

UNITED KINGDOM

The Redefined CFO

Today's CFOs have diversified their responsibilities, embracing non-traditional skills, implementing emerging technologies and championing purpose-led initiatives.





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Executive summary



Roles and their associated responsibilities naturally evolve over time, and the position of CFO is no exception. During my 40 years within Finance, over 20 of those as CFO in FTSE listed companies, I've seen a huge change in the role that finance leaders and their teams play. The core DNA of a finance function is as important as ever—and getting the numbers right will always be critical—but today's teams are using data and insights to add value and shape the future, not just report on what's gone before.

This evolution means finance leaders have moved on from just being holders of the purse strings and keepers of historical records. They are now future-focused strategists, and advisors capable of providing guidance and commercial insights where their businesses need them most.

Our profession has moved from a sole reliance on historical data, to the utilization of real-time analysis, and predictive modelling and forecasting—that helps businesses see around corners, rather than looking in the rear-

view mirror. And as the world around us continues to change, the onus on organizations to show leadership has never been more prevalent. Technological prowess combined with human ingenuity will enable CFOs to influence company strategy and build deep resilience.

We've seen time and again that it's the organizations with access to the right digital tools—and the skills to glean valuable insights from data—that are most successful. As our profession undergoes its own digital transformation, we must ensure we have the right talent and the right technology to deliver success.

Introducing the redefined CFO.

Jonathan Howell

Chief Financial Officer, Sage

CHAPTER 1

A changing role for a changing world

UK businesses have learned from the last two years of disruption and social change. Now, they are one of the leaders in the integration of new and emerging technologies. But despite their preparedness, there are many plates to spin, from Accounts Payable automation to managing accounts receivable in the face of potential late payments.

In addition to these pressures, UK finance leaders have found their level of responsibility has increased across other areas of their business over the past year. 80% have become more involved in digital transformation, environmental, social and governance (ESG) and diversity, equity and inclusion (DEI) initiatives. Meanwhile, 78% have found that they are increasingly supporting data and cybersecurity decisions, IT purchasing choices and strategy and future planning.



With more responsibilities, UK CFOs must find ways to work smarter, not harder.”

New kinds of leadership are required to deliver purpose-driven strategies and embrace digitalization. As a result, CFOs are fostering non-traditional skills that enable them to navigate contemporary complexities.

A seat at the table

UK executives rely on their CFO or finance leader for consultations, with meetings between the two typically occurring either weekly or every one to two weeks. Over half (55%) of finance leaders believe the frequency of consultations between executive leadership and the financial decision makers is appropriate, compared to nearly two fifths (38%) who believe the meetings to be too frequent.

Despite this consultative role, most UK finance leaders feel that CFOs underappreciated (61%), with 58% believing that CEOs are overappreciated.

59%

of UK finance leaders think CFOs could do the job of CEOs.

Considering that 95% of UK CFOs state they are embedded into nearly every facet of business operations, it is surprising that they do not feel that their contributions to many areas of their organization are valued.

Feelings of underappreciation could negatively impact retention within the role, particularly with these findings set against the backdrop of the 'Great Resignation', which has seen the [highest level](#) of both job-to-job moves and resignations in the UK for 20 years. This shift is also catalyzed by the rise of remote working and the ease of digital recruitment services, such as those offered by LinkedIn.

77%

of UK finance leaders would like to become CEO of an organization.

Taking on new technology

Integrating new technologies will be vital for businesses hoping to prosper in the coming years. Already, around half of UK finance leaders say their organizations are prepared for integrating new technologies (51%) and upgrading software (49%).

UK finance leaders are trailblazers in the integration of emerging technologies when compared to their US counterparts. Organizations are making good progress, but cite the ability to integrate new technology and cybersecurity threats as the top issues restricting their growth.

Cybersecurity and digital transformation are closely related, since legacy systems can leave businesses vulnerable. Finance leaders in the financial services industry are more likely than leaders from other sectors to state that cyber threats are holding their organization back, so it is encouraging that steps are being taken to protect customers' money and sensitive systems.

Percentage of organizations that say integrating emerging technologies is a top priority



Searching for talent with technical skills

Finance leaders in the UK are not only responsible for embracing technology, but also have a role to play in recruitment. In fact, around three-quarters say their involvement in hiring decisions inside (77%) and outside (74%) of their business unit has increased over the last year.

Currently, less than half (45%) of UK finance leaders say their organization is prepared to hire new talent or retain existing talent, and may be altering their compensation structures to better address this issue. Indeed, 80% of UK businesses have made changes to their compensation structure to reflect the new remote work environment.

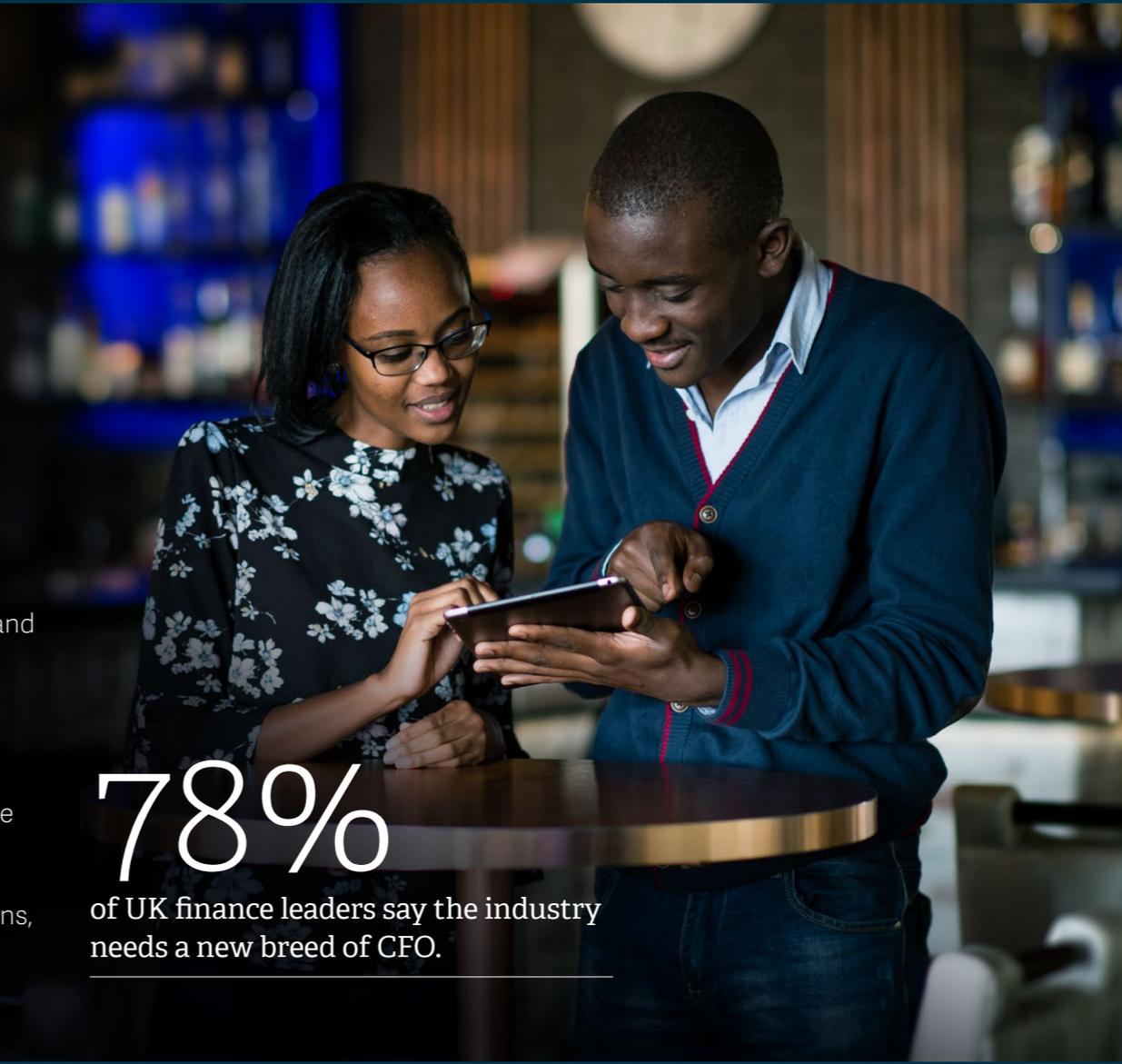
Challenging traditional thinking, UK finance leaders are now prioritizing digital skills over financial experience. The emergence of big data and the increase of artificial intelligence (AI) functionality within financial software has led almost two fifths (38%) of organizations to target candidates with deep data and AI expertise, planning to increase their financial training. Meanwhile, not a single UK respondent agreed with the statement that big data and AI have had no impact on the type of talent they are looking for.

CHAPTER 2

New responsibilities, new potential

The pandemic changed the world irrevocably. Customers are behaving differently, companies are fast-tracking investments in digital solutions and risk management has taken on new significance. In turn, the skillsets of senior decision makers, including UK finance leaders, has changed too.

To shape a successful future, CFOs must acquire non-traditional skills. As a result, we're seeing new variations—or personas—of the traditional CFO role emerging which each incorporate unique skillsets to help guide their organizations. Specifically, three key CFO personas have become apparent: Chief Facilitative Officers, Chief Fairness Officers and Chief Future Officers. While some CFOs already conform to these classifications, others aspire to them.



78%

of UK finance leaders say the industry
needs a new breed of CFO.

Chief Facilitative Officers

Chief Facilitative Officers are able to make difficult decisions and get the job done. Traditionally, CFOs have been viewed as finance purists, but those aligned with this persona are future-focused strategic and commercial business advisors.

These traits lend themselves to CFOs who are more likely to undertake digital transformation initiatives. More Chief Facilitative Officers state that they are responsible for digital transformation (81%), strategy and future planning (80%) and IT and technology purchase decisions (78%) than the other kinds of CFO. CFOs who aspire to be Chief Facilitative Officers have seen increased responsibility outside of their business functions over the last year too, including the approval of new kinds of projects.

60%

of UK CFOs say they are currently most like a Chief Facilitative Officer.

Though they sit in the majority, those currently focused on facilitating 'cross-organizational' budgeting and planning are looking to adopt the traits of fairness and to look to the future. This is perhaps due to increased attention placed on employee wellbeing and preparedness since the pandemic.

Chief Fairness Officers

Chief Fairness Officers are defined by their empathy and a focus on people, not just profit. CFOs with traits that fall under this persona tend to take steps to nurture their organization's employees. Currently, only a quarter (26%) of UK CFOs say they demonstrate the skills of a Chief Fairness Officer, and UK finance leaders say they are under less pressure to prioritize employees than their peers in Canada and the US.

A larger percentage of CFOs aged 25-34 aspire to be like a Chief Fairness Officer (68%) compared to those aged 35-44 (31%) and 45-54 (44%).

Percentage of finance leaders who agree or strongly agree that their organization encourages them to prioritize people

77%
United States

81%
Canada

69%
United Kingdom

This could be due to increased awareness of employee wellbeing and equality in recent years, coinciding with younger CFOs entering their current positions.

CFOs with Chief Fairness Officer traits typically shoulder more responsibility for DEI initiatives. They are also more likely to be involved in committing budget or organizational resource to DEI initiatives (40%) than the Chief Facilitative Officer persona (29%).

Chief Future Officers

The fast pace of today's business means companies cannot simply react. CFOs who fall under the Chief Future Officer persona are more likely to focus on business continuity. They plan for new technologies, market changes and world events, which could impact the operations of their organizations. There is a clear opportunity here as only 14% of UK CFOs say they are most like this persona, while 39% of UK finance leaders believe their industry needs a Chief Future Officer.

With preparedness as the foundation of this persona, CFOs with existing Chief Future Officer traits are focused on a range of forward-looking issues across their organizations. They believe that the issues holding their

CFO types who strongly agree that they are embedded into nearly every facet of business operations

42%

Chief Fairness Officers

58%

Chief Future Officers

38%

Chief Facilitative Officers

organization back are the ability to integrate new and emerging technologies, the remote and hybrid work environment and a lack of diverse talent in their organization.

Those who align with the Chief Future Officer persona feel embedded into their organization and its executive leadership team. It may be because of this that they also enjoy their frequency of consultations with executive leaders, with more than two thirds (69%) saying that the frequency of these meetings is appropriate—more than their peers with traits from other personas.

CHAPTER 3

Tomorrow's CFO, today

Irrespective of the traits of a particular CFO, the key characteristic of the redefined CFO is their versatility. They are capable of taking on a range of responsibilities, while driving the adoption of breakthrough technologies and purpose-led initiatives. This new generation of CFO has the opportunity to make a positive impact within their organizations and beyond.

Today, the role of CFO requires a balance of traditional and non-traditional skills. In contrast to their predecessors, a redefined CFO may find themselves making crucial decisions for an ESG program one day and devising a strategy for cryptocurrency adoption the next.



“CFOs now have the power to make more of a positive impact than ever before.”

Coming to terms with crypto

Finance leaders in the UK see a bright future for cryptocurrencies. Almost half (44%) of UK finance leaders believe that decentralized currencies will prove 'extremely' viable as a long-term payment solution. A similar number (45%) have invested in crypto personally, and just 2% have no interest in investing in or using cryptocurrencies for payments.

A willingness to take on non-traditional responsibilities will see CFOs act as the driving force behind crypto adoption in their organizations. Although only 13% of UK finance leaders say that their organizations currently accept

cryptocurrency as payment, a third (33%) say they have plans to do so in the next year. This suggests steady steps towards crypto adoption.

Concerns surrounding ESG policy are understandable. Crypto is not known for being environmentally friendly. For example, mining Bitcoin requires energy intensive computing to verify transactions. As of April 2022, the average transaction consumes [2116 kWh](#) of electricity. This issue could be mitigated by cryptocurrency miners using low-carbon energy, or by organizations only accepting less energy-intensive crypto such as Ethereum.

The biggest hurdles cited by UK finance leaders surrounding the adoption of cryptocurrencies within their business

25%

Don't align with ESG policies

23%

Finding the right talent to manage and process cryptocurrencies

21%

Security-related concerns

Stepping into the metaverse

The metaverse represents a convergence of our digital and physical lives, connecting us via virtual environments and other touchpoints. Though still in its infancy, it could present opportunities for organizations to leverage it to free up human resources where possible, among other benefits. For instance, enhanced data visualization provided by this emerging tech could provide finance teams with more precise, frictionless ways of working.

“ A redefined CFO can lead its organization into the metaverse.”

UK organizations are currently entering virtual environments cautiously. Almost a third (30%) of UK finance leaders say their business has completely entered the metaverse, while over half (58%) say they have moderately progressed into the metaverse but still have a way to go. Part of the solution is ensuring that teams have the kinds of non-traditional skills necessary to enter the metaverse effectively—54% of UK finance leaders say they are developing professional development training around the metaverse.

There are a range of actions required to prepare a company for the metaverse. Finance leaders in the UK say they are preparing for new financial regulations (49%), exploring new finance or accounting processes (47%) and purchasing virtual real estate via NFTs (44%) as part of this preparation.

Operating with a purpose

While 80% of UK CFOs have already found that their involvement in ESG has increased in the last year, some want to go further. Almost a third (30%) of finance leaders want to be more involved in the oversight of existing sustainability programs, reporting on them on a regular basis. Beyond current initiatives, a similar number would like to commit a certain percentage of budget or organizational resource to sustainability programming.

Percentage of UK finance leaders who say they are prepared for enhancing sustainability, organized by industry



UK CFOs are passionate about ensuring their organization's ESG program is effective, and the majority believe this to be the case at present. Indeed, nine in ten (93%) of UK finance leaders agree that their organization's ESG program is run efficiently and achieving the maximum output for the allocated budget. This gives them a solid foundation for the enhancement of such programs.

In terms of sector variation, UK finance leaders who work for non-profit organizations are unsurprisingly most concerned with societal issues. Interestingly, though, fewer non-profit finance leaders say they are prepared for enhancing sustainability compared to other industries—less than a third (31%) are ready.

Summary



From the adoption of emerging technologies to the acquisition of new, non-traditional skills, the UK's CFOs go above and beyond what we have come to expect from financial leaders."

Jonathan Howell, Chief Financial Officer, Sage

To meet the demands of today's business landscape, we're seeing new variations—or personas—of the traditional CFO role emerging which each incorporate unique skillsets to help guide their organizations. From diversifying their expertise and recruiting the right talent, to ensuring they implement emerging technologies and purpose-driven programs, there are a range of ways that finance leaders can ensure their organizations stay ahead of the curve. As businesses continue to evolve finance leaders must blend

the attributes from across the Chief Focus, Facilitative and Fairness Officer, dialing them up and down as needed, to meet the challenges and opportunities their businesses are facing. As a result, a new rationale for the role has emerged—one that enables the CFO to embrace new opportunities and be flexible in responding to challenges.

A redefined CFO is poised to disrupt, and prepared for disruption.

Our approach

Methodology

Surveyed 1900 total respondents (500 respondents from the UK)
10-minute online quantitative survey

Respondents

UK finance leaders in businesses with <1000 employees and annual revenue of at least \$50 million across retail, financial services, healthcare, hospitality, technology, non-profit and professional services.

Fieldwork dates

Survey fielding conducted ran from January 7 2022 to January 28 2022





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