

# The Changing Role of the Chief Financial Officer

**G**lobally, the role of the Chief Financial Officer (CFO), sometimes referred to as the Finance Director, has transformed over the past decade due to the global financial crisis, rise of big data and the impact of social and digital media.

Traditionally, the CFO role entailed supervising, managing and engaging the work of the financial controller, credit manager and insurance manager, and duties including managing investments, analysing expenses and tracking regulatory trends. All pretty challenging tasks in themselves but the expectations of the Chief Executive Officer (CEO) and indeed the Board of Directors (“Board”) of the CFOs require that the focus of the role will need to change.

Organisations are in a state of continuous change, and the CFO needs understanding and experience beyond the basic finance function to identify areas for growth and operational excellence across all business domains. This requires a range of skills, from the foundation and basics of the finance function to a strategic level focusing on the outside world.

The 2015 KPMG Global CFO Survey revealed that CEOs are expecting the CFO role to be more important in the next three years. In the survey, the CEOs highlighted the following four key areas as being differentiators. Big Data where 85% of CEOs said that their CFOs ability to gather and analyse



data is the surest road to profitable growth. People Skills of which 97% of CEOs said that attracting and retaining top talent was the path to improve the finance function. Global reach where 48% of the CEOs surveyed listed global experience as the most important attribute a CFO can possess. Tech Savvy how the Mastery of IT like cloud enabled ERP systems.

The CEO and Board now expect the CFOs to lead the way in areas such as strategy and guide key business initiatives which have traditionally been aligned with other C-Suite Roles (e.g. Chief Operating Officer and even the CEO). This means that the modern day CFO is required to develop unique skills which would not have been critical a decade ago.

To succeed in today’s business environment and to thrive in tomorrows, the CFO needs to excel in the following five areas. (Adopted from The Changing Role of the CFO, Hugh Morris. Financial Management, 2014 and KPMG CFO Global Survey, 2015). Having a strategic outlook and an intimate knowledge of the business which enables a focus on growth and optimization of the value from investments. The CFO is also expected to understand emerging technology and where things are headed; cloud-based solutions, emerging work and collaboration platforms. Driving innovation will also be a key role, which entails developing new creative ideas based on data insights to help drive change towards cutting costs and fueling innovation. Fourthly, investing and retaining talent which means employing diverse talent and attracting talent to organically grow the business, sourcing from diverse backgrounds working closely with HR executives. Finally the art of effective communication on complex financial results and business performance to both internal and external stakeholders is extremely crucial.

To enable the CFO to focus on more strategic and value aspects of the role, the more traditional aspects of the role should run as efficiently as possible. The finance function strategy will therefore be geared towards providing the CFO and the business with insights and thereby taking on the role

business partnering and decision support as opposed to traditional book keeping; an Intelligent Finance Function. The Intelligent Finance Function will need to focus a majority of its time and resources analysing data on a regular and timely basis whilst effectively leveraging analytical and decision support tools. Whilst all this may sound more aspirational rather than achievable, particularly in the East African context, it is worth considering what will put companies in the region in the best possible position to attract new investors (both foreign and local) as well as shore/increase share price. It then becomes apparent that being able to properly message a company's past performance and articulating its future strategy supported by robust data will be a key differentiator. This will become critical as the world looks to Africa

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