

The changing role of today's CFO

Egon Zehnder International recently organized a forum to discuss the role and responsibilities of the CFO in dynamic environments. The global financial crisis put the spotlight on the CFO as never before. In addition to responsibilities of corporate governance, he started to involve himself in operational and strategic decisions of the company, moving from supplying financial information to actually providing business advice.

More recently, he has taken on a larger-than-life role within the organization – laying stake to areas that had previously never been considered his domain of expertise. Cases in point are the active role he plays in talent management, contributing to areas beyond finance, and assuming the role of CEO designate.

No longer is the CFO only preoccupied in building credibility for the finance function, he has to instil a sense of confidence among employees, customers, partners as the one person who has all the answers. It goes without saying that the CFO's level of understanding of the business has evolved tremendously from what it was three years ago.

CFOs from diverse industries have convened to share their views on the emerging responsibilities of the function, encapsulating the new skills that needed to be developed to meet the growing demands.

Increase business savvy

- Change the focus from accounting controlling to business fundamentals
 - Delegate routine tasks such as maintenance of the books to team members. This will create more bandwidth in order to look at corporate and strategic sections of the business
- Add more dimensions to decision-making and strategy. The need of the hour is to think about unfolding a vision
 - Move from managing internal stakeholder expectations to those of external stakeholders
 - It is no longer sufficient to think of profit; think about creating value
- Have access to information 24x7 even if it only remotely affects the organization
 - With the death of distance and time, stay on top of all developments

Speak the language of the CEO

- Along with the CEO, the CFO has emerged as the external face of the organization. To ensure transparency and consistency, it is important to present a unified front at all times
- Acquire skills in change management, foreign jurisdiction and laws so as to emerge as a single point of contact for the CEO
- Convert business objectives into business enablers
 - Concern about risks, compliance, governance etc. should not be treated as objectives, but rather as business enablers
 - It is important to understand when to perform a job single-handed versus assuming the role of a leader – knowing what to outsource and what to keep tightly under control
- Move from a reactive to a proactive role
 - Move fast versus appearing to manage risk and processes in the garb of a bureaucrat. Drive people, processes and systems
 - Grasp the nuances of the business faster and prophesy where the market will be five years from now

Contribute beyond a purely financial role

- Interacting with a greater number of functions within the organization makes it essential to become a good listener and communicator
- Dedicate a fair proportion of time to areas such as recruitment, motivating and developing the team
- Get the teams' and external stakeholders' buy-in up front. To be able to convince people and seek balance across the board, play the role of public relations officer

- Keep it simple. While pointing out the bottlenecks and ensuring the organization does not spread itself too thin, become a problem-solver

Adopt the new mantra of talent management

- With attrition emerging as a major challenge within the middle management levels, managing the changing expectations of young, fresh CAs or MBAs who want to develop faster and who expect broader roles and responsibilities has become essential
 - Understand the different mindsets, career paths and aspirations of team members to be able to offer various alternatives for growth
- Provide structured internal training such as Leadership Development Programmes to scale finance team members
- Provide training in the field, regional offices, at the back end of the manufacturing and supply chain to provide employees with a complete perspective of the business
- Offer greater opportunity and diversity to team members to migrate from the finance function to other business areas within the organization. In the long run, this will create more experience and fuller job satisfaction for the individual

The role of the CFO has undergone a sea change of transformation; no longer is he only involved in CAPEX decisions, but his advice is sought in matters across the organization. It goes without saying that the demands of his job have grown and one of his main challenges is letting go of the routine administrative functions of his role to dedicate himself to more strategic issues of the business. It is only when he begins to empower his team that he will emerge as the change-driver, effective partner and collaborator that his CEO and the rest of the organization expect of him today



The panel discussion was moderated by Sanjiv Sachar, Egon Zehnder International.

We would like to thank all participants for their valuable input.

The panel included:

- Anil Aggarwal, Director & Chief Financial Officer, IREO Management Private Limited
- Inderjit Banerjee, Executive Director & Chief Financial Officer, Cairn India Limited
- Anil Berera, Chief Financial Officer, Whirlpool of India Limited
- Seema Chandra, Chief Financial Officer, SpiceJet
- Sudhir Mathur, Chief Financial Officer, Aircel
- Yogesh B Mathur, Group Chief Financial Officer, Moser Baer India Limited
- Amish Mehta, Chief Financial Officer, Indus Towers
- Arvind Parakh, Chief Financial Officer, Jindal Stainless Steel
- Rajendra Prasad, Chief Financial Officer & President, SRF Limited
- Karandeep Singh, Managing Director, Sapient
- Darpan Kalra, Egon Zehnder International

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