



2020  
SUMMIT |

FINANCIALS  
FOR THE  
FUTURE:  
THE NEW CFO



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# 2021 and Beyond

## WHAT HAPPENS NEXT?

- Pandemic Recurrence or Pandemic Recovery?
- Economic Fallout?
- Recession?
- Tax Regulations?
- Trade War and Tariff Increases?
- Housing Market Boom?
- Significant Economic Growth?

## 1. Economic uncertainty

55% of CFOs said they believe economic uncertainty will carry over for at least the next 12 months despite the fact that 49% of CFOs said they believe the economy will remain unchanged, and 43% said it would improve over the next year.

## 2. Political/Congressional Concerns

CFOs were most concerned and frustrated with the dysfunction in Congress over the delay in a bill that would extend more than 50 popular tax provisions they take advantage of on a yearly basis. The study found that 37% of CFOs are acting as though the extension will not occur, 26% are assuming the risk that it will not occur, and only 9% believe the extension will move forward

## 3. Interest rates and currency

Several executives are worried that a strong US dollar will hurt their overseas operations and depress revenue while other CFOs point to mixed signals from the Fed over an increase in interest rates.

CFO  
FEARS

# CFO FEARS

## 4. Cybersecurity

44% of CFOs said the most significant concern is cybersecurity risks, while 57% said it was **undetected breaches** that worried them the most.

## 5. Regulatory compliance

45% of CFOs are concerned with the increasing cost of government compliance. 31% of CFOs said they fear being able to keep up with government regulations that are becoming increasingly more challenging.

## 6. Growth risk

80% of CFOs said they would pursue growth in already established markets, and 54% said they would leverage existing cash reserves. They also suggested that the enthusiasm surrounding mergers and acquisitions may be waning.

Some 70% of CFOs said they are working hard to find and keep great talent, and nearly half said they expect new hiring to increase over the next six months. Meanwhile, 67% revealed plans to increase salaries in the coming year.

# THE NEW CFO



## CFOs must become analytics wizards

The more time you spend on Analytics, the more you help the business. We should spend about 10% of our time on transactional and 90% on analytics. About 3% of organizations are at the desired state and most organizations are in the 50/50 range trying to move up that chain. The CFO of the future will be a true business partner who will provide these insights.

## CFOs must manage an increasing amount of risk

The "clear and present danger" is that a business model is going to be disrupted by technology.

The level of risk and the rate at which risk is increasing is unprecedented, and the CFO of the future needs to be beside the CEO, helping to navigate these risks, making the business resilient and strengthening the business model. The S&P 500, in the 1950s, most companies on the list would remain there for 60 years. A recent Harvard study showed the average S&P 500 company will drop off the list in 18 years. Based on those numbers that represents 75% of the current S&P 500 will be gone in 2027.

## CFOs must adapt to new technology

The CFO of the future must enable innovation and manage risk. CFOs can no longer rely on old tools and the traditional return on capital, return on investment, payback period, and all the measures that CFOs are so familiar with, so it is essential to use new metrics to enable innovation.



## CFOs must become better at managing people

Leadership, people, and business skills are absolutely crucial to the future of the CFO function. The more you move up, the more you want to make sure you have the right people and leadership skills. Typically finance functions have not paid attention to that in the past.

## The CFO of the future must guide decisions in a politically charged atmosphere

CFOs need to be able to measure political impact and show the effects it has in terms of dollars and risk. The CFO of the future needs to be a partner and be at the forefront of providing the business with financial and commercial implications in areas such as union regulations and minimum wages laws.

## CFOs must manage big data as a large part of business operations

Data and analytics are becoming increasingly crucial to businesses, not just in terms of finding new markets and new segments in order to achieve revenue generation, but also for understanding, virializing, and controlling costs. CFOs are not data scientists understanding the algorithms, but the CFO of the future will need to be the connector between the business and data scientists. They are the ones that will help build the right queries and get the answer the business needs and take those insights back to the business to make them actionable



## CFOs will make effective decisions with analytics

Non-financial data includes machine-versus-human labor and productivity, and how many products were consumed or sold in the marketplace. To really get insights into a business you have to look at the underlying non-financial drivers to the financial information.

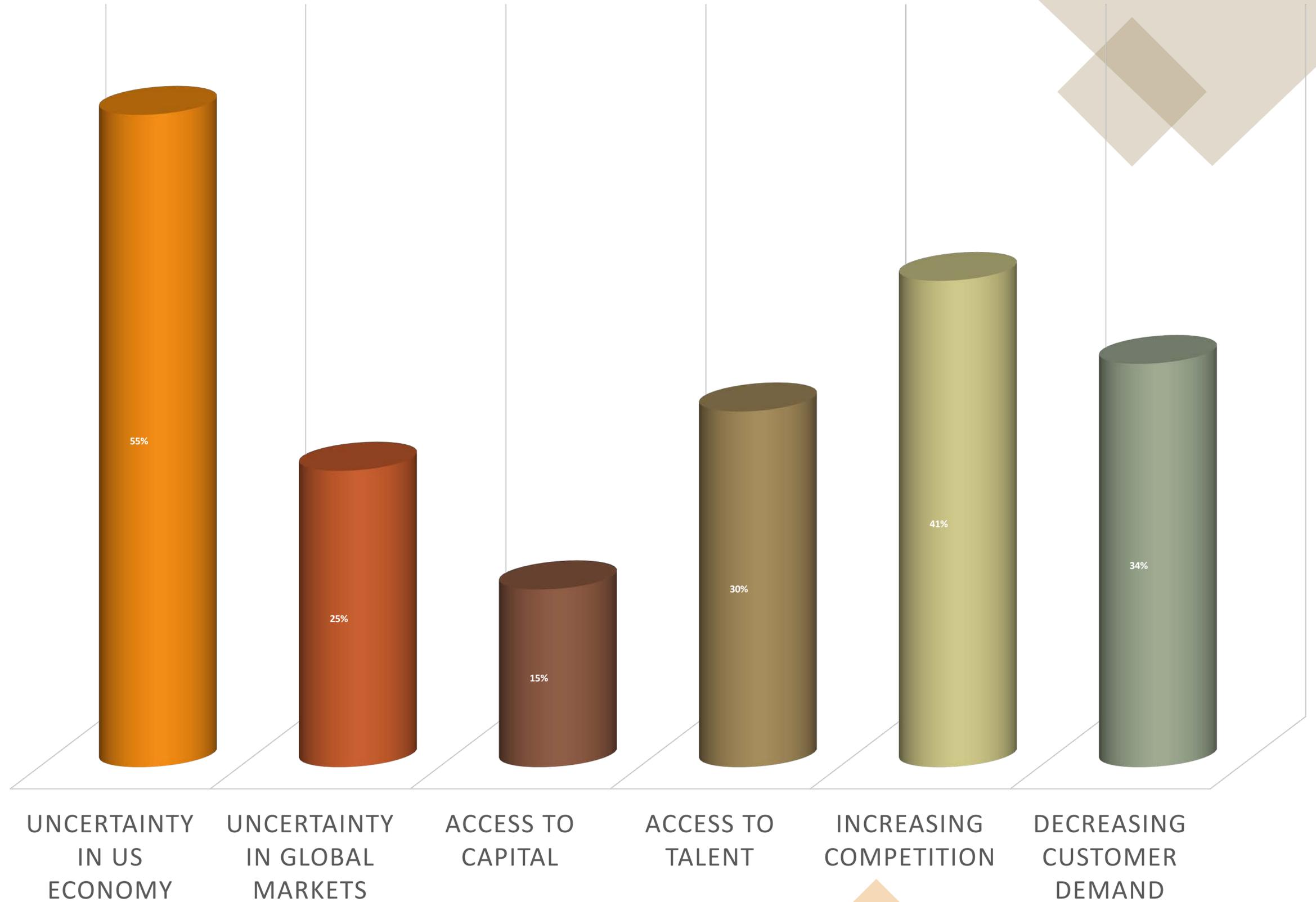
## CFOs need to understand business drivers and the underlying non-financial information that drives the financials of their company

CFOs must also be able to look at the value their company is creating based on variables such as intellectual property and intangible assets. Those non-financial business drivers are becoming increasingly important. If the CFO is focused on the balance sheet and is focused on compliance, focused on processes and procedures and conformance, he's not engaging in value creation. "The more significant value is now created from your intangible assets. The CFO of the future really needs to understand and become more of a P&L CFO to engage in value creation."



# TODAYS CFO'S CONCERNS

## CFO'S CONCERNS





Q AND A

THANKS