



Closer than you think

The changing role of the finance function

The finance function is facing possibly the biggest change in its history. Process automation, the corporate digitisation agenda and the ongoing need to protect assets while managing costs are putting heavy pressure on finance professionals. It's time that Chief Financial Officers (CFOs) across the globe make their way to their organisation's control room to consider how to prepare for the future of the finance function.

Many CEOs and boards already expect the CFO to act as strategic adviser on growing the business alongside his role as steward of the bottom line. Given the increasingly high expectations it is quite possible that in 2020 CFOs will need to have a comprehensive multidisciplinary skill set.

That means that CFOs must not only consider the changing role of the finance function, but also the impact this will have on day-to-day operational finance activities, strategic business and financial analysis, innovation, information, business systems and – not least – their staff.

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A more active role

Why does the finance function exist? **Peter Simons, Head of Future Finance Research at CIMA** discusses the fundamentals: *“While company directors share fiduciary obligations for the business, the finance discipline takes care of statutory reporting and returns to the regulators. They are the essential discipline needed to get the numbers right.”*

Increasingly CFOs must try to find a balance between their role as traditional accountants and supporting the business in forecasting and analysing trends to reach profitable growth goals. The focus of the CFO is changing still further as the need to remain compliant yet meet the increasingly high expectations in terms of strategic advice and planning builds.

“Due to rising uncertainty in the outside world, including rapid technological developments and emerging markets, it is becoming increasingly important to weigh up the risks against opportunities with any strategic planning.”

Anneke Wieling, Managing Director of Protiviti

Because businesses now increasingly operate in complex, rapidly changing markets the insights that the finance function can provide the business are becoming increasingly valuable. But how do finance professionals work out what the business needs?

Peter Simons believes it is all about asking the right questions. *“As accountants, we are great at coming up with the answers, but we need to change our perspective and also improve our ability to listen. Asking the right questions will increase cooperation with managers and generate more objective insights. There is also the question of whether the selection of data is useful and whether this is being fed back to the right recipients.”*

The message is clear, but is it getting through? According to CFOs attention nowadays tends to be directed at ‘meeting regulatory compliance mandates’, immediately followed by ‘meeting accounting and financial reporting standards’. In the future, while CFOs expect businesses to still find governance, risk management and compliance important, they anticipate ‘keeping pace with changing technology’ and ‘harnessing/managing big data’ becoming increasingly important priorities by 2020. The question is, given that change in expectation in a relatively short time, how will finance teams need to change, and what role will automation play?

Meeting current operational finance objectives

Ever since the introduction of the calculator, automation has played an essential part in improving the efficiency and effectiveness of financial processes. More recently the transactional aspect of finance has been automated still further to allow for greater data validity, with straight-through processing for everything from funding to invoice reconciliation, helping to achieve huge gains in business efficiency and customer service quality. Automation and the need for better analysis of information will become increasingly important. As **Anneke Wieling** sees it, *“Technology and the internet will become the decisive business factor in the future, and to having timely and relevant data to gain a competitive advantage will be essential for CFOs looking ahead.”*

PRIORITIES FOR CFOs IN 2020

-  Meeting regulatory compliance mandates
-  Keeping pace with changing technology
-  Harnessing/managing big data
-  Meeting accounting and financial reporting standards

Source: 200 CFOs were asked to rank their activities in order of priority.

An interesting issue here is whether automation is a threat or an opportunity for finance teams. **Paul Theyse, CFO of Capgemini** certainly sees automation as an opportunity: *“Automation can help the finance function to speed up processes, leaving more time for other activities. Improved automation processes can mean that certain obligations, such as reporting, are completed more quickly, giving employees in the finance function scope to spend time on identifying and developing strategic opportunities for the business.”*

Is automation the only consideration?

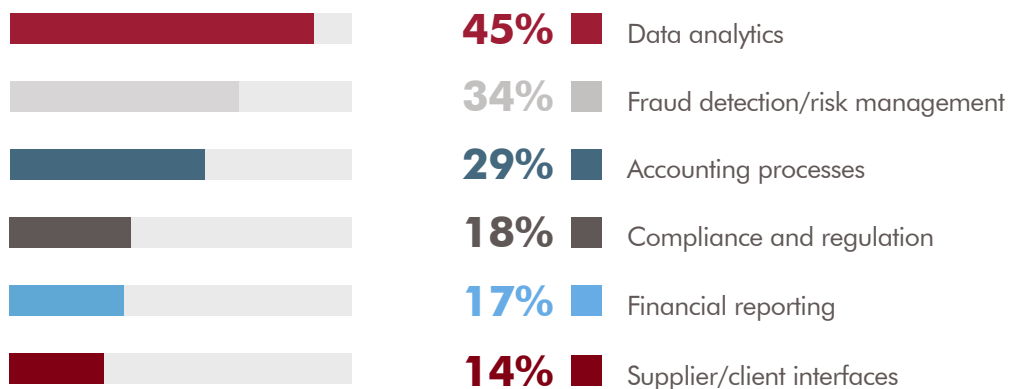
Having the latest technology at one's disposal is crucial to making progress in providing better data analytics. Organisations might be good at analysing data, but they are still working with existing legacy systems based on spreadsheets, which take far too long to fill in.

Digitisation of the finance function may mean that the transition to securing wider support from this function runs more smoothly. Almost half (45%) of finance directors are going to be investing in data analytics as part of their digitisation plans.

Digitisation in good shape

At least eight out of ten (83%) Dutch Finance Directors say that, as far as digitisation is concerned, their finance functions are in good shape to meet future business challenges. However, 85% of CFOs say they are experiencing problems in rolling out their digitisation plans, with finding the right people for the implementation (35%) being cited as the greatest challenge in the Netherlands.

WHICH AREAS OR INITIATIVES DO YOU INTEND TO INVEST IN WHEN IT COMES TO DIGITISATION OF THE FINANCE FUNCTION?



Source: survey of 200 Dutch CFOs. Multiple responses permitted.



Case study: Investing in digitisation and continuous learning

The finance function of **Capgemini** is already very well prepared for the future and is working continually on improvement. According to **Capgemini's CFO Paul Theyse**, digitisation is a continual process and improvements are always needed. *"There are always new tools to implement or existing tools to refine. For example, we recently implemented a new expense claim tool to enable employees to file their expense claims very simply and quickly via their smartphone. If they pay with a credit card, this can be settled directly with the credit card company. Approval for expense claims can also be arranged on any device and from any location. So it's a great improvement. New versions of tools with more options are always coming on line that are even more efficient. Basically, the process of digitisation needs constant attention."*

The CFO has a pioneering role in this, for example by exchanging knowledge with staff from other departments and linking up with foreign colleagues and the head office in Paris.

One of the priorities for the future is to explore which activities can be offshored to staff in other regions. **Paul Theyse**: *"For example, we are keen to see which other activities we can offshore in order to free up more time to facilitate the transformation into strategic business partner. We have made a few moves in that respect - many of our transactional and reporting activities, for example, are already being done in India."*

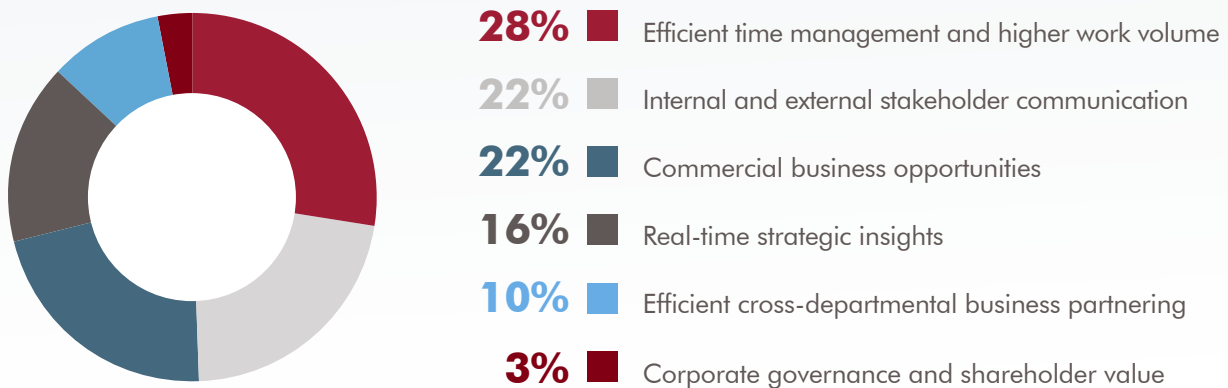
We are also keen to see how we can better utilise certain tools in order to ultimately create more value for the company. An example of that is the implementation of a new global CRM tool. In order to keep making progress, it is important not to think conservatively, and to embrace innovation."

Paul Theyse, CFO of Capgemini

Expectations from the business

What is the business looking for from the finance function of the future? Big data, forecasting and analytics might offer the business useful insights to support decision-making, but how do CFOs work out what they need?

EXPECTATIONS FROM THE BUSINESS



Source: survey of 200 Dutch CFOs. Responses do not total 100 per cent due to rounding.

According to CFOs the most important areas where businesses will expect support in 2020 are 'efficient time management and higher work volume, (28%), 'internal and external stakeholder communication' (22%), and 'commercial business opportunities' (22%).

"At Colliers International it is good to see that the role of the CFO is changing. Where previously the role was mainly about recording the past, I am now much more involved in looking at where the market seems to be going and how to seize upon this. Take acquisitions and targeted investments, for instance. The CFO is increasingly being asked for input, as well," says **Jim Chin Ten Fung, CFO, Colliers International.**

To this end, the mission of the finance function has now been expanded with business partnerships – working alongside the business to make processes more efficient and to support profitable growth. Stakeholders – such as the CEO, the board, managers and shareholders – are increasingly looking to the CFO for strategic advice on the business vision.

For this to be successful people in the business mustn't work in silos, since that prevents collaboration between teams. If finance directors do experience pushback from people in the business who don't believe it is their responsibility to step in and provide strategic advice, they should do it anyway, says **Peter Simons**: *"The greatest challenge is when a CFO is not seen as credible enough, or does not contrive to bring about change in the business. However, if they can show the business how to make money, save money and/or how to stay accessible, they will be invited back to the table again and again. If you can prove empathy and rapport in your dealings with the business, you will be seen as interesting."*

Actually, all this means is that communication skills for finance professionals will become even more important over the coming years. CFOs not only need to ask the right questions and understand the individual goals of different teams, they must also be able to explain the insights to other departments in such a way that they understand and respond to these.

"As CFO you are emphatically involved in the strategic planning of the business. It's good to be involved at an early stage. That way, you as a CFO can help steering the business."

Jim Chin Ten Fung, CFO of Colliers International

CFOs are respected within the business as managers of the finances and the guardians of compliance and regulation. They may be the only people in the organisation that can act professionally and objectively in estimating the costs, risks and value of particular courses of action. *"They also have access to a fund of data that companies now collect, and the means to present this in the right format,"* says **Peter Simons**.

Talent management

Lack of skills remains a national problem: in recent years the number of CFOs to say that they have difficulty finding highly skilled candidates has not dropped below 85%.

91% of CFOs expects to have problems finding and attracting the right finance professionals.

Resource and succession planning are important elements for any CFOs looking at the future of the finance function, says **Stephan Renken, Director of Robert Half the Netherlands**. *“This is about understanding which skills the business will need in the future and where the gaps are likely to be. The best strategy is to proactively add to the team employees with certain skills, according to a schedule.”*

It may not just be about recruiting new staff, but also about getting more out of the people you have already, says **Peter Simons**: *“When a CIMA staff member was asked why the business trained people who were considering leaving the company, he answered, ‘Why would we not train them when they might stay?’. People need clarity in their roles and a clear perspective for the future.”*



In the news...

[‘War for talent breaks out in financial sector’](#) - RTL Nieuws¹

[‘CFOs on the lookout for accounting and finance candidates in 2016’](#)
- Financieel management²

[‘Departure of top performers causes director headache’](#) - PW De Gids³

Articles are only available in Dutch.

¹ <http://www.rtlnieuws.nl/economie/home/war-talent-financiele-sector-breekt-los>

² <http://financieel-management.nl/artikel/cfo-in-2016-op-zoek-naar-accounting-en-finance-kandidaten>

³ <http://pwdegids.nl/artikel/31379/>

THE MOST IMPORTANT SKILLS FOR FINANCE PROFESSIONALS TO DEVELOP OVER THE NEXT 5 YEARS

Soft skills



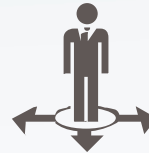
28%

Communication



27%

Leadership



15%

Flexibility/Open
to change



14%

Commercial
acumen

Technical skills



43%

Financial software
packages



20%

Regulations/risk
management/
compliance



19%

Accounting and
financial reporting
standards



19%

Analytical
skills

Source: survey of 200 Dutch CFOs. Responses do not total 100 per cent due to rounding.

Other research among CFOs and Finance Directors shows that finance professionals need to develop their technical skills through greater knowledge of financial software packages (cited by 43% of respondents). Communication, leadership, flexibility and commercial acumen were cited as the soft skills finance professionals need to develop the most in the next five years. The demands of regulatory reporting and compliance mean that technical, niche experts are in increasingly short supply, and this is identified as the major reason for CFOs having difficulty in finding new staff.

But as has been said, finance professionals need to improve not only their technical skills; to collaborate effectively with the business they also need to have soft skills.

Stephan Renken explains: *“Leadership, which isn’t necessarily about people management, is also becoming increasingly important because accounting and finance professionals are working more with other departments and also need to demonstrate the ability to steer and guide decision-making with confidence.”*

Preparing for 2020

CFOs are operating in an uncertain world and need to get results despite a series of external factors over which they have no control, including currency fluctuations and political instability. What they do have control over is the ability to plan for the future shape of their team.

1

Create a competency framework. Ensure your team can support operational finance needs and meet the changing expectations of the business moving forward. What are the new skills that are required for the finance function of the future?

2

Perform a gap analysis. Have a good look at what is available in the team in terms of skills, headcount and expertise. Include in this process any insights you have about individual members of the team and their own ambitions for changing work patterns. Take measures promptly if there is a chance that important employees are hoping to move up the career ladder or even leave the company for another job.

3

Search for the right talent and draw up a training and development plan. How likely is it that your employees will develop with a view to the future, and what are their areas of interest? Is there an employee who is already demonstrating empathy with the business and can they be encouraged to enter into a finance business partnership in the future? Are there others who are more suited to an operational role?

4

Identify areas for automation. Determine which of your current processes or operational finance activities can be automated to create more efficiency and enable the team to provide added value to the business. Is it time to replace outdated finance systems with new software that can streamline day-to-day process yet also provide data that gives the business insight?

5

Adopt a flexible recruitment strategy. If you want to make sure that you have the right people in the right places at the right time, then you need flexibility. With the help of temporary, specialised staff, you can manage specific projects that lie outside the expertise of the existing staff.

6

Establish recruitment and retention strategies. Begin planning now to ensure your finance function has the right professionals available in 2020. This should include a salary benchmarking process to ensure you are offering competitive rates of remuneration and an attractive benefits package, including the ability to work on a flexible basis.

Are you ready for the future?

The future is here. Businesses are operating in a fast-changing environment, which is often complex and uncertain. They expect more and more from the finance team, and the balance between meeting operational finance objectives and the need to support and provide strategic insight to the business is in a state of flux.

Stephan Renken explains: *“Although the future, in terms of the day-to-day operational management, is challenging, many CFOs already have well-thought-out plans in place for resource allocation, training and development, recruitment, new technology, automated finance processes and business innovation. This is not something you do overnight. This is about a well-thought-out change programme that can only be executed successfully with the right blend of technology, staff and processes.”*

We would like to thank the following interviewees for their participation and contributions to this report:

- **Peter Simons**, Head of Future Finance Research, CIMA
- **Anneke Wieling**, Managing Director, Protiviti
- **Paul Theyse**, Chief Financial Officer, Capgemini
- **Jim Chin Ten Fung**, Chief Financial Officer, Colliers International
- **Stephan Renken**, Director, Robert Half the Netherlands

About Robert Half

Robert Half is the world's first specialised recruitment consultancy. The company has over more than 330 offices worldwide, 4 of which are in the Netherlands. Robert Half provides tailor-made recruitment solutions for temporary, permanent and interim management assignments for professionals who specialise in finance and accounting, financial services, IT and administration.

Research methodology

This annual study was developed by Robert Half the Netherlands and conducted by an independent research firm. The study is based on more than 200 interviews with senior finance executives from companies throughout the Netherlands, with the results segmented by size, sector and geographic location.

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