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What Makes a Great CFO?

A successful Chief Financial Officer requires a diverse set of skills. Criticleye speaks to seasoned CFOs and business leaders about how to balance the demands of the role and drive company performance



Collaboration is essential if chief financial officers are going to perform to the highest level. They have to be analytical, commercial in their approach, capable of shaping strategy and possess a keen eye for detail at the operational level. Technical expertise and good interpersonal skills are also important because the CFO will be pulled into a variety of projects right across an organisation.

“The demand on the CFO is to be a bit of a silver bullet guy,” says **René Matthies**, Chief Financial Officer for energy company E.ON UK. “They need to be strong on different capabilities, particularly stakeholder management. It’s a balance, on the one hand supporting customers and the business and, at the same time, managing the delivery of the strategy and financial targets, while safeguarding compliance and managing risk.”

It requires a diverse set of skills. “The role of the CFO is a lot broader so it’s no longer about accounting and [bookkeeping],” says **Shatish Dasani**, Group Finance Director at electrical systems manufacturer TT Electronics. “It’s about getting to know the business, being a commercial player and getting involved in strategy.”

The CFO will be called upon for their insights on a variety of issues, from IT, legal and HR, to the more traditional areas of financial modelling, compliance, acquisitions and speaking to analysts and investors. **Steve Allen**, Managing Director for Finance at TfL (Transport for London), says: “You have to be able to work collaboratively with colleagues, draw out information, challenge constructively and yet still be able to present results in a robust manner.”

“Data and reliable information are probably the most important assets among the armaments of the CFO”

David Santoro, Executive Partner for IBM Global Business Services, says:

“The role of the CFO has... gone from one that’s been custodial in nature, statutory and regulatory [in its focus], to one that’s now more forward-looking and oriented towards providing strategic input into the business...”

“Data and reliable information are probably the most important assets among the armaments of the CFO today and that’s definitely something that has changed dramatically over the last ten to 15 years.”

The emphasis on risk management has grown significantly. **Bob Emmins**, Finance Director of sugar supplier Silver Spoon, comments: “Gone are the days when risk management was just what the financiers asked and the auditor thought about. It has to be embedded into the business, so that people are considering the risks while making their decisions.”

Deirdre Mahlan, Chief Financial Officer of alcoholic beverages company Diageo, says: “The increasing tendency of businesses to act and think globally, as opposed to just being present globally,

has shifted the balance in terms of thinking about risk and reward.

“Certainly, when your business has less at stake in multiple cultures, multiple economies, different sets of socio-political environments, you can manage that risk-reward and resource allocation differently.”

As a business becomes more global, the dynamics around risk and resources becomes far more complex. “I think many organisations and individual professionals are still working through how they become more comfortable in doing that,” adds **Deirdre**.

USING INTELLIGENCE

Technology’s impact on the role of the CFO is only going to increase. “It is driving both the strategic and detailed aspects of the work,” comments **Barbara Moorhouse**, Non-executive Director of the Lending Standards Board. “More of an organisation’s strategy may be technology led; support systems are becoming more complex and risks are increasingly technology related – and hard for non-specialists to understand.”

The speed at which information can be collected and analysed is proving to be both a blessing and a curse. **Jim Wilkinson**, Chief Financial Officer at African investment concern Lonrho, says: “Technology is changing the role because everything is becoming more immediate and the amount of information is increasing significantly.

“This means that time management skills and being able to identify valuable information is extremely important. It is also making the role far more 24/7 than ever [before].” ▶

It's one of the reasons finance functions are rapidly evolving – so they can provide productive insights by integrating operational and financial data to inform the decision-making process.

“The operating model is changing from being transactionally focused – producing reports, closing the books [and reconciling accounts] – to one that's much more focused on... insight creation and driving real value back into the business,” says **David**.

7 Tips for CFOs:

- 1. Broaden your skills** – The CFO has to be strong on different capabilities, from stakeholder management to business strategy and financial targets
- 2. Know the business** – They need to be a commercial player and get involved in strategy
- 3. Be collaborative** – CFOs have to form partnerships across the company, as well as being able to present results in a robust manner
- 4. Plan ahead** – The role has moved away from being custodial in nature; strategic input is now key
- 5. Manage risk** – The emphasis on risk has grown significantly and CFOs must consider potential dangers when making decisions
- 6. Follow technology** – Digital is changing the role, while data and analytics are proving to be important for strategy
- 7. Challenge the CEO** – A CEO needs the support and loyalty of a good CFO who will both challenge and respect them

“A CEO needs the support and complete loyalty of a good CFO”

In fact, many organisations are keen to outsource the day-to-day aspects of management accounting in order to attract people that can enhance performance. “It's a massive challenge facing finance [teams] globally and one that is causing a fundamental shift in how they look at... investing in the future of finance,” he adds.

What hasn't changed is the need to talk regularly with the CEO and, in effect, act as co-pilot. **Paul McKoen**, Chief Financial Officer of bed and mattress manufacturer Silentnight Group, comments: “A CEO needs the support and complete loyalty of a good CFO, but they also need somebody who is prepared to stand up and tell them when they're wrong. It can't be an uncritical relationship.”

Jim makes a similar point: “The CEO and CFO should work extremely closely together as partners. However, they should also be challenging each other, not be afraid to speak their minds and have differing opinions.

“Respect for each other's style and achievements should still overcome any fundamental disagreements.”

The CFO has the widest-ranging role on the board, with the emphasis firmly on forming alliances to make sure strategy

and execution are aligned. As **Deirdre** puts it: “The biggest change in the role of the CFO, over the last decade or so, is a shift from almost a policing or reporting function, as the primary role, to one of business partnership.” ■

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Featuring Commentary From:



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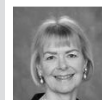
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