

Beyond the numbers: the CFO's evolving leadership role

BY THE CANADIAN FINANCIAL EXECUTIVES
RESEARCH FOUNDATION

While CFOs have usually climbed the corporate ladder on the strength of their technical skills, it is widely acknowledged that the CFO role has now grown from that of a mere "numbers" person. Someone on standby to offer up numbers on an as-needed basis to other C-suite executives who make the final call on decisions.

CFOs have grown to become senior decision-makers in their own right – but do they have the skill set to support that new role?

Today's CFOs are expected to move beyond their financial responsibilities by providing strategic business advice to the management teams they serve, including CEOs and board members. This means CFOs must broaden their skill sets, if they want to make a natural progression from technical experts to client-facing executive leaders.

Sponsored by Knightsbridge (www.knightsbridge.ca), the Canadian Financial Executives Research Foundation (CFERF) has produced a study titled *Beyond the Numbers: The Evolving Leadership Role of the CFO*. In response to many members' requests, the CFERF conducted an online survey and organized an executive research forum which engaged financial executives in several cities, connected by video link.

The survey data was gathered from 263 respondents during early 2011; 66 percent of respondents were CFOs. This data and forum comments were supplemented by perspectives from CEOs and board members, who explained what they are looking for when they hire CFOs.

The key findings of the study include:

- CFOs must now interpret and summarize large amounts of data, highlight key insights, anticipate trends, and explain their implications. They must be able to simplify and communicate complex issues for a wide cross-section of audiences, including investors, board members and executives.
- CFOs need to find a balance between the roles of critic and advocate in helping the management team objectively evaluate growth initiatives and manage risk and opportunities.
- CFOs need to develop a strong understanding of an organization's operations, key markets, customers, and generally understand how the company makes



money. In order to do this, they must develop strong relationship-building skills.

- CFOs must maintain a high level of integrity in order to earn and maintain the trust of their peers, colleagues, the CEO and board members.
- CFOs will need to improve their knowledge in the areas of risk management and corporate governance while continuing to support executive decision-making.
- CFOs will need to have a better understanding of global markets and the financial implications of doing business across borders.
- CFOs will need to develop the capacity to grow specialized, highly skilled financial teams, and to enhance their leadership skills to increase team effectiveness. They must learn how to establish clear organization and team goals, establish a vision, and help their team members appreciate an enterprise-wide perspective. Strong teams with upgraded talent will allow CFOs to delegate the more technical aspects of their responsibilities, so they can focus on strategy.

To read the full study, please visit <http://www.feicanada.org/page/cferf/cferf2>

The Canadian Financial Executives Research Foundation is the research arm of Financial Executives International (FEI Canada).