

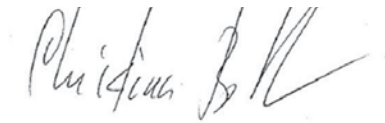


BRANDING THE CFO: GREATER FOCUS ON THE VALUE AND POSITION OF CFOs

BRANDING THE CFO

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We gratefully acknowledge the efforts of our survey respondents and our forum participants who took valuable time away from their day jobs to participate in this work. We are particularly grateful to our research partner, Shikatani Lacroix, without whom this study would not have been possible.

A handwritten signature in black ink, appearing to read "Christian Bellavance". The signature is fluid and cursive, with a large initial "C" and "B".

Christian Bellavance
Vice President, Research and Communications
FEI Canada

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EXECUTIVE SUMMARY

For the Canadian senior financial executive community, CFO leadership means that they are needed beyond merely managing the numbers.

This is the main conclusion of this new study, *Branding the CFO*, by the Canadian Financial Executives Research Foundation (CFERF), the research arm of FEI Canada. The study brings new insights on the steps that senior financial executives need to take to enhance their career and how CFOs themselves can bridge their current position with one that reflects their evolving value and clearly features their potential to organizations to finally become trusted strategic advisors. *Branding the CFO* confirms the findings of the 2011 CFERF study *Beyond the Numbers* that the value of CFOs in interpreting and anticipating risk, being an objective advocate and understanding the greater business context were seen as critical to ensuring the success of businesses.

Nearly all respondents agree or strongly agree that CFOs play a critical role in a growing number of C-Suite responsibilities, including strategic planning, cross-divisional key business decisions, spotting market opportunities as well as predicting changes in the business environment.

In addition to these more strategic roles, survey respondents confirmed what senior financial executives already know: the traditional responsibilities of chief financial officers have not disappeared. In fact, financial reporting and accounting, budgeting and forecasting, tax compliance and planning, treasury and risk management were still very much considered key elements of the job.

In order to infuse meaning to a compelling position that will heighten their level of influence, the study provides some meaningful insights on how to overcome key organizational and soft skill barriers to build stronger relationships with the CEOs, the board of directors and the executive suites. Although some CFOs have achieved this ideal position, defined in the study as functioning in the role of a 'Strategic Advisor', there are many who are earlier on in the journey, attempting to evolve their role from internally focused financial control and reporting, to taking on more responsibilities across the organization. What are the potential barriers to effectively positioning financial executives and what solutions are needed to overcome these obstacles? What is the best method of helping CFOs evolve without jeopardizing their current

EXECUTIVE SUMMARY

roles? What is the ideal position for the CFO in the context of how it benefits the organization? What are the steps required to achieve this ideal position?

By exploring what the main barriers and soft-skill gaps a CFO will need to overcome to become the organization's valued 'Strategic Advisor', *Branding the CFO* provides answers to these important questions by determining the true value CFOs provide organizations, in addition to their traditional responsibilities of providing accurate financial reports.

Branding the CFO offers further insights into what defines leadership for CFOs and how they bring value to organizations. To highlight the importance of the power of effectively branding the CFO, the position emerging from this study provides a clearly articulated value proposition that is meaningful, relevant, differentiated and will stand the test of time. To ensure the branding exercise is also achievable, the study defines a potential road map built around the principle of trust that CFOs need to earn as they further bring clarity to their position and influence.

THOUGHTS FROM THE BOSSES

“The CFO, in my opinion, is probably the most knowledgeable person in the company. A good CFO is not a number cruncher. A good CFO knows how the business is run.”

**Paul Godfrey – President and CEO,
Postmedia Network Inc.**

“The CFO is a very complex role. They both have to be the CEO's closest ally and yet be the guardian of the virtue of the organization.”

Pierre Matuszewski – CEO, Société Générale

“What's critical for CFOs to have a more strategic role, and then to improve their brand, is to actually be able to move upstream from the numbers or upstream from the project.”

Claude Mongeau – President and CEO, CN

RESEARCH METHODOLOGY AND SURVEY DEMOGRAPHICS

Branding the CFO was prepared by the Canadian Financial Executives Research Foundation (CFERF) and was sponsored by Shikatani Lacroix.

The results comprise findings gathered through three primary sources.

The first was an online survey conducted between August 28, 2013 and September 19th, 2013 of senior financial executives across Canada. During this time, 148 surveys were completed, of which 60% were CFOs. About 53% of respondents were from private companies and 25% from public companies. A fairly broad section of Canadian industry was represented including: finance and insurance; manufacturing; and mining and oil & gas extraction. More than 60% of companies represented in the survey reported revenues of \$500 million or less, and about two thirds employed fewer than 1000 staff.

Further research was done through interviews with ten Canadian CEOs to examine their perceptions of the evolving role of the CFO.

The third source was insights obtained through a round table with senior financial executives, CFOs, CEOs and board members, which was held in Calgary, Toronto and Montreal on October 16, 2013. The forum took place simultaneously in these three cities, connected via videoconferencing.

The data was analyzed and triangulated to arrive at the common themes that are presented in the research study.

KEY FINDINGS OF THE STUDY

KEY FINDINGS OF THE STUDY NOT ALL CAREER ASPIRATIONS LEAD TO CFO

- Only 40% of respondents agree or strongly agree that the natural career progression of the CFO is to the CEO role.

Interestingly enough, while the current career development wisdom assumes that a Director or VP of Finance, a treasurer, a controller or a VP taxation would aspire to become CFO or even CEO, this study clearly shows that not all financial executives are interested in climbing the corporate ladder to the two top echelons.

Another significant finding from the study is that the survey respondents identified that the need for evolution and growth with respect to enhanced capabilities and increased responsibilities was a greater motivator than simply a new title or position. The opportunity to increase and improve one's knowledge, skills and competence, to play an influential role in the decision making process and have a voice in the C-suite, seem more valuable for many financial executives than a title.

There were also significant gaps between the current level of influence and the ideal high level of influence desired by CFOs:

- Overall, CFOs in all organizations, regardless of size, would like a significantly higher level of influence in areas outside the finance department but the largest influence gap is felt by CFOs at the largest companies
- In particular, CFOs overall aspire to being more influential in the M&A process than they currently are, CFOs at the largest companies feel they are less influential in M&A transactions than are CFOs at small to midsize companies. (See Chart, Current Level of Influence by Company Revenue).
- CFOs would like a higher level of influence over investor relations than they currently have. Again, survey respondents representing large companies with revenues of more than \$1 billion reported CFOs at their organizations are less influential in investor relations than CFOs at small or mid-sized companies

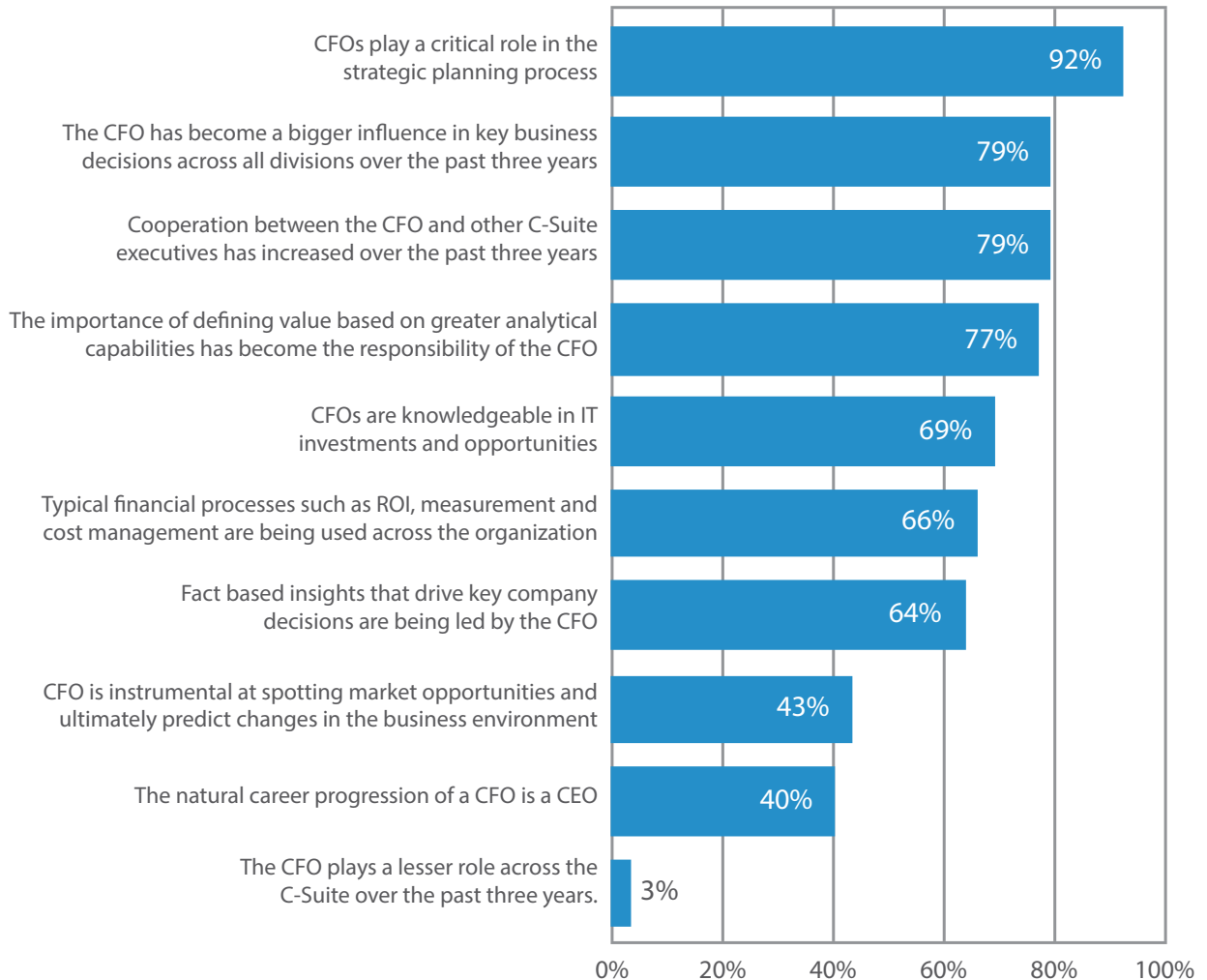
Does the CFO want to be CEO?

“Behave like a CEO in waiting. It doesn't mean second guessing the CEO. It means showing a willingness to participate in events where a CEO would participate, in the community, with clients, regulatory bodies or governments. For example, if a CFO has not been exposed to interacting meaningfully with clients, contacts and various industry stakeholders, he or she will probably be passed over.”

Pierre Matuszewski – CEO, Société Générale

BRANDING THE CFO

CHART 1: SURVEY PARTICIPANTS WHO AGREE OR STRONGLY AGREE WITH THE FOLLOWING STATEMENTS:



“The CFO span of responsibility has grown enormously.”

**Ian Smith – President and CEO,
Clearwater Seafoods Ltd.**

“Historically the role of the CFO has been to identify problems and issues, but now they must be innovative and create solutions to those problems.”

Ted Singeris – President, Mercer Canada

KEY FINDINGS OF THE STUDY

CHANGING VALUE OF CFO

- CFOs are seen by survey respondents as having a high influence on decision-making and direction in Finance, Investor relations, and Mergers & Acquisitions.
- CFOs are seen by survey respondents as having low influence on marketing/public relations, research & development, and sales departments.
- Respondents indicated that increased CFO influence on Research & Development, Operations, Mergers & Acquisitions, and Sales and would have a significant impact on the performance of a company.

The vast majority of survey respondents (79%) agreed or strongly agreed that the CFO has become a bigger influence in key business decisions across all divisions over the past three years. The study also shows a level of confusion with respect to the current role of the CFO, as some CFOs themselves and their respective CEOs see the level of their influence, a key factor in leadership, focused solely on financial control and reporting tasks. This highlights an inherent risk of companies misunderstanding or being unaware of the true value of the CFO within organizations.

To overcome this oversight, CFOs will need to build trust and demonstrate how they are capable of:

- **Being instrumental at spotting market opportunities:** The ability to work across the different business units and departments, helping them each to succeed and clearly understand how they can individually leverage market opportunities, is critical in fostering a role of trust and leadership.
- **Predicting changes in the business environment:** Businesses are constantly under significant market risk and the CFO needs to have his or her feet in both the internal controls of the business and external view of the marketplace, to ensure the organization can respond efficiently to the shifting variables.

“ A lot of CEOs want CFOs who are number crunchers, and there’s only room for one peacock, and they kind of like having somebody that they can rely on implicitly to ensure that the numbers are delivered accurately and on time, and frankly, don’t want them stepping outside that box.”

CEO of small public technology company

BRANDING THE CFO

DIFFERING PERCEPTIONS OF INFLUENCE

The perceived sphere of influence of the CFO also varies according to respondents' organizational structure, gender and job title.

By Revenue:

- CFOs were seen as having similar levels of influence in finance regardless of their company size
- CFOs at big companies were perceived as being less influential in non-finance areas than CFOs at smaller or mid-sized organizations.

Public/Private

- CFOs were perceived as having higher levels of influence on HR and legal departments in private companies, compared to their counterparts in public companies, who have a higher level of influence on marketing/public relations

Job Title

- While both CFOs and non-CFOs rated the current influence of CFOs to be high in Finance, Mergers & Acquisitions, and Investor Relations, they significantly differed in their perception of the CFO influence on HR and IT, with CFOs believing that they have a much higher impact on those departments compared to the perceptions of non-CFOs.
- CFOs would ideally like to have high influence on IT, which is an opinion not generally shared by non-CFOs.
- CFOs would ideally like to be less involved in HR and more involved in Operations, M&A, and Investor Relations
- Non-CFOs would ideally like to see CFOs more involved in R&D, Sales, and Marketing/Public Relations.

Gender

- Female respondents reported CFOs to currently have a higher influence in operations and marketing/public relations, and would like to see more CFO influence in these areas, as well as research and development, compared to male respondents.
- Male respondents reported CFOs to have higher influence on IT and investor relations, and would like to see more CFO influence on IT compared to female respondents.

Age

- Younger financial executives (aged 35-44) were more likely to want a high level of influence in operations, M&A and IT than were respondents in the oldest demographic category (age 55-64).

KEY FINDINGS OF THE STUDY

THE GAPS AND BARRIERS INHIBITING CHANGE

The ability of CFOs to increase their level of influence in the decision-making process across the organization, and build a stronger bond with the CEO and board, does have some significant hurdles that must be addressed. The biggest of these barriers and gaps can be ranked in order of importance on the following three major groups, namely:

Organizational Structure: A company's culture and structure, and lack of integration between finance and other departments, comprise key barriers preventing CFOs from playing larger and more defined leadership roles within companies.

“I see a big part of my role is not only buying into the division and buying into the C-suite's vision of where the company's going, but also getting those business units following that vision, and making sure that everybody's working from the same page. Because when they're not, that's when you start running into problems.”

Sara Robb—VP Finance, Rogers Insurance Ltd.

Relationship with the CEO: How the CEO defines the role of the CFO and whether he or she allows for a greater role of influence is the largest challenge to overcome. This is prevalent in mergers and acquisitions where the relationship is not well established. As the CEO of small public technology company explained: “There are CFOs out there who are creative, lateral thinkers, and absolutely [their] organizations are better served if they are encouraged to spread their wings, but the reality is that a lot of CEOs want CFOs who are only number crunchers, and [think] there's only room for one peacock. They like having somebody that they can rely on implicitly to ensure that the numbers are delivered accurately and on time, and frankly, don't want them stepping outside that box. Not having to worry about finances is a real luxury, and the extent to which that is compromised by encouraging [the CFO] to expand his horizons may not be a risk worth taking”.

“I've sent out my staff to work with the operational groups. They became pseudo controllers to operations. I think idea helps for two reasons. The operators better understand what finance and accounting is all about, and finance and accounting got to better understand what the operations are about. So it's building bridges between groups. It's also a reflection of your individual culture to better empower cross functional groups. It really boils down to the CFO looking at his or her global role of getting involved in all parts of the business, not just being the CFO to the CEO.”

Ross Corcoran – VP Finance, Administration and CFO, Bantam Restaurant Group

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“CFOs are by nature financially very literate. At the same time, they are somewhat cautious. They want to under-promise and over deliver rather than the reverse. They have got to make sure they don't give their CEOs any false expectations. Some CFOs worry that if they are overly negative to their CEO's ideas, they'll find themselves on the outside in the decision making process.”

Paul Godfrey – President and CEO, Postmedia Network Inc.

Soft Skills: The lack of certain non-technical skills creates gaps that undermine the CFO's credibility and ability to demonstrate leadership. These gaps are primarily focused around leadership and communication skills, strategic capabilities, and ability to see the bigger picture across the organization and industry knowledge. These gaps will need to be resolved through additional educational programs in order to allow the CFO to have a greater voice and presence within the organization, and to raise tough questions in a diplomatic way, to avoid being labeled the so-called “CF-No”.

“If there were a single personality trait that I find sometimes missing from the CFO, it is communication skills. There is a huge premium in somebody who can simplify and bring it down to the core truth.”

Pierre Matuszewski – CEO, Société Générale

Reporting burdens: Technical duties can bog down the CFO in a compliance quagmire, according to the CEO of a small public technology company. “Sometimes the demands on a CFO, especially public company CFOs, are so great that even if they had the aptitude to do more, there really isn't the time to do more because the reporting has become so onerous,” the CEO said. “If a CFO gets more involved in strategic issues, they are often working insane hours and are run ragged as a result.”

Management style: How CFOs manage their workflow, respond to requests for approval, and their reliance on processes, controls and defined procedures as they interact with other departments (which may not have the same kinds of processes and internal controls as finance) clearly impacts their reputation through an organization.

“CFOs aren't seen traditionally as personable and good people managers.”

Victoria Davies — CFO, Knightsbridge

“You've got your own function and obligations to look after and so learning the rest of the business, being able to partner with your colleagues to be able to help them drive their businesses forward takes time.”

Laurie Tugman – Chairman, Nexterra Systems Corp.

KEY FINDINGS OF THE STUDY

THE CFO AS 'STRATEGIC ADVISOR'

“If you don't have your CFO involved in strategy, both short and long-term, it doesn't matter whether you're in growth mode or in cost cutting mode or in harvest mode, you're going to be in trouble. It would be a big miss not to have your CFO directly involved in your strategic planning.”

Ian Smith – President and CEO, Clearwater Seafoods Ltd.

“A successful CFO needs a strong CEO partner who encourages the expansion of the CFO role to include all aspects of operating the enterprise and who is supportive of that role.”

Michael Roach – President and CEO, CGI Group, Inc.

“By no means do I want to limit my CFO's contribution to that of being a bean counter. I want him to take all those beans and see what the trends are. CFOs are at the cusp of strategic decisions that oftentimes only they can see because they have got a handle on the numbers.”

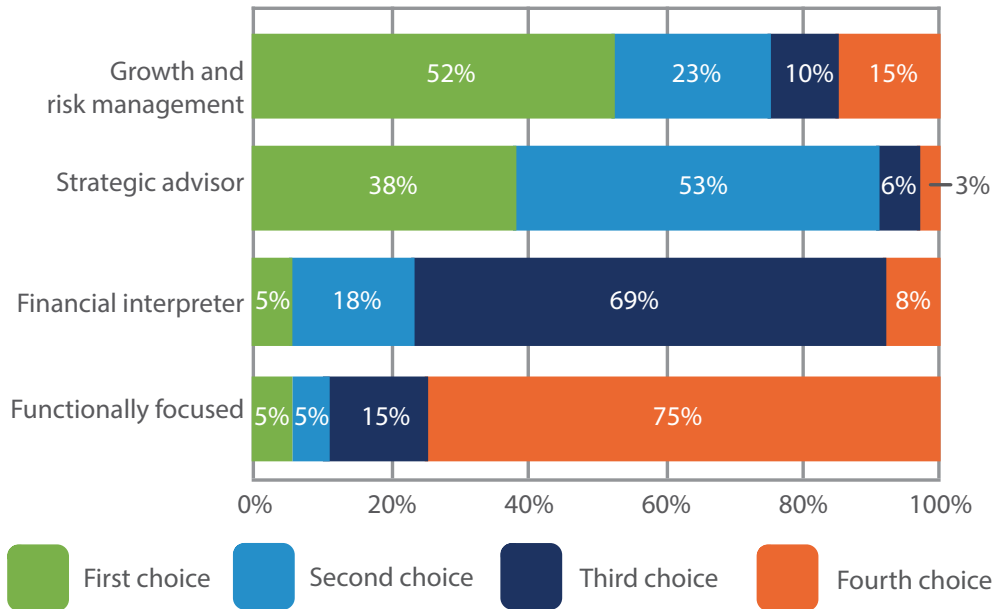
**Pierre Matuszewski – CEO,
Société Générale**

Half (52%) of respondents identified the role regarding growth and risk management as ideal for the CFO, with three-quarters of respondents indicating it was their first or second choice (see Chart2). However, it can be argued that the leading contender for the ideal position for a CFO is the role of 'Strategic Advisor' to all facets of the organization, given that this was identified as a first or second choice by 93% of respondents. The key capabilities that define the 'Strategic Advisor' position build on but go beyond the current financial reporting role and can be grouped according to the following:

- Monitors and reports numbers on current business
- Helps operational divisions deliver on business plan
- Maps out company's future strategy

BRANDING THE CFO

CHART 2: PLEASE RANK THE FOLLOWING CFO PERSONAS IN THE ORDER THEY WOULD BE IDEAL FOR YOUR ORGANIZATION:



“CFOs are assumed to have the technical skills to fulfill their roles, however, a great CFO has learned to organize and summarize information, and is able to communicate it effectively. To do this well, a CFO needs to be able to think like an operator or owner. Having bottom line responsibility is always a good stepping stone on the way to becoming an excellent CFO.”

Bob MacBean — Chief Financial Officer, Environmental Waste International Inc.

KEY FINDINGS OF THE STUDY

“You’ve got to be a real leader with a strong skill set, relationship management, and political savvy.”

Victoria Davies – CFO, Knightsbridge

“There is additional competitive advantage to be realized if the CFO can help build strong relationships with other CFOs who are the clients and partners of the firm.”

**Michael Roach – President and CEO,
CGI Group, Inc.**

“I expect my CFO to answer the questions that I ask, and to be able to communicate and respond in a comprehensive way, but what I actually want to see is them answering and asking the questions that I’m not asking.”

Ted Singeris – President, Mercer Canada

“Ask the right questions in the right way. Having a natural curiosity as to what is happening at the business level can also make a difference and bring a perspective that might be useful.”

Debbie Stein—SVP, Finance & CFO, AltaGas Ltd.

“You want your CFO to be risk averse [and detail oriented]. You want a CFO that believes that he’s got skin in the game, [not just a scorekeeper].”

**Ian Smith – President and CEO, Clearwater
Seafoods Ltd.**

“Part of it is being a lateral thinker and a problem solver versus being more of a linear thinker. A CFO is sometimes very good at financial reporting, but can be a bit rigid in his thinking.”

CEO of small public technology company

BRANDING THE CFO

THE STEPS TOWARD LEADERSHIP

The study identified the need for CFOs to establish varying levels of trust to help build confidence within their organization and to demonstrate how their capabilities can provide the right leadership. Each step along the “CFO Trust Pyramid” (page 37) allows the CFO to provide the organization with the benefit of strong alignment toward a common vision and measurable goal, while assisting all facets of the organization to reach success through coaching and facilitation. The pyramid is divided in nine ascending levels grouped in three major categories leading to the ‘Strategic Advisor’ position. The major steps CFOs must make are outlined, and include specifics in greater detail within the following sections:

- **Understanding Level:** The first level starts by developing a strong understanding of the organization, putting in place a strong finance team and being vigilant about the business. This allows the CFO to move to the second level of trust.
- **Facilitator Level:** The CFO at this level acts as a facilitator for change and growth across the entire organization. The ability to coach the various business units to help them succeed leads to the final level.
- **Leadership Level:** The last and most critical level builds toward becoming a ‘Strategic Advisor’, formulating and communicating the strategic direction that will drive future business performance.

“The most important thing I count on my CFO to do is to think about what the rest of the organization is not thinking about; to be not at the horizon but actually over the horizon.”

**Ian Smith – President and CEO,
Clearwater Seafoods Ltd.**

“The last thing that you should do is forget that at the end of the day, not just the CEO but the board and all stakeholders count on the CFO to be the ultimate guardian of solid financial control and financial discipline. If you’re thinking of building your brand by compromising on those aspects, you’re asking for trouble.”

Claude Mongeau – President and CEO, CN

“The role of the CFO is to lead. The role is about far more than ‘crunching numbers’: it is about helping the company to reach its strategic goals.”

**Sue Paish – President and CEO,
LifeLabs Medical Laboratories Inc.**

“The CFO’s role is basically doing the stuff that the CEO doesn’t have time to do, doesn’t like to do, or is not very good at, openly and admittedly. You’re there to cover those areas and help look around and peek around the corner first, provide that insight so that the CEO can then navigate and strategize through that. And you’re driving that through your ability to interpret. So if you’re able to help support the CEO in that direction, he’s more apt to trust you as a strategic advisor in that partnership.”

Derek Petridis – CFO, Principal, Shikatani Lacroix

KEY FINDINGS OF THE STUDY

IMPLICATIONS OF THIS STUDY

The insights emerging from this study shed light on the current and ideal position of the CFO and the challenges they will need to overcome as part of their career path. The “CFO Trust Pyramid” also provides the potential steps required as they build the capabilities and level of influence that drives the success and growth of organizations. These findings will also have important implications for finance executives and their organizations:

- CFOs will need to determine where they fit within the organization and to which level they aspire to reach on the CFO Trust Pyramid to understand the knowledge and skills they will need to master to reach their goals
- CFOs will need to evaluate and manage their relationship with their CEOs, who play a significant role in expanding the leadership role of the CFO position
- The size of the organization, its structure and culture also play critical roles in how the CFO is perceived and valued
- To gain trust, CFOs will need to master critical soft skills and will need to migrate from a perceived position of “controller” to one of “enabler” across the various facets of the organization
- As the CFO role expands, it will be critical that they build an infrastructure to ensure the integrity of the financial reporting remains sound – this will always be viewed as the “table stakes” that allows CFOs to reach higher trust levels
- Evolving the CFO’s position will be predicated by their ability to be open and engaging, observant of the business, understanding of the goals of the organization, and able to effectively convey the company’s financial position and outlook

Case study: LifeLabs' search for a new CFO

LifeLabs Medical Laboratories Inc., a medical lab company undergoing a period of rapid growth through M&A, doubled the size of its organization in nine months, going from about 2,600 employees to 5,400 after acquiring BC BioMedical in April, 2013 and CML HealthCare Inc. in October, 2013. The company, indirectly owned by OMERS (Ontario Municipal Employees Retirement System), undertook a search for a CFO that year to replace the previous incumbent who was moving into an operations role. According to **Sue Paish, President and CEO of LifeLabs**, the organization's priority was to find a dynamic, flexible and creative thinker with the requisite solid financial foundation required of a finance leader.

"As a business community, we've generally looked for CFOs that are 'stay-at-home guys and gals'. Traditionally, we have not looked for CFO's who are able to 'think outside the box', who are strategic thinkers, and visionary," Paish said.

"We do want somebody who's a creative thinker. Maybe even somebody who didn't start life as a finance person," said Paish, herself a CEO who started her business career as a lawyer.

"We need somebody who is agile and who knows how to navigate changing landscapes and turbulent waters. We need somebody who understands that the role of the CFO is leadership, not number crunching. Your job as a CFO is to help others do their job and lead us to our strategic goals. Just like every leader in this organization, we want somebody who can demonstrate having been materially involved in strategy.

We actually want our CFO up at the front of the room, whether that's in front of the board, town hall meetings that help our stakeholders, our employees and others understand some of the financial elements of the business and how those elements fit into what they do every day. So we need somebody who's a great communicator.

And we need somebody who is, for lack of a better term, easy to work with. It's one organization, one leadership team. So we're looking for someone who knows how to be a member of a leadership team. In the past CFO's may have taken the view that the business can do the business strategy and the CFO can do the numbers. Today's CFO is an integral leader in the development of strategy and shares the excitement and responsibility for delivering on that strategy."

CAREER PATH OF THE CFO

CAREER PATH OF THE CFO

An interesting insight emerging from the study highlighted a career path for financial executives with two potential directions. The first path consists of the typical hierarchy movement up the finance ladder toward the role of CFO. The second showed an expansive career path that saw a growth of capabilities and ambitions that included a greater decision-making role within the company. This two provided significant insights:

- Many financial executives do not have their goals set on becoming CEO, with only 40% of respondents agreeing that the natural career progression of a CFO is a CEO.
- Not all paths to the CFO's desk are straight up through the finance function, CEOs that we interviewed stressed both the benefit of CFOs having a thorough understanding of the business, and that this is often best obtained by them taking on operational responsibilities.

This insight supports a greater importance given to expanding financial executives' capabilities and areas of cross-functional influence as part of a financial executive's career growth plans. This could be a result of the current level of influence of a CFO over IT, HR, Legal, Sales and Marketing ranking quite low, while these needs were clearly identified by respondents as a critical part of increasing the value and impact of a CFO on the organization.

BRANDING THE CFO

CHART 3: ROLES AND LEVEL OF INFLUENCE – CURRENT RESPONSIBILITIES OF THE CFO POSITION IN YOUR ORGANIZATION (PLEASE CHECK ALL THAT APPLY):



THE PERCEPTUAL VALUE GAP AND BARRIERS

THE PERCEPTUAL VALUE GAP AND BARRIERS

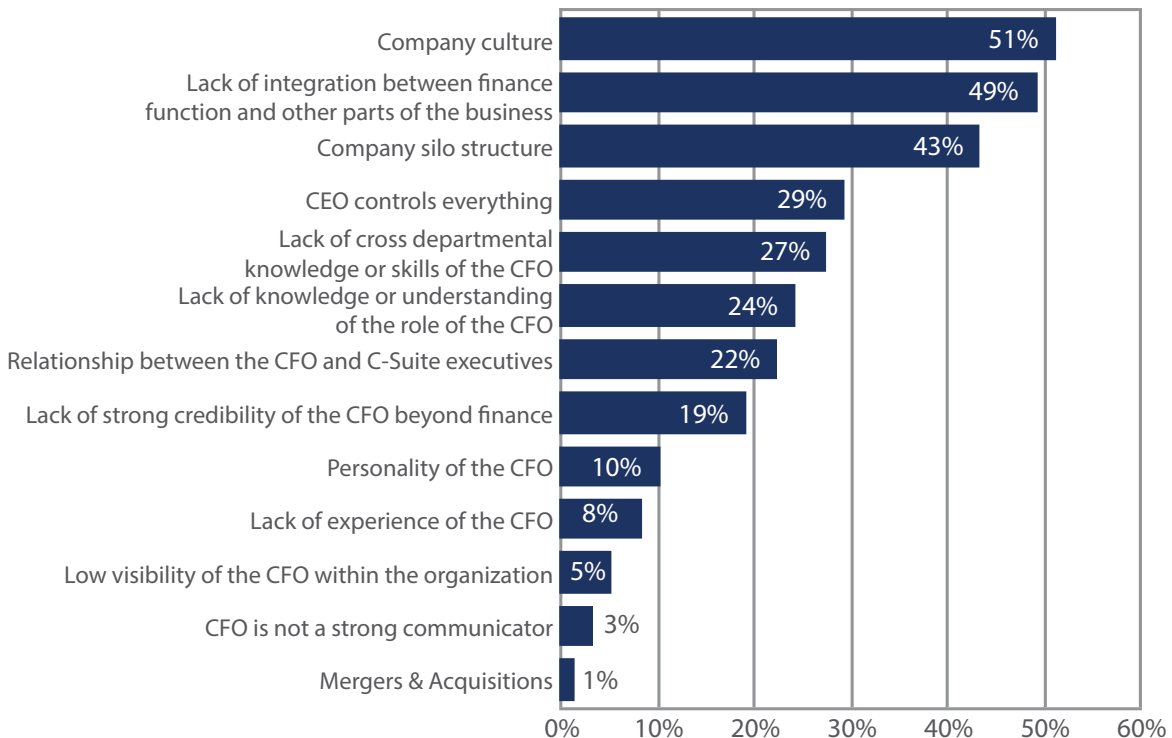
The role of the CFO appears to be quite varied, with a spectrum of responsibility, from a more functional role as a financial controller whose focus is to limit financial risk, to the trusted right hands of CEOs, protecting their blind spots. Where the CFO's position fits along this spectrum is significantly influenced by the company structure and the culture of the organization. The vast majority of survey respondents (79%) agreed or strongly agreed that the CFO has become a bigger influence in key business decisions across all divisions over the past three years.

The CFO is more likely to exist on the functional end of the spectrum when the company's structure is set up as a silo, and when the organizational culture is not conducive to collaboration.

“A CFO is really a lone wolf and if you don't have a good mentor or someone that you've seen being strategic, it's very hard for you to imagine what that might look like.”

**Victoria Davies – CFO,
Knightsbridge**

CHART 4: TOP THREE MAJOR BARRIERS TO ATTAINING THE IDEAL LEVEL OF CFO INFLUENCE? (PLEASE CHOOSE THREE)



BRANDING THE CFO

The other end of the perceptual spectrum is more aligned with the ideal CFO position, where the role's influence spans across all departments, where the CFO is seen as an advisor and plays a key role in making major decisions, and demonstrates a strong collaborative approach to management. It is interesting to note that one of the key factors that drive owning this end of the spectrum is the relationship of trust between the CFO and CEO, in addition to the board and C-Suite.

“There is a growing recognition of the strategic role that the CFO can bring to the table, but on the flip side, there is greater regulatory pressure and the need to be careful about the critical role of compliance.”

**Martin Reid – President,
Home Capital Group Inc.**

“If there's a second-most important position to the board, it is probably the CFO. Even if you've got a very strong CEO, the boards have come to realize that they don't want to hear just from the CEO, they want to hear from the CFO. So the opportunity to demonstrate the strategic thought, demonstrate your capability as a CFO is usually there and it's becoming much more common with independent boards.”

Laurie Tugman – Chairman, Nexterra Systems Corp.

“I think it's a function of bridging; being a facilitator, communicator, call it change agent. You bring all the players together and facilitate the communication and bridge between everybody, because the numbers reflect almost everything. You could also position yourself in a way to translate the message to the rest of the organization and help the various players understand each other's viewpoints.”

**Markus Weiss – Director Shared
Services, North America & Financial
Controller, Rheinmetall**

“It may often seem like an uphill battle to gain the trust of your peers but it's no less a difficult task in trying to implicate a culture within the middle to lower ranks of the finance organization. The ability to build a finance function below us with people that are aligned with our vision of what finance really means to an organization is important. If you don't have people within your finance organization who understand and see the value of your mandate, you will struggle as a CFO. My finance people should know as much, if not more about how that business makes its money and what its risks are, than the business people themselves.”

Laurie Tugman – Chairman, Nexterra Systems Corp.

THE PERCEPTUAL VALUE GAP AND BARRIERS

“The CFO has a big advantage because they can see all aspects of the business. Understanding all aspects of the business right across the board is very important and you can't do that in one year. You probably can't do that in two years, but over the course of 10,000 hours you can.”

**Laurie Tugman – Chairman,
Nexterra Systems Corp.**

This dichotomy of potential roles adds to the complexity of being able to effectively position the role of the CFO as a 'Strategic Advisor', whose reach influences every part of the business, from operations to marketing. A key factor that leads to this contrast is the various barriers inhibiting the ability of the CFO to move up the influence spectrum to play a critical role in decision-making. The study identified three major barriers that

financial executives need to overcome as part of their career development and ability to be effectively involved in strategic leadership, namely:

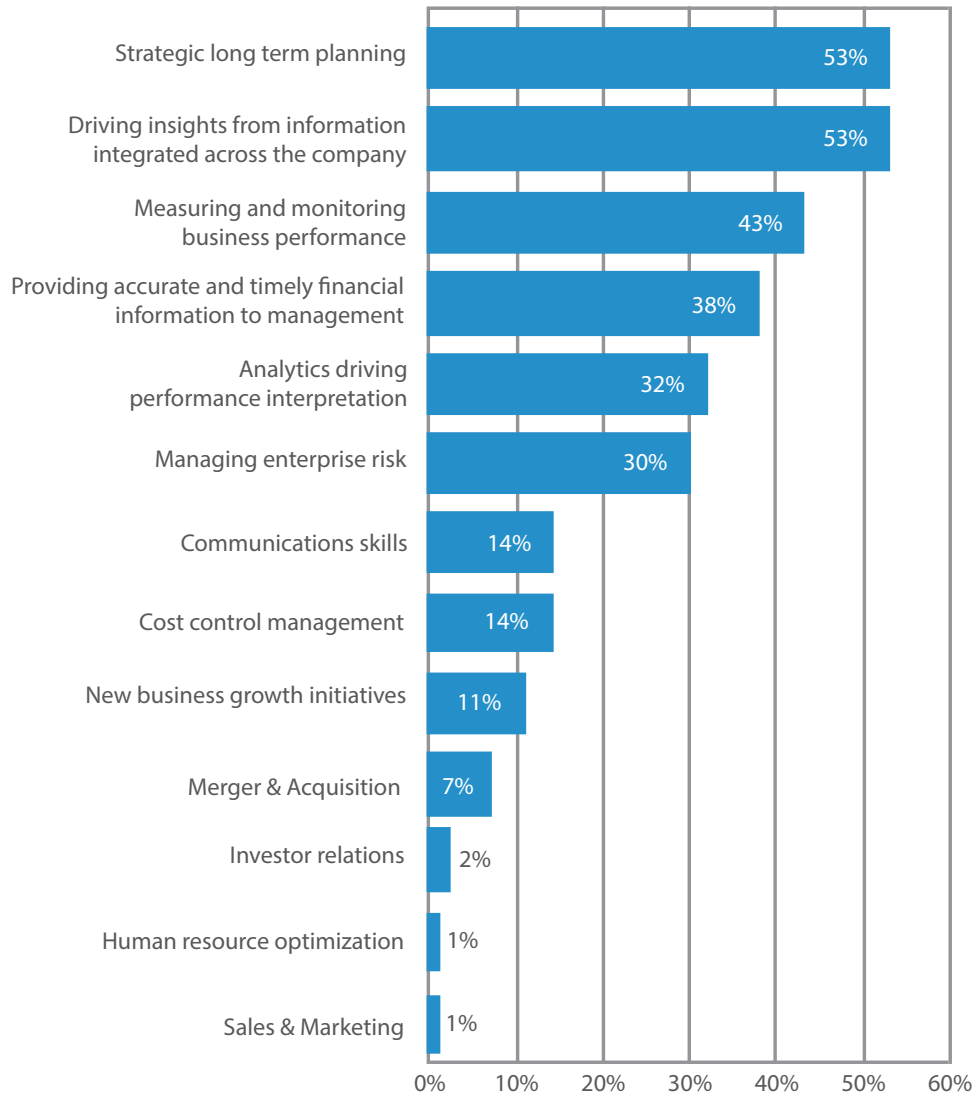
Organizational Structure: A company's culture and structure, in addition to the lack of integration between finance and other departments, are the main barriers preventing CFOs to play a larger and more defined leadership role within their respective companies. In discussion with CEOs and CFOs, it was determined that the lack of staffing infrastructure and support around the critical financial reporting and control responsibilities resulted in an obstacle to the CFO's greater involvement in leadership issues and was cited as one of the primary barriers to providing greater value. These findings emphasize the importance building and leveraging strong Finance teams, as described in step one of the CFO Trust Pyramid (see p. 37). Malcolm Gladwell defines an aspect of this challenge in his book "Outliers" as the 10,000-hour factor required to become an expert in any given skill. Regardless of the exact number of hours required to enhance one's skills, this theory does highlight how and when all leaders can evolve their roles, if unable to delegate some duties to their teams. Another key factor which impedes the ability of the CFO to provide greater strategic direction is the support required to handle the everyday financial reporting requirements which form part of the basics. CFOs will need to convince the leadership team of the importance of having a strong support team in finance that will allow them more time to focus on the bigger picture.

“The factors vary by size and complexity of the organization. The CFO in smaller organizations is actually what would be a VP Controller in a larger-size organization. And so the career path and the training are very conventional with respect to its orientation on financial reporting, budgeting and control. Therefore, the leap from that to becoming the so-called strategic advisor is a big chasm. In a larger size organization, the CFO mandate is typically much broader.”

Bob McFarlane – Former CFO, Telus Corp.

BRANDING THE CFO

CHART 5: PLEASE INDICATE WHICH OF THE FOLLOWING FACTORS ARE THE MOST CRITICAL FOR THE CFO TO CONTRIBUTE TO THE SUCCESS OF AN ORGANIZATION: (CHOOSE TOP THREE):



THE PERCEPTUAL VALUE GAP AND BARRIERS

The current role of the CFO limits their abilities to develop greater influence in organizations as they are primarily focused on meeting the needs of new and emerging financial reporting requirements. An important consideration is the need for companies to shift their company culture and organizational structure. For instance, this can be accomplished in part by allocating sufficient time, training and resources to develop a strong supporting finance group, at the heart of which is a strong Controller to whom many finance functions can be delegated. This turn allows the CFO to assist and support the various departments on driving their growth strategies. Executives who formed part of the roundtable discussion noted the CFO is best suited in breaking down some of these inter-department silos and promoting integration as financial measurement, ROI and risk management already form part of their role and department reporting structure.



BRANDING THE CFO

Relationship with the CEO: Another prevalent factor, and serious challenge for evolving the position of the CFO, is how the CEO defines their respective role and subsequently allows them to assume a role of greater influence. The CEO depends heavily on the CFO to ensure accurate financial reporting to the board, the regulators and the investors, and may be somewhat hesitant in potentially compromising these reporting responsibilities in order to expand the CFO's role. The leadership style of the CEO may also bring him to perceive a greater involvement by the CFO as a threat to his or her authority. Finally, our CEO interviews revealed that the level of trust between the CEO and the CFO, as well as the strength of the personal relationship between the two individuals, represent major factors influencing the CFO's ability to expand his role. This becomes a significant issue, particularly when a new CEO joins the organization as part of a restructuring or merger, and needs to foster a new relationship with the existing CFO.

THE PERCEPTUAL VALUE GAP AND BARRIERS

THE DANCE OF THE CEO AND THE CFO

— I'm looking for the CFO to watch out for my natural blind spots.

Ted Singeris – President, Mercer Canada

— It's a very hard role to play because the good CFO will know he's not the CEO. Yes, the CFO should realize that there's one captain on board, but I want a partner at the table.

Pierre Matuszewski – CEO, Société Générale

— Yes, I overrule him (the CFO) occasionally. I point out areas, why I have to make an alternative decision. He understands. And when I want him to be a pitbull, he is a pitbull.

Paul Godfrey – President and CEO, Postmedia Network Inc.

— As a CEO if you're going to be successful, you've got to build a partnership with your CFO and you can't just throw stuff over the wall.

Ian Smith – President and CEO, Clearwater Seafoods Ltd.

— The CFO works for the CEO. In my experience, most CEOs have a desire to be seen as a 'people person'. CFOs less so. And that allows the CFO to take a very important role, he can be the heavy hand to make the decisions or to carry out the decisions that maybe a CEO feels less comfortable doing.

Tim Zahavich – Vice Chair, FEI Canada and former CFO, St. Joseph Communications

— Sometimes a CEO wants the CFO to be the bad cop and, if that's the case, it's hard to be the good cop. . . I think you have to be transparent with your CEO and say, I don't want to be just your financial and risk person, I can be your strategic advisor.

Victoria Davies – CFO, Knightsbridge

— Sometimes the personality of the CEO doesn't leave enough room for anybody else at the table.

Mike Boychuk – President & CEO, Bimcor

— The CEO cannot abdicate the responsibility for strategy and delegate it to others in the organization, including the CFO. But I would think the CFO is in the best position to be that partner. If there's one place most CEOs are going to go to, it is the CFO when it comes to helping create the strategy, communicate it, and drive the strategy within the organization. The CFO is well positioned to be able to play that role if they're capable.

Laurie Tugman – Chairman, Nexterra Systems Corp.

BRANDING THE CFO

Soft Skills: CFOs non-technical skill gaps can undermine their credibility and ability to demonstrate leadership and may lead to poor relationships with the CEO and senior leadership team members. These gaps are primarily focused around leadership and communication skills, strategic capabilities, industry knowledge and the ability to see the bigger picture across the organization. The ability to be a good communicator and be perceived as a supporter, versus a gate keeper with a reputation of saying “no”, are other facets of the leadership gap identified in the study and which have demonstrated a significant impact on how CFOs are perceived. These non-technical skills would be the hardest for CFOs to acquire and master.

THE IMPORTANCE OF EFFECTIVE COMMUNICATION

“If you can’t communicate in a consistent manner, then you’ll lose your audience, and your credibility gets shot. You gain more credibility as a CFO if you can actually communicate effectively about the business, the strategy, and about the broader issues.”

Ted Singeris – President, Mercer Canada

“It’s how you communicate the ‘no’. It’s not just the ‘no’, it’s why it’s a no. Or here’s the challenges I have with that decision, let’s brainstorm some alternatives now that I understand what your objectives are.”

**Mandy Shapansky – President and CEO,
Xerox Canada**

“The technical ability has to be there, but it really is more of the soft skills, the people skills, that are going to really make the CFO successful. Even if you have the strongest technical person in that role, if they can’t convince management or if they don’t listen and don’t understand what it is that the business is trying to do, it’s just going to be a battle. Verbal communication and listening skills are key, as well as recognizing when it’s important to be firm and when it’s important to pick and choose your battles.”

**Martin Reid – President,
Home Capital Group Inc.**

THE PERCEPTUAL VALUE GAP AND BARRIERS

DON'T BE 'THAT GUY': A CEO TELLS IT BLUNTLY

“There are some CFOs that are mesmerized by the complexity of their PowerPoint slides, not appreciating that the rest of us actually aren't. And you get these incredibly dense decks of 25 or 30 finance slides and you ask the question: 'What messages are these numbers telling us?' And they look at you like you're talking with ten heads.

My view as a non-financial person is numbers tell a story. So you've got the numbers, tell me the story. I've seen CFOs that actually believe that we are as mesmerized with 300-line Excel spreadsheets as they are. On the other side of the coin, I've seen a couple of CFOs who still live in that world of information is power and so their perspective is: 'I'm actually not going to give you any information. I'm not going to give you 85 slides, I'm going to give you one slide that says EBITDA's up by 2.2 and costs are up by 0.8, carry on.

When I ask: 'Where did we get the growth from', I'm only going to get told little tiny pieces of information. It was clearly somebody who didn't get the team idea.

More typically, CFOs give you spreadsheets that would choke a horse and then they're completely befuddled when you ask them a question like: Tell me the three top things that I need to be worried about.”

CEO, Anonymous

CFO VALUE PROPOSITION

The extent to which a CFO influences the decisions and direction of a company across departments was a key indicator of how they are perceived. The study highlighted the need for CFOs to instill confidence in their abilities to provide a high level of integrity of financial reporting, supported by providing accurate and timely financial information to the CEO, the board of directors and management. The current perceived value of CFOs was primarily based on short-term vision and consisted mainly of their ability to provide analytics, driving performance interpretation and managing overall enterprise risks. These key capabilities do lay the foundation that would allow CFOs to build senior leadership trust and confidence, allowing them to progress to the ultimate position and value for the organization: that of a 'Strategic Advisor', whose role is to provide long-term strategic planning, driving insights from information gathered across the company, and measuring and monitoring business performance.

CFO PERSONA

Functionally focused CFO: The CFO is focused on finance functions only and provides timely and insightful information to allow the organization to make the right business decisions. The CFO reports to the CEO and has little interaction with the various departments within the organization.

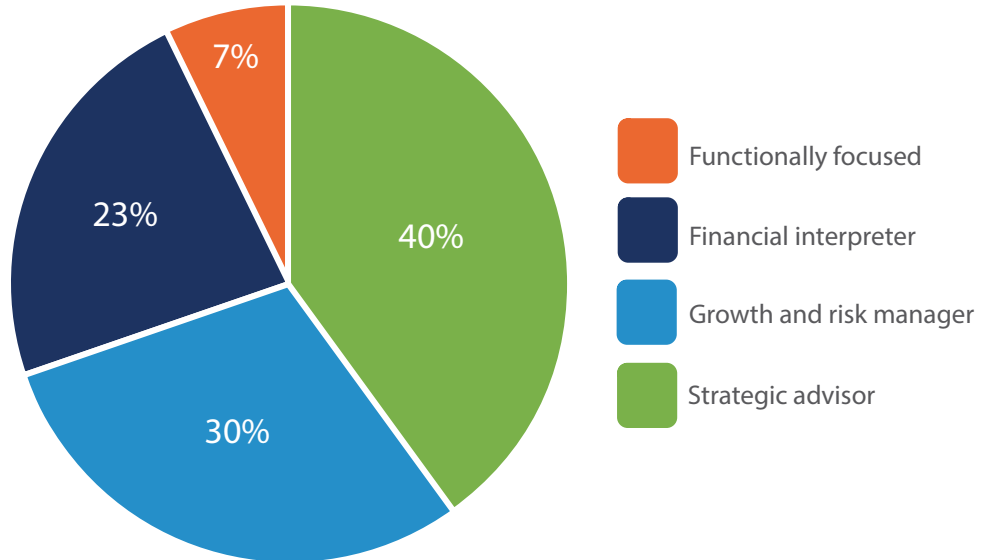
Financial interpreter CFO: This CFO type is also focused on the numbers and acts as the company controller to provide accurate numbers in support of the leadership team decisions. He/she participates at the C-Suite level discussion with the main responsibility of assisting his/her C-Level colleagues to interpret financial information.

Growth and risk manager CFO: Every company is focused on topline and bottom line growth which can only be achieved through information and insights provided by the CFO across the company to help manage risk and provide the right controls. The CFO has a significant influence on decisions beyond the numbers across the entire organization and is the CEO's right hand person.

CFO as a strategic advisor: This CFO is analytical, provides a range of insights from accurate data, and is not involved in execution unless the initiative is linked to his or her regular responsibilities. The CFO acts as an internal advisor to the leadership team on cross company business and strategy decisions.

CFO VALUE PROPOSITION

CHART 6: PLEASE SELECT THE PERSONA THAT BEST FITS THE CURRENT CFO ROLE AT YOUR COMPANY



Survey research data suggested CFOs have already started to move away from traditional thinking where the CFO is the “head bean counter” to where they are intimately involved in the strategic growth and risk assessment associated with competitive market growth (see Chart 6). Next to the CEO, the CFO is the C-level executive who best understands the needs of the business and how the overall corporate culture, structure and leadership works and performs. He or she can therefore be proactive in establishing the right controls and tools to help management deliver the desired results.

BRANDING THE CFO

“CFOs are in a fantastic situation in that they see all the numbers. So their art is their ability to make numbers mean something and bring it not just to the CEO, but also to the division head, product leaders and the like.”

**Pierre Matuszewski – CEO,
Société Générale**

The ideal value of the CFO is leveraging financial information to help the various departments, from HR to Marketing, to succeed and to help drive alignment around the organization's vision. The study highlighted how the CFO can provide a strong sounding board and advice to the various departments when considering business strategies, in addition to providing a strong understanding of the consequences of some of these initiatives prior to being presented to the leadership team. Ultimately, irrespective of the given business unit or department needs, each initiative must provide a return of investment. The CFO is best suited to assist in ensuring plans and strategies across the organization are based on fiscally sound ROI-focused results. But for this, the CFO will need to gain a stronger understanding of the various functions within the organization by listening to other's needs and understanding their challenges, prior to gaining the trust needed to provide counsel and strategic advice.

“CFOs need to walk a mile in the shoes of their executive counterparts, spend time with executives from other departments and their direct reports to learn what customers are looking for and competitors doing. Like the TV show 'Undercover Boss', the CFO needs to expand their understanding of the business.”

**Cliff Truax – Director, Finance & Regulatory
Affairs at Hydro One Telecom Inc.**

“We're talking about a broad definition of a strategic advisor: giving advice about the business as a whole. The reason we have lots of perceptions of gaps is that finance people often think they are strategic because their finance ideas are strategic. They came up with an interesting tax strategy or different way to manage something financially for this financial result. So I think we need to be careful in conveying that we mean strategic advisor in the broadest sense, being strategic about the whole business.”

Victoria Davies – CFO, Knightsbridge

CFO VALUE PROPOSITION

GROWTH FACTORS DRIVING THE IDEAL POSITION

Growth has become a challenge for most organizations, and the ability to innovate and identify new business opportunities is no longer the sole role of the CEO or the Chief Marketing Officer. Most organizations in the study were focused on growth, whether through internal initiatives or external acquisitions, since growing a company is part of the culture and DNA that drives most CEOs. As part of this evolution, it was noted that it is critical that each department has information tailored to their individual progression as well as the overall growth of the corporation.

Most companies were in the process of making significant investments, such as technology, to assist with handling the challenges that come with this type of growth. Understanding the financial implications of growth and having access to the appropriate funds are key supporting factors that remain in the control and influence of the CFO, providing a platform for greater collaboration. The study shows that CEOs are looking to the CFO as someone who can help drive change and top line growth within the organization by helping provide a stronger link between forward looking finance and the marketplace. The CFO has a unique set of skills to help drive the organization to properly evaluate strategic opportunities using appropriate metrics and balancing the opportunity with the risk involved, using appropriate risk management decision criteria. The CFO is also well positioned to look beyond just the metrics across the business lines and be objective in prioritizing opportunities.

“The CFO role has evolved from being a back office function to a business function within companies. Technology has transformed the tools available to the CFO turning data into actionable positive outcomes; thus enabling CFOs to be a greater part of the core business and no longer restricted to the back office.”

Michael Roach – President and CEO, CGI Group, Inc.

BRANDING THE CFO

THE IMPORTANCE OF SOFT SKILLS TO DRIVE CREDIBILITY

There exists a second dimension of growth that emerged as a driving force in supporting the new CFO value proposition. Regardless of the fact that not all financial executives are driven to become the CEO, the need for individuals to grow and learn was cited as an important factor on how they are perceived and the value they provide. The study confirmed the need for CFOs to expand their knowledge beyond finance and into operations, HR, IT and marketing in order to provide a well rounded understanding of what drives business success and leadership.

“CFOs are trained to say no, we’re trained to whistle blow. And then, we’ve got to learn how to say yes, how to support growth ideas and most importantly what situation requires which skill.”

Victoria Davies – CFO, Knightsbridge

“It’s not just about the CEO, it’s how the CFO actually works and partners with the other folks around the management table.”

**Ted Singeris — President,
Mercer Canada**

CFO VALUE PROPOSITION

CHART 7: WHICH OF THE FOLLOWING NON-TECHNICAL SKILLS DO YOU BELIEVE ARE MOST IMPORTANT FOR A CFO TO DRIVE THE SUCCESS OF THE ORGANIZATION? (CHOOSE TOP THREE)



BRANDING THE CFO

There exists a strong need for financial executives to improve on their soft skills such as Leadership, Communication and Executive Presence, Strategic Planning and Risk Management, to facilitate the building of stronger bridges with operators and gain a better understanding of the business needs of the entire organization. Further development of their non-technical skills will also help them overcome a common stereotype that dictates that a CFO is more introverted and the CEO is more extroverted. To be seen as approachable, the CFO will need to learn how to become a better advisor rather than just saying “no” to a potential investment or initiative. They need to be seen as collaborative in nature, tying the investment back to the strategy, explaining to colleagues what the business model can afford, and making those decisions jointly so that they become the champions of the final result, while concurrently building a higher level of trust. The CFO can play an important role in growing the understanding and education of business acumen throughout the organization, and in demonstrating how the strategy will drive numbers rather than the numbers driving the strategy.

“Whether you come in from the outside, or you’re appointed over someone else, you really have to work at relationships and build trust.”

**Pierre Matuszewski – CEO,
Société Générale**

“Take a day to walk in the shoes of your counterparts.”

Claude Mongeau – President and CEO, CN

“Don’t hold information as power. Make sure everybody else has the information so that rather than just saying no, decisions can be made together.”

**Mandy Shapansky – President and CEO,
Xerox Canada**

CFO VALUE PROPOSITION

THE ROLE OF THE CEO IN SUPPORTING THE CFO POSITION

As noted in the previous sections, the study identified how CEOs need to play a critical role in influencing the level of value for CFOs by supporting their soft skill development and building an infrastructure that would allow them more time to connect the numbers with the performance of the company. The CEO is well positioned to hone the CFO's skill set in public speaking and effective communication to both internal and external stakeholders. CEOs can also better leverage the value of CFOs by understanding that their position goes well beyond the numbers and clearly support the CFO role as a 'Strategic Advisor'.

As part of bringing the CFO's value into greater focus, the CEO will need to define what strategic role they will share with the CFO in order to minimize confusion and future conflict. The CEO should support the evolving role of the CFO with the board, ensuring they understand the added benefits and value on the growth of the organization, especially if this progression is driven through acquisitions. Helping drive the CFO's knowledge of the markets and their underlying trends, either from the business side or from the market place, is another area where the CEO can bring added value. This provides the CFO the necessary freedom to learn and develop better solutions for the organization. In turn, the CFO will need to put greater efforts in building trust and become more collaborative while effectively communicating the needs of the organization as part of his or her relationship with the CEO.

“It seems to be that the CFO is sometimes viewed as the 'bad cop' and the CEO becomes the 'good cop'. The CFO raises questions that a lot of people don't like answering.”

Ted Singeris – President, Mercer Canada

DEFINING THE TRUST LADDER

“I think one of the big keys is trust. Not only trust of the CEO, but gaining the trust of all the CEO’s direct reports by helping them out. You’ve got to be the go-to guy when you’re talking about strategy or anything else in the organization.”

Claude Mongeau – President and CEO, CN

“You have to get out there and gain the trust of the business unit leaders and the other functional leaders.”

Zeno Santache – Chief Financial Officer, Claridge Inc.

The shifting role toward a redefined position of the CFO is predicated on the ability to gain a high level of trust within the organization, starting with the CEO, other C-level executives within the organization and the Board of directors. This trust begins with establishing the expected, traditional elements of the CFO role for providing oversight on the financial situation of a company. Once these requirements are met, the position can expand and evolve into other areas of influence and value. The findings from the study and the interviews highlight the need for CFOs to earn varying levels of trust within their organizations to help build up confidence in their abilities to provide adequate leadership. Each step along the “CFO Trust Pyramid” builds on the insights gained in the study and allows the CFO to provide the ultimate benefit of strong alignment, a common vision and measurable goals, while supporting all facets of the organization through coaching and financial facilitation to achieve success.

The pyramid is divided into nine ascending steps that are grouped into three major levels, leading to the ideal ‘Strategic Advisor’ position. We have outlined the major steps CFOs need to take to ensure they are well positioned to provide the greatest value to the organization, based on a thorough review of the research findings and input from CFOs and CEOs. Each of these steps are grouped in three colored levels, namely:

Understanding (Light blue): Monitors & reports the numbers on the current situation

Facilitation (Dark Blue): Helps operational divisions deliver on the business plan

Leadership (Orange): Maps out the company’s future strategy

CFO VALUE PROPOSITION

CFO TRUST PYRAMID



BRANDING THE CFO

UNDERSTANDING LEVEL

A secure foundation begins with a strong understanding of the organization and the ability to ensure reliable financial reporting and oversight. The skill set to synthesize and effectively communicate the meaning behind the numbers serves as the main value of this level, grouping the first three steps of the pyramid. The ability to listen to the needs of the business and have a strong Finance team supporting the CFO is the gateway for the CFO to move to the next level of trust. This first phase of development features three unique steps that establish credibility, namely:

1) **Strong finance capabilities:** At the first step, the CFO must build and leverage a strong finance team that can take over the day-to-day financial reporting requirements off his or her shoulders. Only when CEOs and boards of directors have confidence in the accuracy and timely delivery of financial reports by the finance team will CFOs be allowed to expand their capabilities.

2) **Knowledge of the business:**

The second step is all about becoming a great listener and better understanding of the needs of the various lines of business and departments. In order for CFOs to instill trust and effectively influence the decision making process, they must first demonstrate strong knowledge of the operations of the organization. Part of gaining greater trust is the ability to provide a stronger understanding of the business dynamics across the organization.

“Because of the increase in complexity and the span of responsibility that a CFO now has, I don’t think you can be a master of it all. I also don’t believe you can micro-manage. Go out and find the best people you can in treasury, tax, controllership, financial planning, and analysis. Make sure they are well trained, but you have to let them do their job. You have to trust them and you have to inspire trust.”

Ian Smith – President and CEO, Clearwater Seafoods Ltd.

“The more a CFO knows about the company’s business, the more effective he or she will be in discharging their duties with peers and superiors. The CFO will be more impactful and, as a result, deliver more value on a personal and professional level.”

Michael Roach – President and CEO, CGI Group Inc.

CFO VALUE PROPOSITION

“The CFO has obviously got to have the basic competencies of his job, but also be curious and articulate about what the numbers say.”

**Pierre Matuszewski – CEO,
Société Générale**

3) **Reliability of financial reporting:** This third step requires that the CFO provides accurate financial reports that stands to the scrutiny of the various governing and regulatory bodies. As the CFO gains horizontal trust across the organization

by demonstrating a keen interest in understanding the dynamics of the business, it remains critical that this trust is maintained on the vertical axis with the CEO and board of directors. Reliability of financial reporting also includes the ability to bring meaning to the numbers to the various business units and departments as they explore business opportunities and strategic investments.

FACILITATION LEVEL

The CFO at this level builds on the financial oversight role to a facilitator for change and growth across the entire organization. The ability to coach the business units to help them win and bring meaning to the numbers in context of the business managers' needs is the gateway to becoming a trusted business advisor. Similar to the first level of trust, which defined the need to gain a strong company-wide understanding of business needs, the next phase of development for the CFO consists of three steps that require mastering before moving to the final phase, namely:

“In terms of the role of the CFO, we often talk about our interaction with the CEO, but I think the important thing is also that we are the CFO of marketing, the CFO of sales, the CFO of operations, and so on.”

**Ross Corcoran
– VP Finance,
Administration
and CFO, Bantam
Restaurant Group**

4) **Promote ethical business practices:** This is truly the transitional step between being an overseer and providing trusted advice, as CFOs expand their roles of reliability and fiscal responsibility to raising the importance of measurable performance and accountability across the entire organization. Creating a framework that integrates financial accountability and fiscal responsibility across the entire organization will ensure growth initiatives are well funded and measurable. These practices will also help to protect the organization's brand against reputational risks.

“When I think of a CFO, at a minimum they obviously need to know their numbers, need to know all the ins and outs of the organization, and need to be able to assess and implement any changes required with respect to financial systems. Financial systems shouldn't drive the business. It should be the other way around, so finding financial systems that work for your business model is key. You've got to have that. That's not a nice to have. It's a must have.”

Ted Singeris – President, Mercer Canada

BRANDING THE CFO

“Cross-functional experience is really important. Make sure you spend some time walking in the other person’s shoes. Not only just to get experience, but also to understand the culture of the other parts of the business. It will help in building credibility.”

Mandy Shapansky – President and CEO, Xerox Canada

6) **Add value to the organization:** Building on offering solutions to the business is the third step for CFOs in moving from a moderator to a coaching role within the organization. The study’s CEO and board member interviews clearly identified the continual need for companies to grow and prosper through new processes, products and marketing approaches. The CFO is well suited to coach the various divisions and departments on how to build better business plans and mitigate risk through fiscally sound strategies. A CFO vantage point provides a great view of the entire organization, as it can see how the facets of one initiative may impact the running of another and how all facets from HR, IT, Operations and Marketing need to work in a coherent approach, where the human, intellectual and financial resources can be best leveraged into providing the greatest return.

“Interaction with the business and understanding their challenges and goals, and then communicating how the finance function can play a role in enabling them gets a lot more buy-in.”

**Martin Reid – President,
Home Capital Group Inc.**

“We want our CFO to look at what we do through the financial lens and question why we’re doing things the way we’re doing them, and if there’s a way to be more effective. Rather than saying ‘you can do this faster’, we’d like someone to say ‘have you ever thought of doing things differently?’ We want our CFO to produce reports with absolute accuracy and make sure that we know exactly where we’ve been. Beyond that though, we expect our CFO to participate and in some contexts, to lead strategic visioning for our organization.”

Sue Paish – President and CEO, LifeLabs Medical Laboratories Inc.

“Knowledge of business is fundamental, that is number one. But clearly your ability to listen across the organization is probably the thing that’s going to get you even further up the ladder than anything else. You have to know what’s going on and you have to understand what is influencing the business. And you have to convert that into financial parameters. Being a listener gives you also that initial credibility, more so than financial reports. It’s just a given. If you want an inroad into management and to your colleagues, you have to be seen as somebody that can help them do their job.”

Bill Ross – Former VP Finance, Enbridge Pipelines Inc.

CFO VALUE PROPOSITION

LEADERSHIP LEVEL

The final, and most important level, builds toward becoming a 'Strategic Advisor', communicating the company's strategic direction that will drive future business performance. The key skill set of impacting the future performance of the organization serves as the main value at the final level of the pyramid. This final phase supports the evolving role and position of the CFO as 'Strategic Advisor' and consists of three steps, namely:

“They should be the first ones to identify if there's a trend and should be ahead of the curve and be able to forecast.”

**Ted Singeris –
President,
Mercer Canada**

“They should be seen, and not just as a boardroom pretty face. They've got to be out there talking and visiting and asking why.”

**Pierre Matuszewski –
CEO, Société Générale**

7) **Drive future business performance:** The first of the last three steps of the CFO Trust Pyramid is about leveraging this role as a business growth coach. The trust in the CFO will evolve in leading the development of forward focused business planning that takes into consideration the business and longer term marketplace outlook. The planning process will leverage the risk management capabilities of the CFO that traditionally have been internally focused to one that has a three to five year external and internal risk horizon.

8) **Communicate strategic direction:** The study identified the importance of leadership as part of the CFO's role that included significant improvement in their soft skills in the area of leadership, communication, and strategic planning. With the need of providing greater leadership comes the need for the CFO to act as the voice and conscience of the organization, providing confidence in the direction of the organization, and as the back of the CEO.

9) **Strategic Advisor:** The final step of the pyramid and the pinnacle of the ideal value of the CFO is one that brings a disciplined financial acumen with the role of strategic planning delivered through a strong and confident presence. The final step should focus on building confidence with the CEO and the board in the CFO's ability to assist in both the business financial fundamentals in addition to longer-term business strategies and plans.

“The first suggestion is to move upstream and build your credibility and understanding on the granularity of business issues before you apply the financial filter. My second bit of advice would be, get a portion of your role to be a strategic platform, so that you can broaden your role as a core member of the executive team, where you're interacting with other executives as a partner, as opposed to being only a gatekeeper in financial control.”

Claude Mongeau – President and CEO, CN

BRANDING THE CFO

The “CFO Trust Pyramid” is a tool that is useful for both the aspiring Director of Finance to the established CFO, as it allows each individual to assess where they fit on the various levels and steps. It is important to note that a CFO who has initiated a career change may have attained the ‘Strategic Advisor’ step within their current company, only to find themselves at a lower step of the trust pyramid at their new company. The pyramid provides insights on how CFOs will need to “earn their way” back up the pyramid within their new employment. It may also provide a checklist to what career moves provide the greatest opportunity to expand capabilities and levels of influence. Ultimately, the pyramid and its nine steps offer a well-defined picture of how to progress by providing a framework to understand the key factors in growing capabilities and influence, as well as the various barriers and gaps that may be encountered along the way.

“When looking for a CFO, we didn’t want somebody who was just a specialist. We wanted somebody who had a lot of different ideas. Somebody who could understand the business side and bridge the gap between what needs to be done on the finance and regulatory side and what the business is trying to accomplish.”

Martin Reid – President, Home Capital Group Inc.

THE CALL TO ACTION – CONCLUDING THOUGHTS AND INSIGHTS

GETTING THE RIGHT SKILL SET

The role of ‘Strategic Advisor’ will require a significant shift of capabilities from the CFO in areas that may seem uncomfortable to many. The ability to demonstrate leadership beyond finance is not something in which most financial executives are well versed. Only when their career aspirations drive the need to become a CFO or evolve their capabilities and realm of influence does the meaning of true leadership become understood.

This study provides a great platform for CFOs to understand to what level of influence and responsibilities they aspire to grow and what supporting skill sets are required. As financial executives consider evolving their career accomplishments, they will need to put greater focus on the softer side of the business, providing greater capabilities in leadership, communication and corporate presence skills in addition to strategic planning.

The key insight is the need for CFOs to expand their non-technical skills to build a stronger level of trust with the CEO and the board, in addition to the executive suite. Evolving from oversight that has at the root of its function the word “control” to one that is more “collaborative” will allow a smoother transition at each stage of a financial executive’s career.

As the first step in understanding the gap and leadership skills required to grow and succeed, we recommend financial executives review the “CFO Trust Ladder” (see p. 37) and assess the various barriers inhibiting their ability to provide greater value. Based on this assessment, the financial executive will be well positioned to determine the potential skill gaps they are required to overcome and to what level of the pyramid they aspire to grow. If skill development opportunities are lacking in their organization, CFOs may choose to volunteer in not-for-profit organizations to broaden their range of experience.

“If you wait in your office and let your teams bubble it up, I think you’re missing an opportunity to be out there, be seen, connect, understand, make the personal investments.”

Claude Mongeau – President and CEO, CN

“I encourage all of my senior management team, including the CFO, to get involved in outside activities. I think that gives them a broader perspective of life and gives them an opportunity to show they have personalities outside the number crunching.”

Paul Godfrey – President and CEO, Postmedia Network Inc.

BRANDING THE CFO

CHART 8: FROM THE LIST PLEASE INDICATE WHICH THREE CAPABILITIES WILL BE THE MOST CHALLENGING FOR CFOS, IN GENERAL, TO IMPROVE THEIR SKILLS AND CAPABILITIES? (CHOOSE TOP THREE)



“If I were a CFO, and I felt trapped in a box, I’d make a play to take on some line management responsibilities and enhance my skills.”

CEO of small public technology company

“As CFOs, one of the things we have to continue to push ourselves to do is to take risks because it’s outside our comfort zone. All our partners are out there doing it. We have to push ourselves daily when dealing with other people, put ourselves in their shoes, put ourselves out there to take that risk.”

Zeno Santache – Chief Financial Officer, Claridge Inc.

THE CALL TO ACTION – CONCLUDING THOUGHTS AND INSIGHTS

UNDERSTANDING HOW TO INFLUENCE AND MANAGE RELATIONSHIPS

This study clearly identifies the value the CFO can provide “beyond the numbers”. There exists a unique opportunity for CFOs to better leverage their value and influence by building a stronger collaborative relationship to facilitate each department within an organization to win and prosper. The level of influence of CFOs will be predicated on the level of trust they have been able to earn through supporting and coaching the senior leadership team and their counterparts in linking the power of financial knowledge with the ability to empower them when making the right business decisions. Ultimately, the role of the CFO is to allocate the necessary financial resources and mitigate any potential risk, which will allow the organization to grow and succeed.

CFO TOP BARRIERS TO INCREASED INFLUENCE

1. Company culture
2. Lack of finance/business integration
3. Company silo structure
4. CEO control
5. Lack of cross departmental knowledge/skills
6. Lack of knowledge/understanding of the CFO role

CRITICAL CFO SKILLS

1. Strategic long-term planning
2. Driving informational insights across the company
3. Measuring and monitoring business performance
4. Providing accurate and timely financial information to management

NON-FINANCE SKILLS IMPORTANCE RANKINGS

Private companies

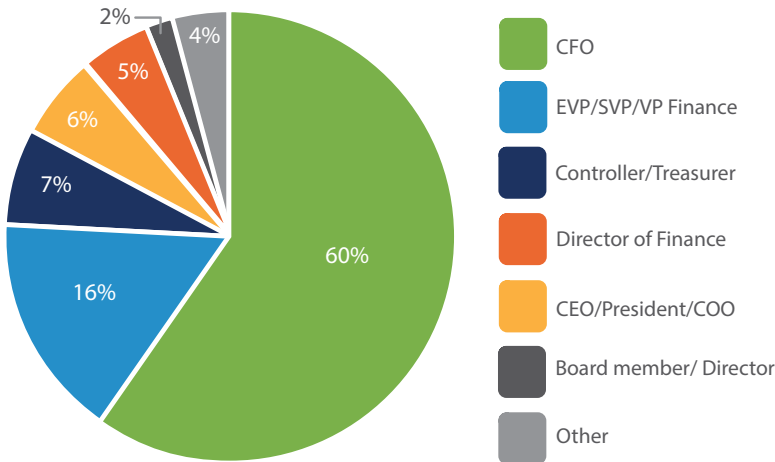
1. Leadership skills
2. Strategic capabilities
3. Communication skills
4. Big-picture thinking
5. Industry knowledge
6. Change management

Public companies

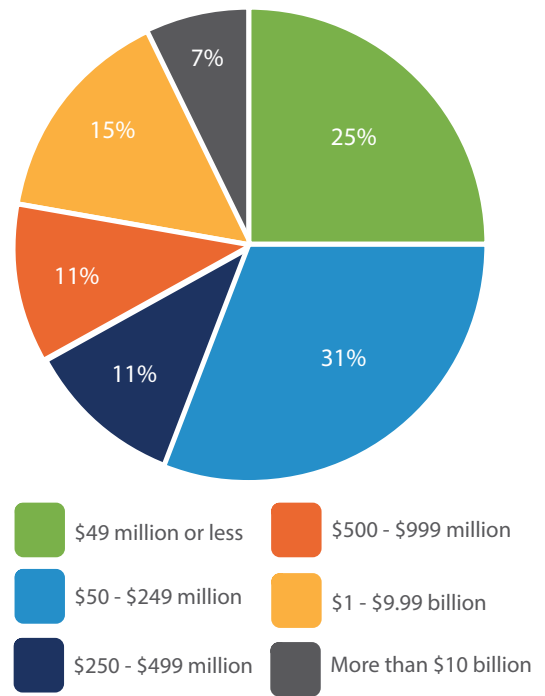
1. Leadership skills
2. Communication skills
3. Big-picture thinking

APPENDIX A – DEMOGRAPHICS

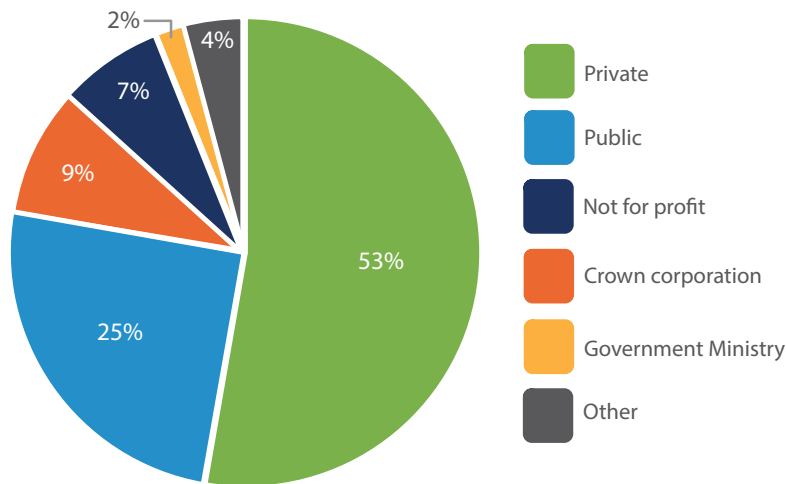
POSITION TITLE



ANNUAL REVENUE

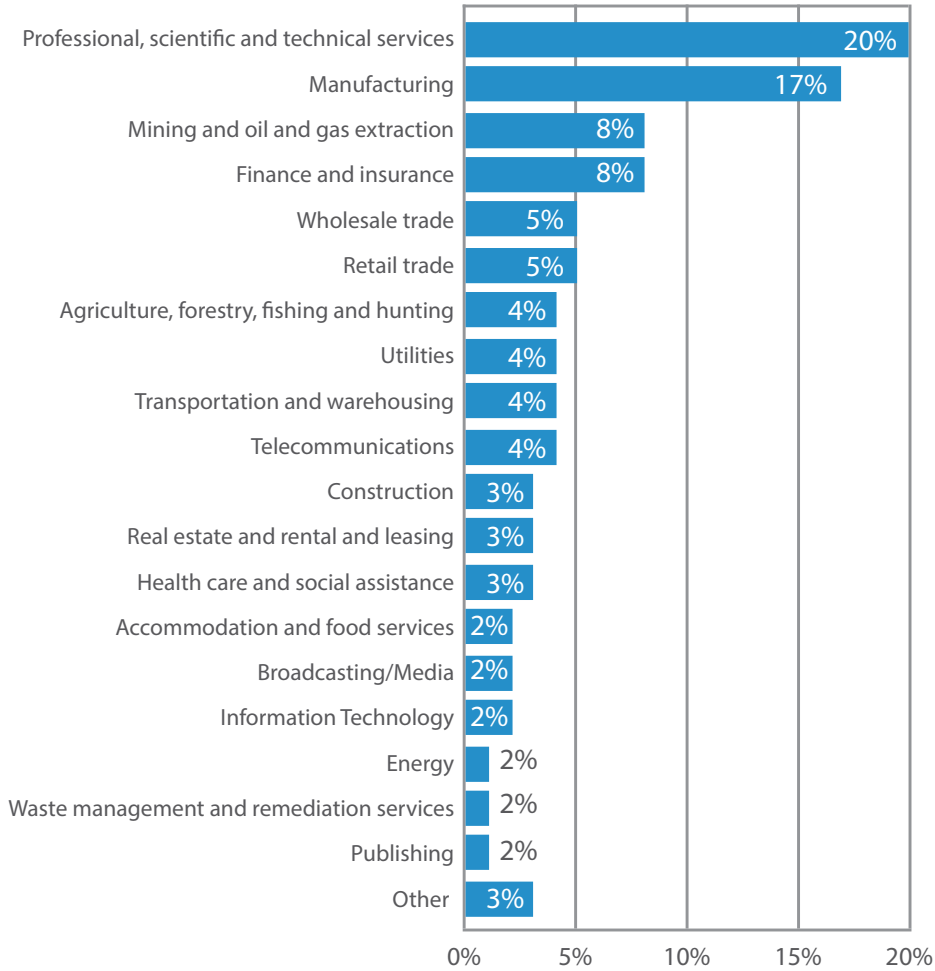


COMPANY TYPE



DEMOGRAPHICS

INDUSTRIAL CLASSIFICATION



APPENDIX C: PRESIDENT AND CEO INTERVIEWS

Paul Godfrey – President and CEO, Postmedia Network Inc. (TSX: PNC.A)

Pierre Matuszewski – CEO, Société Générale (Euronext:GLE)

Claude Mongeau – President and CEO, CN (TSX: CNR)

Sue Paish – President and CEO, LifeLabs Medical Laboratories Inc.

Martin Reid – President, Home Capital Group Inc. (TSX: HCG)

Michael Roach – President and CEO, CGI Group, Inc. (TSX: GIB.A)

Mandy Shapansky – President and CEO, Xerox Canada (NYSE: XRX)

Ted Singeris – President, Mercer Canada (NYSE: MMC)

Ian Smith – President and CEO, Clearwater Seafoods Ltd. (TSX: CLR)

CEO of small public technology company – Anonymous

BRANDING THE CFO

APPENDIX D: FORUM PARTICIPANTS

- Forum Chair: Michael Conway – President & CEO, FEI Canada
- Moderators: Christian Bellavance – VP, Research & Communications, FEI Canada
Jean-Pierre Lacroix – President, Shikatani Lacroix Design
- Toronto
Participants: Victoria Davies – CFO, Knightsbridge Human Capital Solutions
Peter Effer – VP Taxation, Shoppers Drug Mart (TSX: SC)
Bob MacBean – CFO Environmental Waste International Inc.
Derek Petridis – CFO, Principal, Shikatani Lacroix Design
Cliff Truax – Director, Finance & Regulatory Affairs, Hydro One Telecom Inc.
Tim Zahavich – Vice Chair, FEI Canada and former CFO, St. Joseph’s Communications
- Montreal
Participants: Mike Boychuk – President & CEO, BIMCOR
Ross Corcoran – VP Finance, Administration and CFO, Bantam Restaurant
Zeno Santache – Chief Financial Officer, Claridge Inc.
Markus Weiss – Director Shared Services, North America & Financial Controller, Rheinmetall Canada Inc. (DE:RHM)
- Calgary
Participants: Jim Fergusson – VP Finance, GE Railcar Services (NYSE:GE)
Bill Ross – Former VP Finance, Enbridge Pipelines Inc. (TSX:ENB)
Sara Robb – VP Finance, Rogers Insurance Ltd.
Debbie Stein – SVP, Finance & CFO, AltaGas Ltd. (TSX:ALA)
- Phone
Participants: Bob McFarlane – Former EVP & CFO, Telus Corp. (TSX: T)
Laurie Tugman – Chairman, Nexterra Systems Corp.
Shane Siva – CFO, Canada, GE Oil & Gas (NYSE:GE)
- Observers: Megan Bell – Communications & Events Coordinator, FEI Canada
Laura Bobak – Research and Communications Manager, FEI Canada
Sydney McMurter – Account Coordinator, Shikatani Lacroix Design
Adam Mintz – Strategic Brand Planner, Shikatani Lacroix Design

BRANDING THE CFO

THE CANADIAN FINANCIAL EXECUTIVES RESEARCH FOUNDATION (CFERF) is the non-profit research institute of FEI Canada. The foundation's mandate is to advance the profession and practices of financial management through research. CFERF undertakes objective research projects relevant to the needs of FEI Canada's 1,700 members in working toward the advancement of corporate efficiency in Canada. Further information can be found at www.feicanada.org.

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Shikatani Lacroix Design

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