The CFO of Tomorrow

Mahadevan Natarajan explains how 'new generation' CFOs will drive their businesses fearlessly ahead

We live in uncertain times. Unprecedented events like America's decision to disengage from the Trans-Pacific Partnership have made business planning harder than ever. Digital technologies are also hugely disruptive, with new players armed with innovative business models are barging into every sector. (To illustrate, a recent survey found that 83 per cent of executives in the APAC region view see digital start-ups as a threat to their business.) However, as enterprises try to find their way around this maze, they have come upon a hidden source of guidance: their CFO.

The CFO's evolving role

From primarily being the enterprise's bookkeeper and accountant not very long ago, the CFO's role has changed beyond recognition. In addition to managing budgets and producing reports, CFOs are increasingly driving strategy for innovation and growth, and responsible for extracting the greatest possible value from operations. Many are now also tasked with enabling digital transformation. These changes are well underway: a recent Oracle survey of finance leaders reveals that 52 per cent of CFOs say their role now predominantly involves advising the business on how it can achieve growth. Thus, the CFO of tomorrow must be a strategist, and someone with a clear grip on the business. He or she must drive collaboration between various lines of business, which makes versatility an important hallmark. As part

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of their wider remit, it is more important than ever for finance leaders to build and maintain close strategic alliances with other line leaders. As the CEO's right-hand person – or 'co-pilot' – they must do their part to align every line of business towards a profitable future.

Millennials: the new force

As the CFO's responsibilities expand, what emerges is the image of a 'new' type of person stepping into the role. The CFO of tomorrow is the millennial of today: brave in approach, and strongly focused on finding innovative ways to move the business forward. Crucially, millennials are also highly trusting of technology – a key asset in a future where the sheer volume of information flowing into an organisation will require finance heads to rely on artificial and adaptive intelligence applications

to analyse and derive actionable insights from data. Traditionally, CFOs may have been the person meant to rein in cost at every opportunity, but in an uncertain environment, their 'ask' has become far more nuanced.

Millennials bring a different approach to work. They drive in a 'new-generation attitude', which in turn shapes the outlook of the CFO of tomorrow. Breaking with tradition, millennials are moving away from workplace specialisation. Instead, they want to be 'Jacks of all trades'; have a broader understanding of the company; and see how their role connects to others, and how they can work together to improve results. One survey by the Intelligence Group has found that more than four in every five millennials prefer a collaborative work culture over a competitive one. In many ways, this is the mindset for a CFO, whose role increasingly demands being able to see the bigger picture, and enabling collaboration across business functions.

Data: A big deal

When it comes to seeing the bigger picture, the importance of data cannot be understated. The CFO of tomorrow will draw on data from many different sources to gain insight and to connect business units together. In addition to the internal data harnessed through ERP, EPM and other applications, CFOs will need to rely on data from the Internet of Things (IoT). They will know everything that affects their business. Weather sensors, for example, will alert them days in advance that a storm may disrupt

the supply chain; Fitbit data will let them know when the workforce is stressed; and ambient temperature sensors will tell them when a factory is in danger of overheating. This external data will help CFOs make predictions and recommendations across the business, exponentially increasing their value to the CEO and the Board. They must be able to see, through careful analysis of that data, how the decisions they make will play out, and how they will need to be adapted when conditions fluctuate. They must also be able to predict the effects – good or bad – that any change in strategy might have on each part of the business, so they can effectively weigh reward against risk.

To collect, store and analyse these vast caches of data, the CFO of tomorrow will naturally turn towards cloud solutions. Cloud-based ERP, EPM and SCM applications can act as the 'muscles' of a data-driven, digital approach to

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business transformation, providing CFOs with the tools to optimise business performance, collaborate, and allocate resources effectively. IoT applications in the cloud, meanwhile, can provide CFOs with a new range of senses, allowing them to 'see', 'hear' and 'smell' what is happening outside the corporate walls, and providing them with real-

time information that enables true agility. Adaptive intelligence cloud software is the new 'brain', using machine learning to analyse large volumes of data faster.

There is no denying the reality that digital disruption and economic uncertainties present a real challenge to CFOs globally. Playing safe will no longer ensure success, and the CFO of tomorrow – whether a millennial or simply a 'new generation thinker' with a holistic understanding of digital technology – will play a key role. Empowered by technology, they will be able to tear down the silos, unveiling a more agile and unified business. ∎

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