

Are Finance Specialisms Hindering Succession Planning?

In a recent survey by BIE, 43 percent of respondents felt that the development of specialisms within finance was hindering CFO succession planning.

Simon Moore, asks why





A key challenge for the future leaders of finance, in today's heavily siloed business environment, is the need to find a balance between specialising in a financial discipline and getting broad exposure across all aspects of the function – exposure that is needed to develop the more rounded experience necessary to progress to the top.

It is getting harder to find well-rounded finance talent, no matter the organisation or the industry. The talent graduating through larger organisations are very narrow in their experience. Even relatively junior talent often don't have the skills to look at a balance sheet from top to bottom. Many organisations don't prioritise training talent internally, so junior team members are not getting the exposure they need in other areas.

Large companies can become highly efficient by employing global functional processes to be consistent, which allows individuals to become fantastic at micro-processes. However, because they become siloed, they don't necessarily understand the upstream or downstream implications of their processes.

From a career perspective, it is important that individuals have the personal desire to get out and develop themselves within the business. This can be easier in a larger company that has an organisational rotation programme.

However, it should be incumbent upon CFOs to take responsibility for their team members getting around other functions, such as FP&A and the commercial side, even if it is only for 12-18 months to get some exposure to different areas where they may have an interest.

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Has Outsourcing Gone Too Far?

The more organisations move towards outsourcing their technical functions, the ability to have someone developing as a highly-skilled finance professional, who has the rigour that comes with reconciling the balance sheet, becomes even harder to achieve.

The controllership function is where technical training takes place. So, how much of this should be outsourced? Finance business partner or commercial teams can't be built unless the technical people can interpret a balance sheet and P&L in order to provide them with accurate financial information when it is needed. Ultimately, the controllership function can be a powerful engine for the business, that then provides a natural progression into FP&A and beyond.

Knowing How to Interpret the Numbers is Key

A lack of understanding and exposure to balance sheets is a serious risk moving forward. 30 years ago, CFOs were looking in the rear-view mirror and focussing on producing the numbers. Now, businesses are looking to the CFO for guidance. The commercial drive and business

partnership is fantastic, but useless if the numbers are wrong. Then the function runs the risk of giving bad advice.

Finance business partnering is viewed as a combination of technical and communication skills. But is it more of a behaviour than a skill? The technical side is still very important. It's often the case that finance business partners have no concept of the balance sheet and are too busy looking at the P&Ls.

The finance business partner relationship needs to work both ways. They are providing support to the business with their financial hat on, but they are also representing finance to the wider business and getting them to think about financial issues. Therefore, for succession planning, if a business partner wants to become a CFO, they need to engage more with the technical side of accounting. They need a full understanding of the whole function. Even if they are not doing it now, they need to understand it to get to the next level. ■

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Simon is responsible for leading BIE's finance team and selling the BIE proposition to companies who are going through change. As a member of BIE's executive leadership team, Simon's focus is on supporting a wide variety of clients across all C-suite functions who are typically looking to enhance their businesses' ability to perform.

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