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CFOs Report

What businesses and chief executives want from CFOs

Businesses want CFOs who can use technology to integrate areas like planning, finance, HR and marketing**➔ SUBSCRIBER CONTENT:**

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It's not easy being a chief financial officer these days, with growing demands to help shape strategy, enhance cybersecurity and comply with increasing regulation.

All that's in addition to the work the CFO and his or her team have long done in keeping track of financial performance and reporting.

But the challenges also spell opportunity.

"The more a company can free up a CFO to be thinking externally and strategically, the better off an organization will be," said Todd Hankin, a San Francisco-based partner with the New York accounting firm EisnerAmper.

The nation's largest companies have already added a chief accounting officer to the CFO's team to handle the growing complexity of regulation and reporting. Now smaller companies are adding that position, while even smaller organizations are outsourcing some of the work as the demands on a CFO rise.

CFOs also can use technology to free up time to focus on the more valuable services they can bring to the table, said Matt Armanino, chief operating officer at San Ramon-based accounting firm Armanino. He sees more CFOs being tapped as CEOs after demonstrating their strategic skills running the financial side of a company.

In a recent study, Armanino found that CFOs would like to double the amount of time devoted to helping to lead the business and set strategy, while pulling back on the time spent on accounting work, or as Armanino puts it, "Looking into the rear-view mirror."

The most popular breakout session at Armanino's annual Evolution Conference in San Francisco this month was one called, "Budgeting, Planning and Rolling Forecasts: Financial Revolution." CFOs are eager to move



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As CFOs continue to demonstrate strategic skills, more will be tapped to be CEOs, says Armanino
Chief Operating Officer Matt Armanino.

toward predictive analytics, rather than relying on historical data, but are still struggling to do that, the accounting firm said.

Mike Dinsdale, the CFO at DoorDash who joined the company in October after a previous stint as CFO of Docusign, has made a conscious effort to include more data and analytics into his job.

“I want to work on myself, to become truly data-driven,” Dinsdale told the Business Times. “I had an idea of what it was at Docusign, but now I have a better idea. I’m learning a lot from folks here. The company is extremely data driven. It’s one of the reasons I joined.”

In Armanino’s survey, CFOs said they spend one-fourth of their time on forward-looking work tied to strategy, which they feel should be double that, or half their time spent on such issues. Meanwhile, accounting work takes 55 percent of their time, which ideally would be about 30 percent of their time. The CFO’s role and survey respondents told Armanino that’s on target.

Armanino said it’s working with clients on various initiatives to streamline the CFO’s work.

“The CFO evolution provides a framework to migrate the CFO’s most limited resource — time — away from task-based activities to strategic leadership initiatives,” according to Armanino’s survey findings.

While there are incentives for the CFO to play a more important role in the company’s success, those who can’t transform their role in a company could suffer the consequences.

KPMG surveyed 549 CEOs, business owners and chairmen to get their views on the changing role of CFOs.

Almost one-third of CEOs said they didn’t think their CFO is up to the challenge of helping them lead their company or organization.

But 63 percent of CEOs told KPMG that they see the CFO’s role growing the most in significance among C-suite executives over the next three years. The regulatory environment will have the greatest impact on the future role of CFOs, KPMG found.

Technology is also one of the hot areas for CFOs and their team.

More companies are looking to their CFOs to use technology such as cloud-based software to integrate a company’s planning, purchasing, inventory sales, finance, human resources and marketing. Armanino’s report found that almost all CFOs said they need to improve their own technology skills and nearly two-thirds are currently doing so to ensure their companies are using the best technology efficiently.

What business executives are saying about CFOs

A majority of CEOs feel the role of CFO will grow the most among C-suite executives over the next three years.

Consulting firms and chief executives expect CFOs to have an increasing degree of involvement with their company’s technology.

CFOs as a group want to reduce the amount of time they spend doing accounting work.

By the numbers

30 percent: Percentage of CEOs and business owners surveyed who say their CFOs aren't up to the challenges ahead

48 percent: CEOs who cite global experience as the most important asset for the CFO's performance.

35 percent: CEOs who say CFOs greatest opportunity to contribute to the success of their companies lies with performance and growth areas, such as mergers and acquisitions, business partnerships, strategy and talent management

47 percent: Percentage of CEOs who say their CFO's greatest aspiration is to be CEO in another company or industry

45 percent: Percentage of CEOs who said the greatest obstacle their CFO has to overcome to become CEO is lack of commercial, or non-financial, experience. That was followed by 41 percent who cited weak leadership skills

Source: KPMG International

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