

CFO RESEARCH 2021



LEADING FOR RECOVERY AND GROWTH

The year 2020 was one that saw businesses turn to their CFOs for a cool head and resilience as they faced into the storm. We surveyed CFO sentiment in November – the week scientists revealed preliminary analysis showing the Pfizer-BioNTech vaccine had 90% efficacy. While the mood was one of cautious optimism, our results show that CFOs are not taking the recovery for granted.

At the root of this restraint are forecasts – 80% of CFOs estimate it will be a year or more before revenues return to pre-pandemic levels. They are also less confident than their CEOs

in the ability of the senior team to navigate strategic uncertainty and are seeing a greater need to improve Board discussions around performance and governance than in previous years.

When it comes to the CFO's priorities, cost reduction and organisational design have shot up the list, displacing digital disruption and innovation.

However, CFOs recognise that future success continues to depend on their people and, for the fourth year in a row, retaining talent and developing skills remain their top concerns.

A worrying 67% feel isolated in their role, but they are combating this by seeking inspiration from outside the business – CFOs say that bringing in fresh thinking from other sectors is where they most intend to improve over the next 12 months.

Whereas the CFO of 2020 had to provide a steadying pair of hands on the steering wheel, in 2021 they must be ready to switch gears and accelerate into recovery and growth. CFOs are securing cost savings and reshaping their businesses in preparation for these opportunities.



Emma Carroll
Managing Editor
Criticaleye

Findings from Criticaleye's CFO Research 2021



Cost reduction and organisational design have moved up the priority list



67% of finance leaders feel isolated in their role



80% say it will take a year or more for revenues to recover



Shareholders and investors are the CFO's **most challenging stakeholders**



74% of CFOs believe the Chair provides effective support, compared to just 60% of CEOs



CFOs are less confident than CEOs in the senior team's ability to **navigate strategic uncertainty**

Strategy

Criticaleye offers senior executives a unique opportunity to discuss and reflect upon strategy with peers and experts

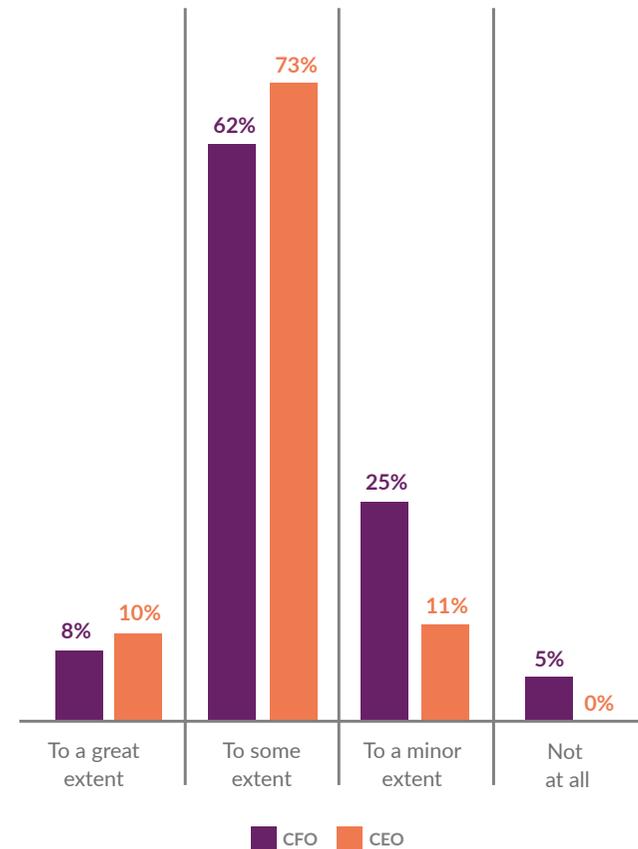
CFOs are less confident than their CEOs* in the senior team's ability to navigate strategic uncertainty

“There have been challenges in managing business as usual versus transformational change.”

CFO Research Participant

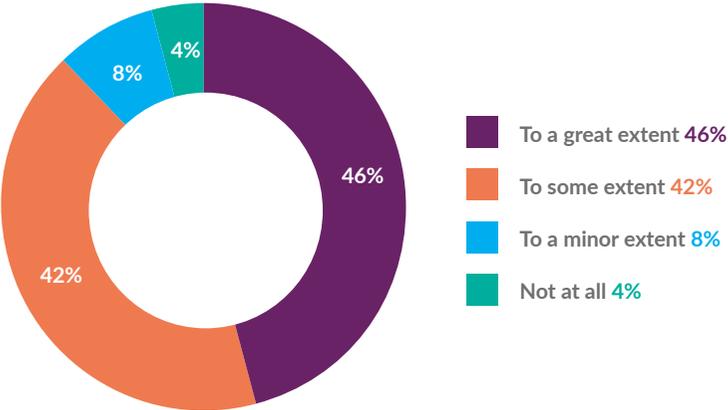
*All CEO comparatives in this report are taken from our [CEO Research 2021](#)

Does the senior leadership team have the ability to navigate strategic uncertainty?

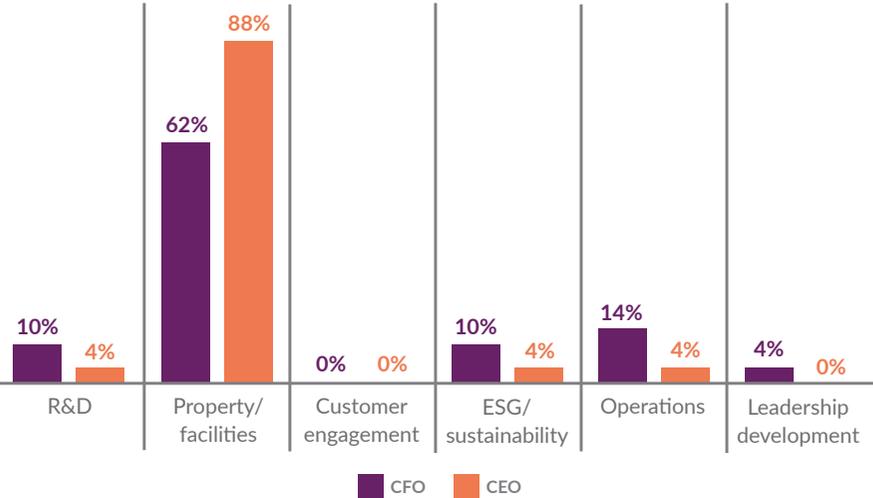


Although most CFOs say their business strategy is still relevant, they hold different views to CEOs on where cuts to investment should be made

Is your business strategy still relevant?

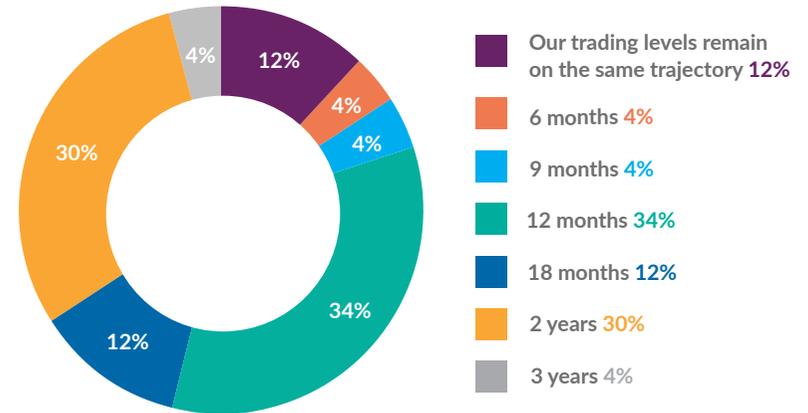


Where are you looking to cancel or suspend planned investment?

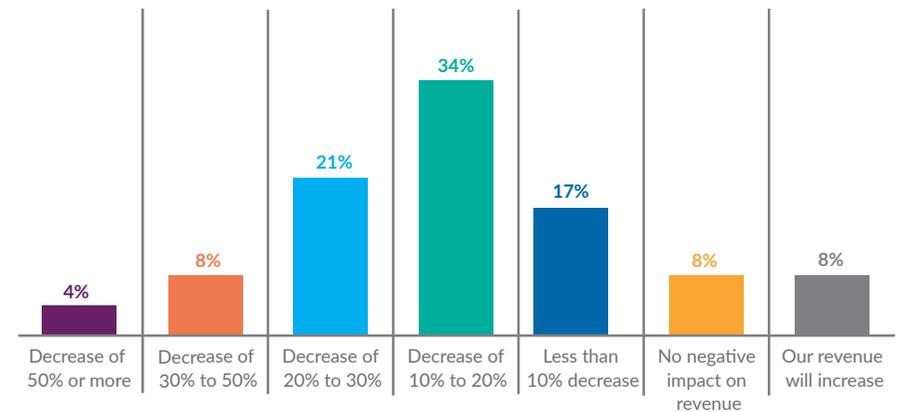


80% of CFOs believe it will take a year or more for trading to recover

When do you expect your organisation to return to pre-COVID 19 trading levels?



What impact will the pandemic have on year-on-year revenues over the next 12 months?

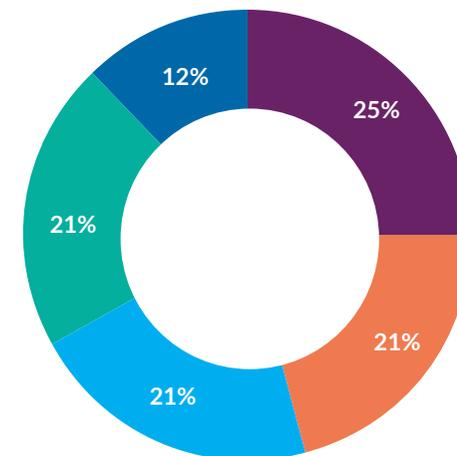


CFOs foresee changes right across the organisation, from leaner operating to new customer models

“The new normal will not become clear for some years.”

CFO Research Participant

Where do you see the biggest changes occurring in your organisation?

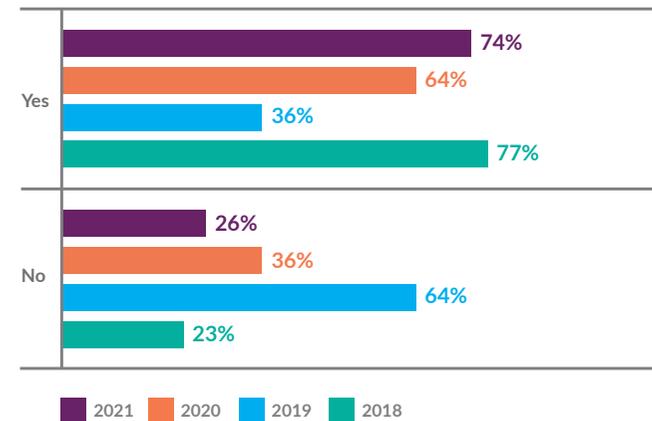


- A leaner operating model 25%
- Improved organisational agility 21%
- How we engage and connect with customers 21%
- Investment in new technology 21%
- Hybrid workforce 12%

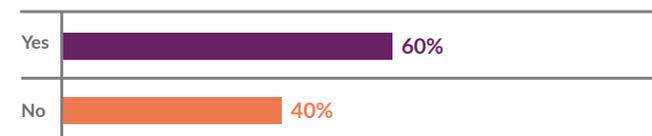
CFOs say the value added by the Chair has improved over the past two years. CEOs are less positive

Does your Chair add value in terms of supporting the goals and objectives of the executive team?

CFO



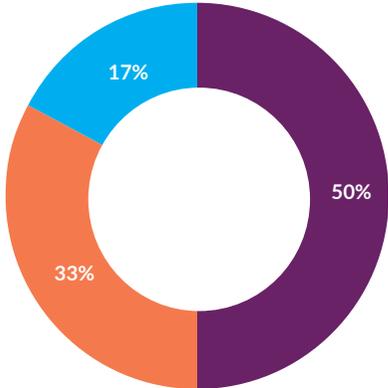
CEO 2021



CFOs now say the quality of debate with the Board needs to improve on performance and governance as well as strategy

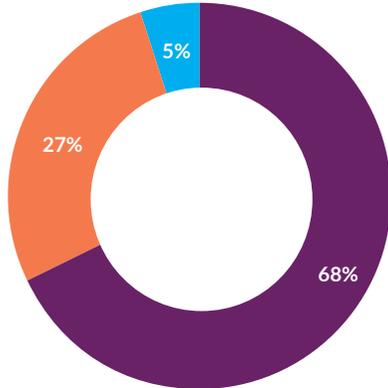
In which of the following areas do you need to improve the quality of debate with the Board?

CFO 2021



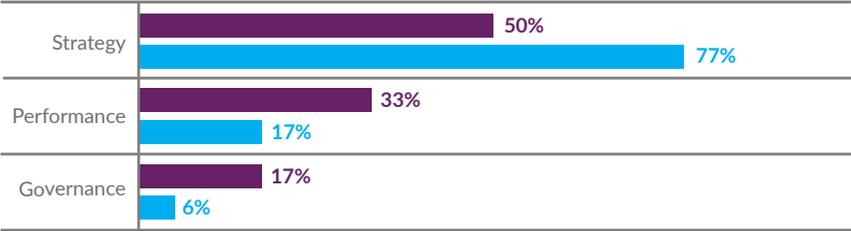
- Strategy 50%
- Performance 33%
- Governance 17%

CFO 2020



- Strategy 68%
- Performance 27%
- Governance 5%

CFO vs CEO



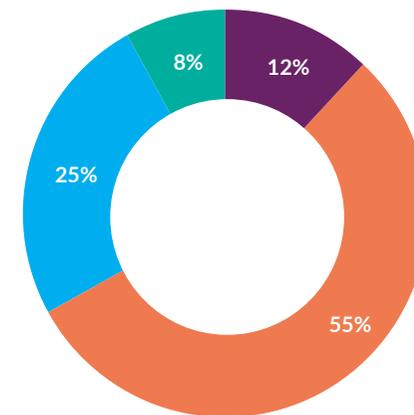
- CFO
- CEO

Leadership

Criticleye enables and develops great leadership with the perfect mix of peer to peer discussion and high-impact case studies

**67% of finance leaders
say they feel isolated
in their role (for CEOs
this is similar at 62%)**

As a CFO, do you feel isolated in your role?

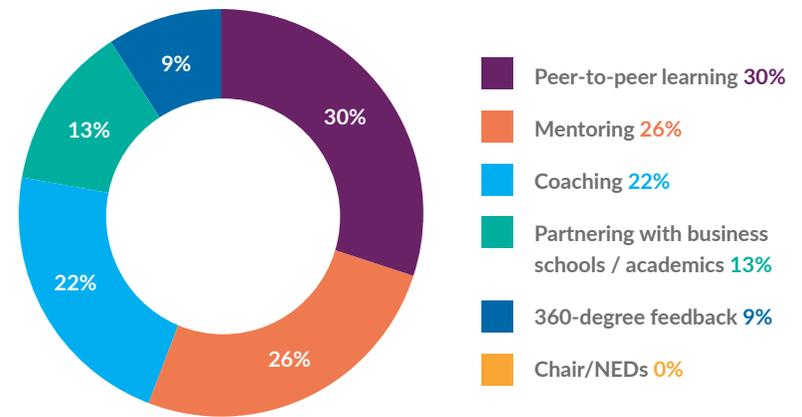


Seeking inspiration from other sectors remains the top area where CFOs want to improve, with support for innovation featuring for the first time in three years

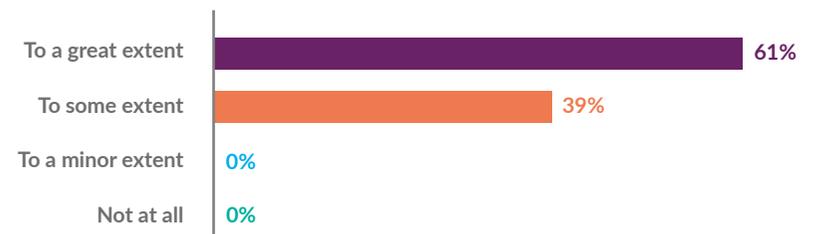
2021		2020	2019	2018	
1	▶	1	3	2	Seeking inspiration / fresh thinking from other sectors
2	▶	2	1	1	Building alignment in the senior leadership team
3	▲	4	2	4	Strategic thinking
4	▲	-	-	5	Supporting innovation
5	▶	5	5	3	People skills and communication
6	▶	6	6	6	Commercial understanding of the business

Mentoring and peer-to-peer learning were the most effective leadership development tools, with CFOs agreeing on the value of external reference points

What have you found to be the most effective leadership development tool for senior executives?



Is business performance enhanced if executives have access to reference points outside of their organisation / sector?



CFOs think more should be spent on leadership development than headhunter fees, but say that only 39% of organisations do this

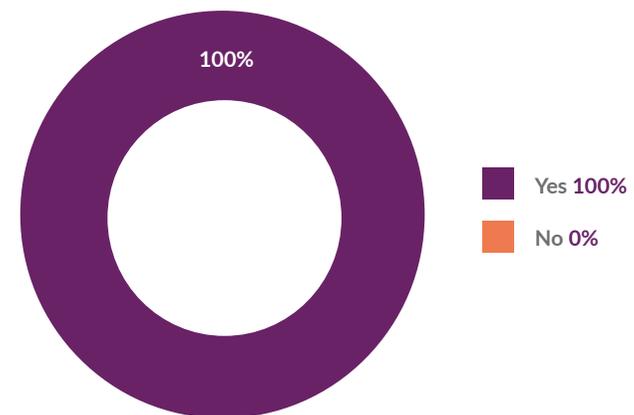
“It should be a red flag if you spend more on hiring new managers than developing the ones you have.”

CFO Research Participant

In your experience, on which of the following do organisations spend more?



In your view, should more be spent on leadership development and support for senior executives, as opposed to headhunters?



Cost reduction and organisational design have moved up the priority list for CFOs

CFO Priorities 2021

1. Retaining key talent and developing skills
2. Cost reduction
3. Navigating COVID-19
4. Organisational design
5. Improved performance management

Priorities in 2020

1. Retaining key talent and developing skills
2. Digital disruption
3. Innovation
4. Business model transformation
5. Cost reduction

Priorities in 2019

1. Retaining key talent and developing skills
2. Improved cross-team collaboration
3. Business model transformation
4. Recruiting people with new skills
5. Improved performance management

Priorities in 2018

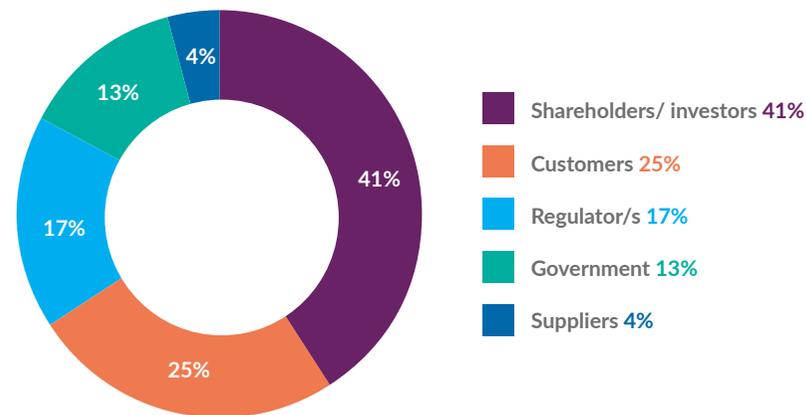
1. Retaining key talent and developing skills
2. Digital disruption
3. Innovation
4. Improved performance management
5. Recruiting people with new skills

Stakeholders

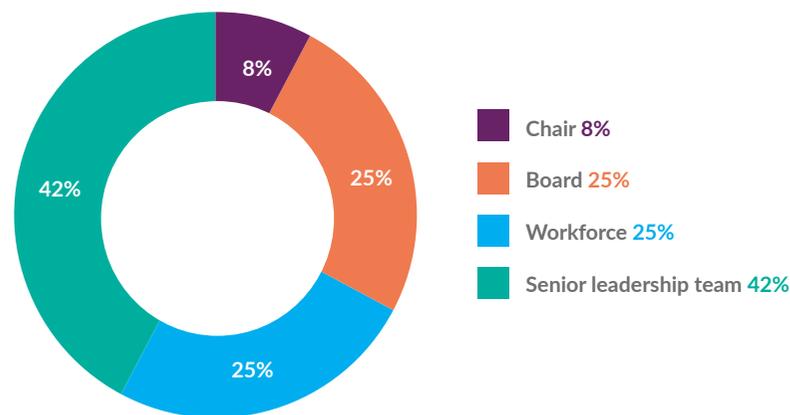
CriticalEye provides the right reference points to manage and navigate increasingly important stakeholder relationships

Shareholders and investors will be a major focus for CFOs in 2021, while internally the senior leadership team is most challenging

Who is your most challenging external stakeholder?



Who is your most challenging internal stakeholder?



CFOs revealed the top three areas of improvement for their colleagues

CEOs

1. Building alignment in the senior leadership team

2. Seeking inspiration / fresh thinking from other sectors

3. Supporting innovation

NEDS

1. Commercial understanding of the business

2. Ability to challenge constructively

3. Strategic thinking

HRDs

1. Strategic thinking

2. Commercial understanding of the business

3. Seeking inspiration / fresh thinking from other sectors



CRITICALEYE PODCASTS

LEADERSHIP IN UNCERTAIN TIMES

EPISODE 1

In this first podcast within our Leadership in Uncertain Times series, Criticaleye's CEO Matthew Blagg and Director of Content Marc Barber discuss how leadership teams are responding to the events of 2020 and planning for the future (July 2020).

EPISODE 2

Over 38 minutes, this podcast covers the forward agenda for CEOs and senior executives, operating model change, the future of the office, understanding the customer experience, management team performance, and the challenge of balancing economic pressure with COVID-19's impact on health and wellbeing (September 2020).

EPISODE 3

"Experience is what you get when you don't get what you want, and there are a lot of leaders getting a lot of experience at the moment." Listen in as our CEO Matthew Blagg and Director of Content Marc Barber reflect upon discussions and insights from our CEO Retreat 2020 (October 2020).

EPISODE 4

Reflecting on our 2020 Virtual CFO Retreat, in this podcast, Criticaleye covers how finance leaders can remain resilient, the balance between cost-cutting and investment, data, talent, digitisation and much more. The role of the CFO has never been more crucial in a complex and fast-changing market. (November 2020).

EPISODE 5

This podcast follows our Virtual Asia Leadership Retreat 2020. Criticaleye CEO Matthew Blagg and Director of Content Marc Barber discuss questions for leaders around purpose and the people agenda. We explore what changes are likely within leadership teams in the year ahead, and how the pandemic has impacted consumer behaviour. (December 2020).

To listen in to any of Criticaleye's podcasts, please visit: www.podcasts.criticaleye.com

“At Criticaleye we believe that great leadership creates positive outcomes and enables powerful legacies. Whatever the strategic direction of your business, it’s essential to have an effective, cohesive leadership team in which there is complete trust and alignment.”



Charlie Wagstaff
Managing Director, Criticaleye

We Inspire Leaders to Succeed



Our bespoke solution supports leaders with personal, strategic and team development.

Our unique strength lies in our ability to bring together a wide range of leadership and industry experience.

We invite leaders into a trusted environment, where executives and their teams get access to the insight they need to enhance their performance.

We enable senior executives to address key questions around leadership, strategy and stakeholder management.



Achieve
Better
Performance

Inspiring Leaders to Succeed

Our Values

Respect: an appreciation for diverse and varied views and experiences is crucial to high-performance leadership

Collaboration: working together to share knowledge and expertise is a defining characteristic of effective executive teams

Challenge: strategies and ideas need to be constructively challenged to reach the best outcome

Trust: leaders need to trust their colleagues and peers in order to work effectively and drive results

Integrity: we inspire leaders to succeed by providing a closed and confidential environment where Members can share openly

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