



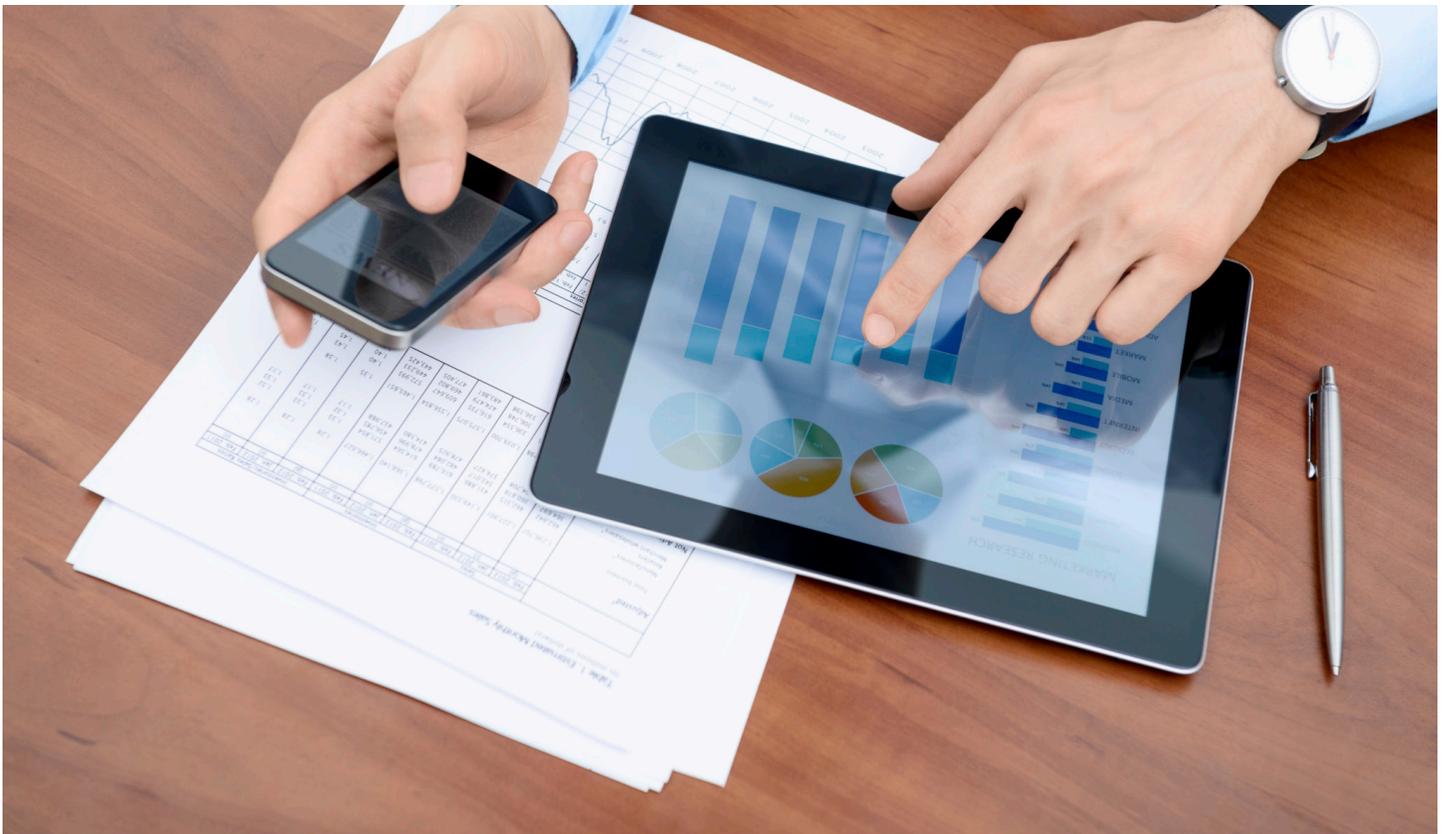
#CFOPERFORMANCE

How CFOs Can Find the Time to Lead Strategically

Driven by growth and the desire to adopt better business practices, many professional service firms are shifting their approach to finance leadership. Traditional partnership organization structures are being modified to be more competitive and run more efficiently through the formation of distinct corporate functions (e.g., having a CFO run the finance function, rather than having a partner tasked with finance oversight). For larger professional services firms, growth has pushed existing CFOs to assume increasingly strategic leadership and operational roles. In many cases, the CFO must be a strategic leader who embraces this change.

Step back for a moment and consider how much time a professional service CFO should spend on strategic issues. In a recent CFO Research survey, more than 160 CFOs reported that 26% of the function's time is currently spent on financial analysis to support business development and growth, and 27% of the function's time is currently spent on transactional and administrative tasks. Survey respondents indicated that a more-optimal time division for a CFO should be closer to 36% financial analysis and 17% transactional and administrative tasks.

The survey also confirms the validity of the CFO-as-strategist imperative. Over 39% of respondents already view their chief finance officer primarily as a strategist, while 56% believe their finance leader needs to become even more of a strategist.



The results of the survey beg two questions:

How does the CFO become more strategic?

Where does the CFO find the time to act more strategically?

The answer to the **first question** can be found in the survey results, which suggest that a strategic CFO should alter his or her behavior and actions to actively support change and growth in the organization. Most survey respondents cite the need for CFOs to provide guidance and supporting analyses to other executives as the firm considers business growth and revenue opportunities. A strategic CFO can do more—using his team and his seat at the management table to provide constructive feedback on maximizing the value of any growth initiative and, in some cases, to suggest growth initiatives of the CFO's own design.

By using more time to support business growth, the CFO can increasingly:

- Identify key areas where the firm can grow and develop strategies to achieve those goals;
- Focus more on the longer-term picture than short-term quarterly results;
- Seek opportunities to save bottom-line costs and drive top-line growth;
- Go beyond the financials to consider new revenue streams;
- Dig deeper into expenses and the root causes;
- More effectively manage the back-office functions and drive efficiencies; and
- Take a more active, hands-on role in guiding the firm.



Regarding the **second question**, freeing up the time required to be more strategic, support change, and drive growth can often be found through multiple, minor or major improvements in process efficiency—similar to the power of compounding interest. Many vendors offer technology and suggest solutions—often at little or no cost—that can free up time by automating routine processes without a large IT integration. The cumulative total of these efficiency gains can create time margin that allows the CFO and the finance team to take on higher value-added activities.

CFOs must lead by taking a step back from their traditional roles to consider what the finance function of the future might look like and explore how its resources and time can be allocated more effectively. Finance, led by the CFO, needs to exit its comfortable silo and enter a new world that requires continuous interaction with IT, risk management, human resources, marketing, sales, and other business units. Thankfully, the CFO Research survey findings don't suggest that you burn down your finance organization to support strategy. Instead, it suggests that the CFO commit to building and redefining a finance structure, and a finance team, that has the time and talent to meet your firm's strategic needs.

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