



How can CFO's recruit the skills they need for the modern finance era?

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Introduction

The CFO's journey over the past few years from financial steward to strategist is well chronicled. One consequence of the digital era is that the role of the CFO is in a constant state of flux, buffeted by new business models and the remodelling of existing business processes. And as organisations in all industry sectors begin to confront the challenges and rewards of process innovation and higher levels of automation, the dynamics of established CFO roles and relationships are becoming even more fluid and changeable. This has profound implications for the future of the finance function and the skills it will need around business partnering, data analytics and technology.

But how can CFOs tip the recruitment process in their favour in a market noted for a shortage of the 'right' skills?

CFOs as business partners

With automation relieving much of the drudgery of transaction processing, CFOs will find more time on their hands to devote to being business partners, i.e. helping other functions to drive performance. Soft skills, (communication, presentation, inter-personal) are vital to the business partnering paradigm but an increasing reliance on social skills could present challenges. Young aspiring CFOs may be adept at social media but are they truly social?

Nurturing a business partnering culture will require imaginative development plans for finance professionals, including inter-disciplinary team working, spells working at group as well as in business units in addition to time spent in more commercial and non-traditional accounting roles. But with the rapid rise of business partnering, CFOs will also need to look outside their organisations to fill the demand.

Do CFOs need to be data scientists?

It's not just transaction systems that have benefited from automation. Huge strides have been made in modern information systems (budgeting, planning and financial reporting) such

as [Prophix](#), where balances tend to be captured automatically from operational systems and propelled efficiently by workflow technology underpinned by unified applications. Corporate Performance Management systems such as Prophix have enabled a shift in accounting effort from data manipulation to an ever-increasing focus on data, coupled with the ability to make decisions based on data to drive value. But the growing reliance on data has raised another conundrum. To what extent do finance professionals have the analytical skills to make the most of the data? Traditionally, they have excelled at data analysis, but the rampant growth of data, coupled with the never-ending variety of data sets is putting these skills (and the CFO's favourite tool, Excel) under strain.

Whether "data science" becomes a core skill of the modern finance professional remains in doubt. Some commentators consider that analytical tools will become easier to use, offsetting the need for the finance professional to acquire new skills, whereas others see the emergence of an entirely new arm to the profession. But regardless of the tools and skills needed to deliver the analysis, finance functions will increasingly need individuals who can convey

the meaning of the numbers in a straightforward and compelling way.

CFOs need to be more tech-savvy

All of these trends point to the need for the modern CFO to be more technology-savvy. A point underlined by the fact that roughly half of all CFOs are now responsible for IT as a direct report¹.

It's a trend that looks certain to continue. After all, CFOs remain the first port of call for investment appraisal whether that is some new technology-infused social marketing initiative, a big data project or improvements to core financial systems. From this unique vantage point CFOs are acquiring new skills in digital deployment, cloud, social and mobile technologies, yet nearly 43% of finance professionals still find it difficult to keep up with technology².

It seems likely that the pace of technology innovation will spawn a new breed of modern finance professionals for whom technology will become a new career specialisation, ranking alongside financial reporting or mergers & acquisitions. But technology is now so fundamental to the modern CFO's role that few of them can afford to eschew technology altogether. For those that choose not to specialise, technology awareness and a basic understanding of digital technologies will become central to career progression.

In fact recent research³ concludes that technology will be a make-or-break test for CFOs. Sixty-three percent of CEOs from high-performing organisations believe that technology will have the greatest effect on the future role of the CFO. CEOs expect their CFOs to do a much better job of leveraging the increasing wealth of financial information so as to play a more strategic role in assessing new markets, improving performance and meeting the regulatory burden.

What does this mean for recruitment?

Underpinning all of the new competencies (business partnering, data analytics and tech-understanding) is the need for outstanding influencing and communications skills.

For the most part organisations are looking to external recruitment to fill the pressing need for more effective business partnering with 60% pointing to the shortage of talent as the most significant barrier to building an effective business partnering team within their organisation⁴.

But it is a pronounced shortage of 'softer' skills that is creating the most concern and heading the list of skills shortages 26% indicated communication skills while 22% point to leadership abilities. This could make uncomfortable reading for finance functions that are used to assessing candidates technical skills (accounting standards, regulation and compliance) but are less familiar with assessing soft skills. Companies now need to think very differently about the way in which they recruit.

Whether companies are recruiting individuals with deeper analytical skills or broader system implementation skills, communication and leadership capabilities can no longer be considered an optional extra. Business partners have to be advocates for change, which means working alongside line of business managers but also providing a degree of challenge. They have to be able to get their point across.

Traditional interview processes built around a CV often fall short when it comes to assessing softer skills and this may mean that companies have to move to a broader palette of selection methods. This is especially important for mid-market companies since research shows that mid-sized business (50-1,000 employees) find it almost twice as hard to attract candidates with good communication skills as larger enterprises (1,000 plus employees)⁴.

So what techniques could businesses deploy?

Looking beyond your own industry:

In the past, finance teams looked to recruit individuals from the same industry which was fine when CFOs were looking for technical skills tuned to their sector but somewhat limiting in the new environment of business partnering. Turning to other sectors in the search for softer skills could be more rewarding. For example, retail, retail banking and even telecommunications are known for being more customer-centric and it is the ideals and culture of these sectors that could give candidates a more engaging and collaborative style of working.

Rethinking the career path:

Even if businesses can find the right candidates to interview, somebody who bristles with the softer skills is unlikely to be attracted to old-style positions that emphasise traditional roles in financial governance, compliance and reporting. The business partners of the future are looking for project-based work, opportunities to work in

different parts of the business and in internal customer-facing roles. They are also looking for clearly defined routes to career progress and enhancement.

Moving beyond the traditional interview:

An interview is unlikely to tease out the full capabilities of the candidate, for example, how they manage relationships with colleagues, team-working and presentation skills. So businesses need to look at other ways of corroborating an affinity for business partnering. Psychometric testing managed by qualified personnel can give useful supporting evidence and insights. But getting candidates to review a case study and present their findings can be very realistic and illuminating. Similarly, a presentation requested at short notice on an unfamiliar topic can reveal the ability of candidates to 'think on their feet'. An informal lunch during an interview process can also be very revealing about broader social skills and allow colleagues to assess how the candidate would relate to other business managers.

Summary

Modern finance functions are facing a new era in which they are expected to play a more strategic and influential role in shaping the future of their organisations. Successful finance functions know that in addition to their traditional role in financial stewardship they are expected to help other business functions to perform better through data-driven insights, advising on technology decisions and providing a dependable sounding-board for critical business decisions.

But business partnering requires a shift from a reliance on technical accounting skills to softer skills which are in short supply and difficult to evaluate. CFOs will need to focus on nurturing these skills in existing personnel but will also need to recruit outside of the organisation to meet the demand. Historic methods of recruitment based around the interview of candidates from the same industry are no longer fit for purpose. They need to be supplemented by broader initiatives designed to capture skills acquired in other industries, alternative techniques of evaluating business partnering skills and the promise of more fulfilling career progression.

About the Author

Gary Simon is Group Publisher of FSN Publishing Limited and Managing Editor of FSN Newswire. He is a graduate of London University, a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the British Computer Society with more than 27 years' experience of implementing management and financial reporting systems. He is the author of four books, many product reviews and whitepapers and as a leading authority on the financial systems market is a popular and independent speaker on market developments. Formerly a partner in Deloitte for more than 16 years, he has led some of the most complex information management assignments for global enterprises in the private and public sector.

Bibliography

Note¹ The CMO-CIO disconnect: Bridging the gap to seize digital opportunity, Accenture 2013

Note² Robert Half 2014 salary Guide

Note³ The View From the Top: CEOs see a powerful future for the CFO. Are CFOs ready for the challenge? KPMG 2014

Note⁴ Business Partnering, Addressing the skills gap, Robert Half 2015

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