

# 10 must-have traits of the successful mid-market CFO



**Medium-sized businesses are often referred to as the unsung heroes of the UK economy, in large part due to their potential for growth and the thousands of people they employ. This could offer the perfect environment for the next generation CFO.**

The future for the CFO role is one of great potential however there is a stumbling block. Today's finance professionals are currently still juggling many priorities: improving cash flow, ensuring profits flow to the bottom line, enhancing business systems and producing month end financial information, making sure it's accurate for the business and compliant for auditors and authorities. The list goes on.

In The Future of the Finance Function Survey 2016<sup>1</sup> released by the FSN Modern Finance Forum it highlighted, "For the most part CFOs are still bogged down by their traditional accounting role with insufficient time to devote to value creation or nurturing their finance teams." The research indicates that the CFO's role is 'overhyped' and one full of contradictions.

They must find a way to overcome this if they're to shape their own destiny and be able to provide business with what it needs in the years ahead. This does, of course, depend on the needs of their organisation which is something that every flexible finance professional needs to take into account. In this whitepaper we outline the 10 key traits that we believe will define the future of the CFO role.

## 1. Be a strategic partner

This sits at the heart of the future finance professional's role. The need for a strategic mind that can connect the dots, uncover the issues and opportunities that lie before the organisation. This is a place where most CFOs should feel comfortable, particularly as it plays towards their analytical skills, with the ability dissect, analyse, understand and plan. Yet, it's hard to have time to think strategically when you're busy with other work. In fact, 74% agree that they face more demands than 5 years ago.<sup>2</sup> And, nearly half of respondents say they spend more time reconciling data than strategically helping their business.

The innate qualities of the CFO, working alongside the CEO, can help to strengthen the high level of strategic direction required to enable a business to grow and prosper.

## 2. Be comfortable with calculated risk

What is risk? What does it mean to be 'risk-averse'? It's the fear perhaps of taking advantage of opportunities that open up a new direction into uncharted waters. This fear can be a great detriment. Having the commercial acumen and capability to take calculated 'risks' is vital to the future of the business. It can often be the case that it's more risky to stay with the status quo than to take a leap into what appears to be the unknown. After all, not all risk is a bad thing. In fact, it can separate out the leaders from the followers.

## 3. Be wired for speed

Decisive CFOs who can act fast? Some would say this goes against the grain of financial professionals as their appetite for data can slow down the decision-making process. However, it's quite right to champion a thoughtful considered response. After all, this ensures risks and opportunities are weighted properly so the probability of success is skewed in the business' favour. But in today's world being able to digest and analyse data at a rapid pace is essential. It's vital that action should be timely to take advantage of opportunities or risk getting left behind. However, a huge 7 hours a week is spent on just monitoring the business.

## 4. Master predictive analytics

There's a great deal the CFO can do to make better risk judgements – and faster. Being able to predict more accurately what is likely to happen in a given situation is an incredibly sought after skill. We're not talking crystal ball gazing but making decisions based on predictive analytics data – something else which again should play to the CFO's strengths.

Gary Simon, FSN's chief executive officer and the leader of the Modern Finance Forum, commented, "On the one hand CFOs of the future expect to be more influential in decision-making, technology and data governance but on the other hand around a third rely on gut feel rather than hard data, two thirds admit they have not mastered the volume and variety of business data and a similar number neglect innovation and process improvement."<sup>3</sup>

CFOs have a desire for more but are being held back by day-to-day processes and events; the use of predictive analytics will enable them to analyse the data within their business to much greater effect.

## 5. Get close and personal with tech

The value that tech brings to the CFO's arsenal can't be underplayed. The ability to collate, organise and filter information from across every area of the business helps to underpin the decision-making process – and is obviously central to the predictive analytics mentioned above.

Making technology a success in an organisation can be aided greatly by forging a strong partnership with the CIO. Working closely together can bring about powerful results far more quickly. For instance, an integrated, single source of information makes it easier to get real-time updates of interest to the CFO or, indeed, other departments or individuals in the business. It means reducing the burden of daily processes and compliance which can be taken care of thanks to automation. Sadly, only about 20% say they are leveraging technology to automate workflows. Perhaps that's why about 35% agree that the finance team spends too much time on a manual or hard to use system.

There's no doubt that technology can help to restore some balance for the CFO in their dual role strategist and operationalist. This includes the ability to review transactions in real-time removing the dependence of the period end bottleneck. This also provides a single consolidated view of the business, which ensures sound decisions can be made on accurate data. Around 40% of decision makers recognise that the finance function can be improved with a better adoption of financial reporting software.

## 6. Be prepared to scale

Having the right technologies in place is also a great foundation upon which a business can scale. Today's CFO is required to master the balance between the necessary operational efficiency of an organisation and the effective support of strategic business activities. Digital innovations are continually evolving, transforming and streamlining operational functions that would have otherwise have been undertaken by the finance team, holding them back from value added tasks.

If they're able to automate many of their own day-to-day tasks as well as those of the rest of the business, greater attention can be given to the planning for growth and taking action.

## 7. Be a people person

One of the key qualities of the future CFO is the ability to connect easily with others both internal and external to the organisation. This can include the CEO, CIO or HR director in order to influence the direction of the business, the tools that enable people to effectively carry out their work and the skillsets required to take the organisation to the next level.

Business is as much about collaboration as it is about the figures. After all, financial success is a result of the collaborative, creative efforts of everyone in the whole organisation. And as the CFO function becomes a core part of the business – one of strong relationships – it will enable everyone to carry out their role better and ultimately deliver improved business results.

## 8. Get close to customers

According to research by Accenture, 66% of CFOs don't know how customers substitute products for competitors or vice versa.<sup>4</sup> It also stated, "Additionally, 63 per cent are blind to the impact of disruptive new market players. And 62 per cent are unaware of the ROI on new product/service development or the cannibalization effect of new products."

Increasingly savvy customers are putting pressure on businesses to ensure they keep up with their demands. It's therefore essential that the CFO understands customer needs as well as the trends and opportunities to deliver greater customer value and therefore increased profits. The ability for businesses to adapt in the era of the empowered customer is not a nice to have; it's a matter of survival for all businesses.

## 9. Be attuned to the global environment

Globalisation affects every organisation. Today it's far easier for companies across the world to disrupt industries, wherever they're based. It could be shortages of material, employment or individual skill requirements, sweeping trends or new technology that brings new competitors into the marketplace. Think Amazon, Uber, AirBnb, People Per Hour, edTech companies like Udemy and Coursera, and not forgetting P2P lending such as Funding Circle and CrowdCube. These are just a few organisations that have changed how we do business everywhere. Don't think they won't affect you; it takes just one disruptor to change the viability of any given business model.

## 10. Have a resilient mind

The CFO is used to facing resistance, dealing with differing stakeholder views. The need to balance all the different opinions is key. This is even more so for the private equity backed CFO who needs to be constantly maximising value as they approach exit according to Deloitte.<sup>5</sup>

It's about doing what's in the best interests of the company, the workforce and the customer when maybe not everyone is in agreement or clear on which is the right direction to take. The ability to recover from setbacks and all the twists and turns along the journey is essential. Strength of mind and character is, above all, the mark of a true leader.

# Summary

The CFO role will continue to evolve. On the one hand CFOs have the prime stewardship responsibility for the business. They must make sure the numbers are correct, all aspects of compliance are covered and risk is managed across the business. However, increasingly entrepreneurs and owners of mid-sized businesses expect the CFO to play an increasingly active part in the strategy and commercial development of the company.

The future for the CFO is one of incredible opportunity, because they can deliver terrific value to businesses today and enhance their own career progression at the same time. The ability to combine financial, technical, analytical and commercial acumen and be at the centre of business progress. The key will be to address how they juggle the challenges of the day-to-day responsibilities. The ability for technology to underpin better processes and data management can support organisations to this end – as well as opening up opportunities for the finance function to be seen more as business partners within the organisation. This will allow everyone to broaden their horizons and keep up with customer and business demands. Get the mix right and you could see your business soar.

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