively and negatively. Done right, you can create a culture that thinks finance first for everything.



“We discovered during Covid the need to communicate regularly with all staff, and we’ve continued that practice into today. This has enabled us to educate our colleagues on how the decisions they make impact the bottom line.”

Paul Rockwood, CFO, City of Port Moody

2. Bring others on the finance journey

CFOs don't work in a vacuum. Budgeting and forecasting, done well, is a democratic process. You achieve the goals set by your owners, shareholders, and board and get buy-in from your colleagues at the operational level who execute and deliver the numbers. The better your FC/BUD process, the greater the alignment between the execution side of business leaders and management, and the executive team. Avoiding this democratic process in budgeting often results in detailed discussions further down the line, when teams should instead be focused on delivering against the organization's goals.

In this instance, skill and strategic thinking are beneficial. But it's also down to you to inform, educate, influence, and inspire.

For example, most people in your organization won't understand the effects of delays in planning, delivery, order-signing, or how simple non-compliance can affect cash flow. How can you help?

As CFO, you must become both coach and facilitator. And you do this in 3 key ways:

- Train non-financial managers in basic best practices to create behaviors that prevent costly errors and support the bottom line.
- Communicate financial objectives clearly, so everyone understands the narrative behind the numbers, then lead by example.
- Base incentive systems on financial performance with bonus policies weighted to reflect team cash flow contributions where possible. And whole-company financial performance targets can be made more relevant to everyone.

3. Evolve as the business evolves

Advancing your people's impact on your finances is critical for companies as the pressure to drive costs and operational efficiencies rise. But how? The key to "how" lies with business partnering and extending its role across the organization as a critical driver of strategic alignment.

In recent times this has led to a broadening of the CFO role. A study by CFO Dive found many organizations are now phasing out COO positions and moving this operational responsibility to their CFOs¹. This means you are now key to the evolution of every team, whether that's finance, HR, procurement, sales, or more.

Also, finance is most potent when working with ops and sales teams at this level. So, as CFO, you must be the catalyst for creating greater affiliations between sales and finance, breaking down historical barriers to collaboration.

"The whole CFO function has evolved in recent years – to provide more analysis to support the business, and greater insights into business planning, performance management, and decision-making."

Georgina Kossivas, Chief Financial and Risk Officer, NWMO

Sales need to see the CFO and finance team as their partner and destination for solving pricing discounts, remuneration, and bonus scheme problems. This means it's up to you to create this environment and develop the soft skills your team needs to educate non-finance teams.

Also, broadening the CFO's role could mean taking the lead when developing new approaches to current societal issues, such as setting a sustainability policy or an environmental, social, and governance (ESG) strategy and monitoring the outcomes. This will impact several areas of the business, not least attracting and retaining socially conscious talent.

"CFOs and financial leaders are routinely being asked to move beyond the numbers and financial expertise to tackle talent management, employee experience, hybrid work models, sustainability, diversity, and geopolitics. As a result, CFOs must find a way to blend financial acumen, analytical skill, and human connection."²

¹ 2020 Trends: Rise of the CFO-COO Jan 26 Author: Jane Tier <https://www.cfodive.com/news/2020-trend-cfo-coo/571060/>

4. Be flexible

CFOs must not get stuck in their ways. Whether it's a tricky budget, challenging new environments for your team, or the team failing to understand the market pressures and drivers, finance is continuously changing. So, rather than defending arbitrary lines in the sand, you have the power to change and see how flexible you can be.

Of course, you still need to make hard commercial and personal decisions. Yes, you're a CFO because you know the numbers, but numbers aren't always what people need from you. You bring the strategic picture to life and understand the links between operational and summary data and how to derive insights from them.

This could be helping others realize the importance of growth over margins or stopping people from getting bogged down in percentages rather than seeing the benefits of the overall deal.

5. Use Financial Planning & Analytics tools

Data is everything. Monitoring the completeness and accuracy of enterprise finance data sovereignty for governance procedures is key. Smart CFOs can also survive challenges by using financial planning and analysis data to its full potential and making decisions faster because the future won't wait for you to get ready.

And while you can't plan for everything, connecting and using all your numbers is the only way to prepare for anything. People need to rely on your FP&A plans. Having a system that provides a single point of truth, and full integration to your ERP will give them the tools and insights they need to understand the strengths, flexibility, and opportunities in front of them.

“The necessary skill set among financial team members will evolve to include more strategic/analytical skill sets. The ability to look at financial data and see the opportunities and strategic insights within the data will become an essential part of the job.”²



² Worldwide Financial Applications Forecast, 2022–2026: CFOs Moving Beyond the Numbers, IDC, June 2022, Authors: Kevin Permenter, Mickey North Rizza, Patrick Reymann, Heather Hershey

Technology makes this happen, allowing you to turn immense quantities of data into useable information. And as your financial planning solutions mature, your planning, budgeting, and forecasting processes will get smarter and faster.

CFOs should now encourage technology adoption across the organization while building a finance tech stack that reduces manual administrative work and provides data and insights for their finance teams.

6. Rely on your instincts

You can't always know what's around the corner in business, but your experience and instincts can find better solutions. That doesn't mean you should not use the numbers or the facts. But instead, you'll need a portfolio of scenarios or stress tests and sets of actions that you can execute rapidly to meet oncoming threats. It's a must-have for any CFO.

Risk management, both financial and company-wide, should be a top concern. CFOs need to partner with other business leaders to identify risks and formulate whole company plans to mitigate and tackle these threats.

This should become like muscle memory for you and your teams. Like a fire drill, everyone knows how to act instinctively when a real fire happens. We don't hear the alarm and then form a committee to work out what to do next – we're hard-wired to respond.

What's exciting is how technology brings this to life. The right FP&A planning tools allow you to monitor your KPIs and identify any potential risks early. From there you can perform sophisticated scenario planning on your profit and loss, balance sheet and cash flow with up-to-date data, allowing you to test the outcomes of your risk planning in near real-time to assess the best course of action.

“CFOs have largely viewed technology as a competitive differentiator that can widen the performance gap between their businesses and those of their peers.”³

“Respondents (CEOs and CFOs) believe they need to increase the use of technology and analytics to improve customer retention and acquisition, increase operational capacity, and direct employee effort and organizational resources to where they will be most useful”³

7. Look beyond what's in front of you

A common mistake CFOs make is reacting to challenges by instantly looking to cut their workforce. Remember, when market confidence returns, it's your people who will turn things around faster for you. So how does cutting them help this?

Instead, consider where you need strength and depth to boost resilience. One possibility is using data when demand drops in one area to understand if you can reallocate these skilled colleagues to other areas in the business—helping to retain and develop talent while still driving the needs of the business.

CFOs need an understanding of all other business functions and their metrics if they are to overcome these challenges. And equally, it pays to understand how technology helps, whether that's replacing manual tasks with self-driving IT-based processes or building multiple budgeting and forecasting scenarios at the touch of a few buttons.

At Unit4, we use tech innovations for more than work. Sending out regular engagement pulse surveys to get real-time insights into our people's wellbeing, performance, and motivation, which, in turn, leads to better decision-making and improved employee engagement.

³ Gartner®, “CFO Perspective on the 2022 CEO Survey — Digital Transformation Still a Key Priority”, Matthew Mowrey, May 31, 2022. GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.

Now's the time to change

Now is precisely the time CFOs can excel. Uncertainty isn't going anywhere. So, it's vital you take the lead and help finance go beyond the numbers. In doing so you can create a culture that leverages data to better inform the organization and transform the Office of the CFO from a financial control function into a trusted advisor.

Your skills will help your business become truly strategic. There's never been a time when your CFO skills were more necessary for success.

How can Unit4 help CFOs shine?

Unit4's People Experience suite is designed for service-based organizations like yours. This comprehensive solution gives you the tools you need to become the strategic CFO of tomorrow, no matter how your role evolves or grows. Check out what your peers think.

Visit our [Office of the CFO page](#) for more information.



For more information go to:

unit4.com

Copyright © Unit4 N.V.
All rights reserved. The information contained in this document is intended for general information only, as it is summary in nature and subject to change. Any third-party brand names and/or trademarks referenced are either registered or unregistered trademarks of their respective owners. BR220906INT

UNIT4
In business for people

UNIT4
In business for people