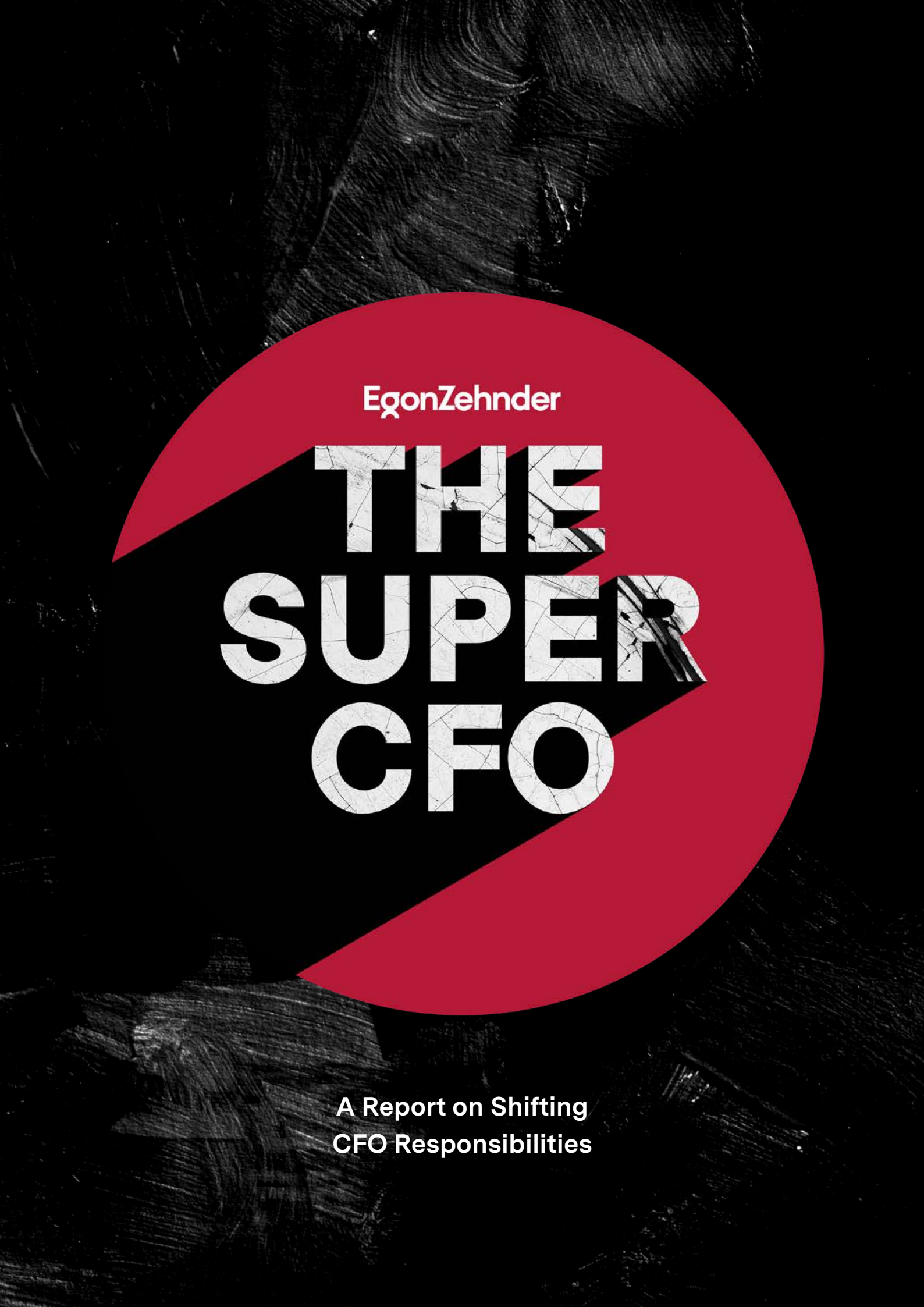

EgonZehnder
THE SUPER CFO
A Report on Shifting
CFO Responsibilities

# FASTER THAN A SPEEDING BULLET IN RISK CALCULATIONS, STRONGER THAN A LOCOMOTIVE IN TEAM BUILDING, AND CAPABLE OF LEADING TALL TRANSFORMATIONS IN A SINGLE FISCAL YEAR, CFOS ARE DOING MORE THAN EVER.

We asked 600 of them to share what's next for one of the most important roles in the C-suite.

Chief Financial Officers are organizations' (often unsung) superheroes. They are masters at managing risks and planning for the "what if" moments. They are the architects of business resilience and growth. They have taken on new responsibilities in environmental, social, and governance matters; mergers and acquisitions; and corporate strategy, to name a few.

And they are doing more than ever.

Our global survey of nearly 600 CFOs found that 82% say their role has significantly grown in the past five years.

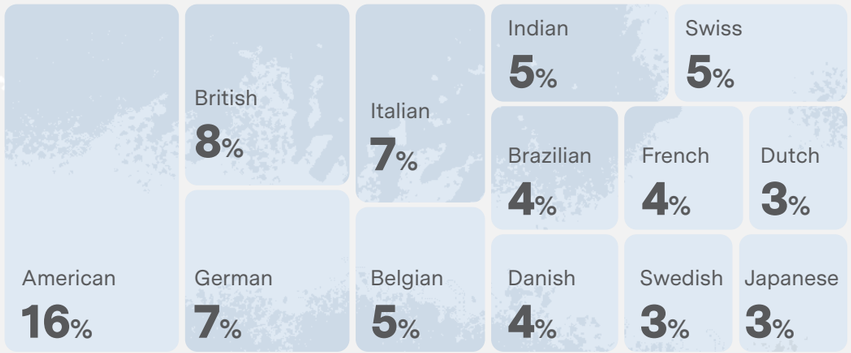
The good news? These added responsibilities haven't drained CFOs. They continue to be energized by the role, and most of them report their work-life balance is good.

The bad news? These additional responsibilities don't necessarily make CFOs "must-see" candidates for future CEO positions—an aspiration 60% of survey respondents share. However, CFOs say limited networking and visibility are their biggest hurdles to the chief executive role.

Read on for a closer look at how CFOs are shaping the future, sourcing talent, and navigating career aspirations, and what it means for your organization.

# CFO profile

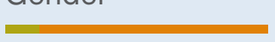
## Nationality



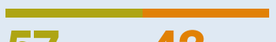

## First time CFO

## Appointment

## Gender

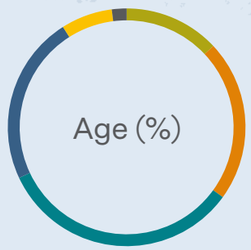



## NED position




## Length of time in role (years)

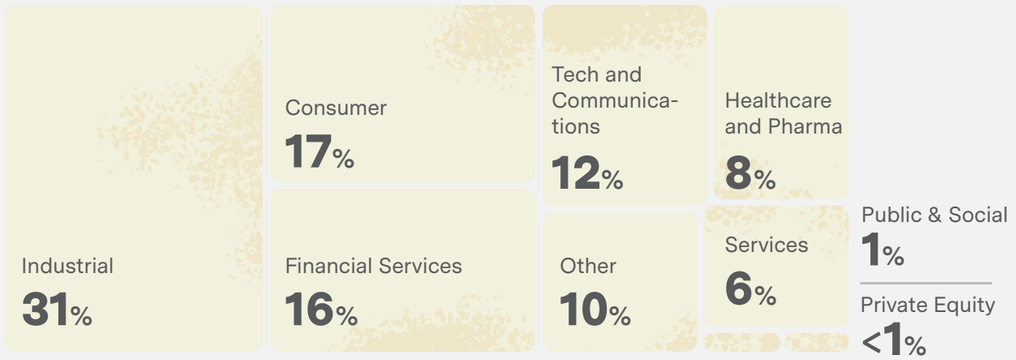
## Age (%)



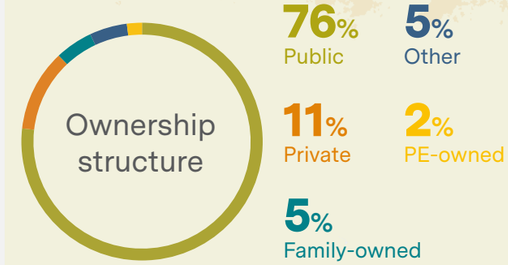

Base: 581 interviews with group CFOs

# Company profile

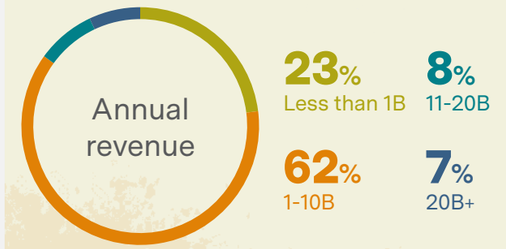
## Main industry




## Ownership structure



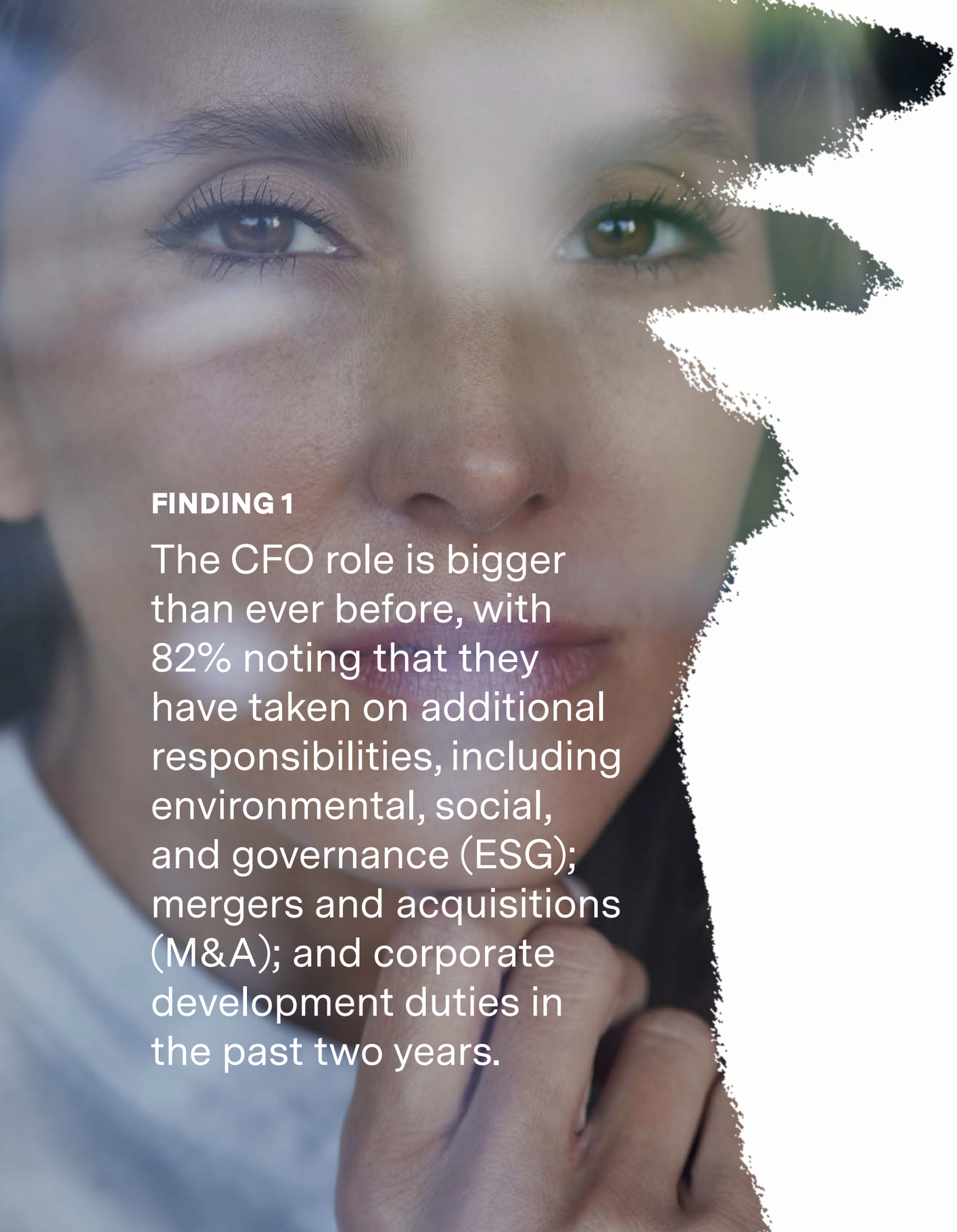

## Annual revenue




## Country HQ (top 15)

| | | |
|---|---|---|
| 20% US | 4% Brazil | 3% Japan |
| 8% UK | 4% Belgium | 3% Singapore |
| 7% Germany | 4% France | 3% Sweden |
| 6% Italy | 4% India | 2% Netherlands |
| 5% Switzerland | 3% Australia | 2% Finland |

# Key Findings



**FINDING 1**

# The CFO role is bigger than ever before, with 82% noting that they have taken on additional responsibilities, including environmental, social, and governance (ESG); mergers and acquisitions (M&A); and corporate development duties in the past two years.

## Which, if any, new responsibilities have you taken on in the last two years?

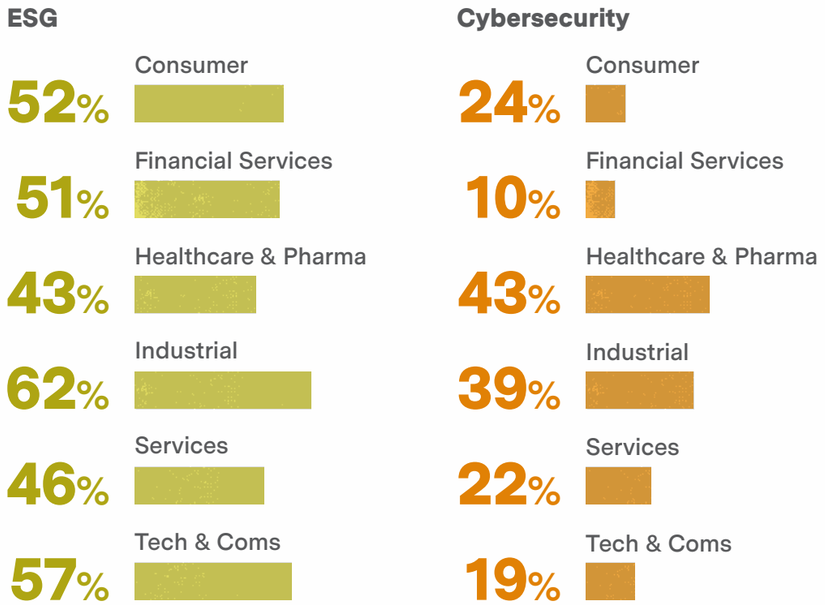
Around half have taken on ESG or M&A and Corporate Development roles in the last two years.

There are some variances by industry:

- CFOs in the industrial sector were the most likely to have added ESG responsibilities to their remit (62%).
- Cybersecurity is more likely to be a recent addition to the remit of a healthcare and pharmaceuticals CFO's responsibilities than other industries.

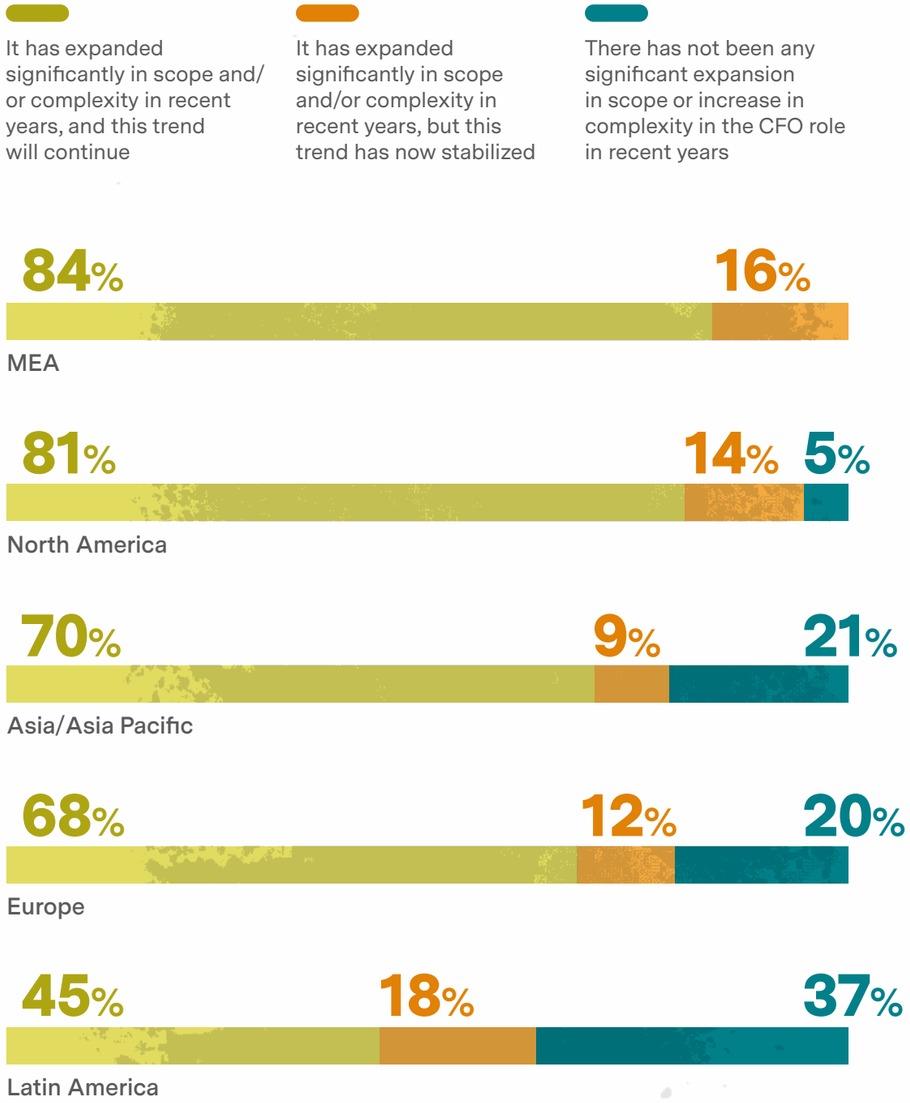
## Going forward, do you think that any of the following areas should be excluded from the CFO remit?

CFO insights by industry




Interestingly, Latin America is the only region where CFOs say the role hasn't significantly grown (45%). In contrast, in the Middle East, zero CFOs believe the role hasn't notably expanded, as well as in North America, where only 5% say the role hasn't significantly grown.

## Which one of the following statements best aligns with your perspective on the CFO role?



CFOs have also undertaken risk management duties and co-leadership of the enterprise with the CEO, among other mandates, making the role truly multifunctional. Looking to the future, the trend of increased responsibilities will only continue. When asked about the competencies that will matter most over the next five years for the role, CFOs ranked driving change, shaping strategy, and developing talent as the top ones. In particular, female CFOs were adamant about driving change—57% named this *the* key competency compared to 40% of male CFOs.

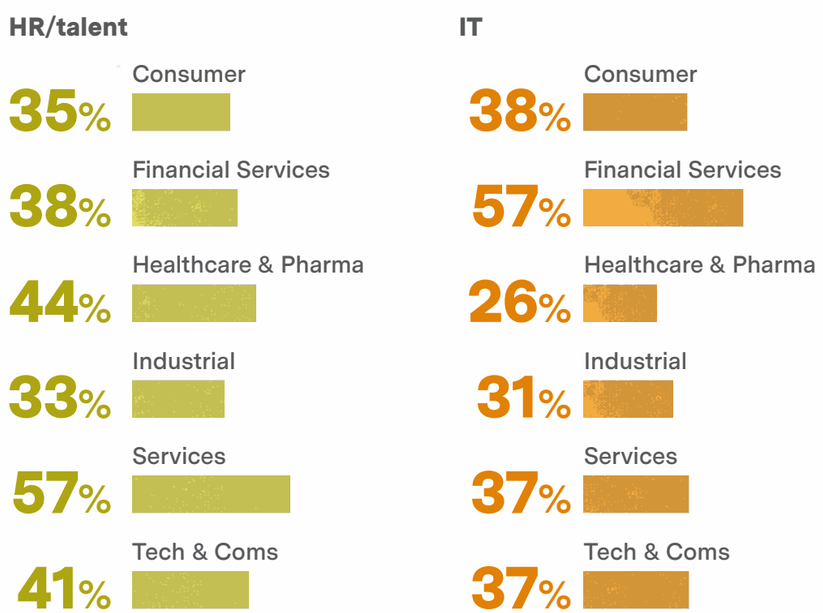
## Which competency, if any, is most likely to increase in importance over the next five years for CFOs?

> Change management is most likely to grow in importance over the next five years

CFOs were also clear about areas they would like to see come off their remit. A majority of CFOs in the Services sector (57%) would like to exclude HR/talent from their responsibilities, while IT is what many CFOs in Financial Services (57%) would opt out of.

## Going forward, do you think that any of the following areas should be excluded from the CFO remit?

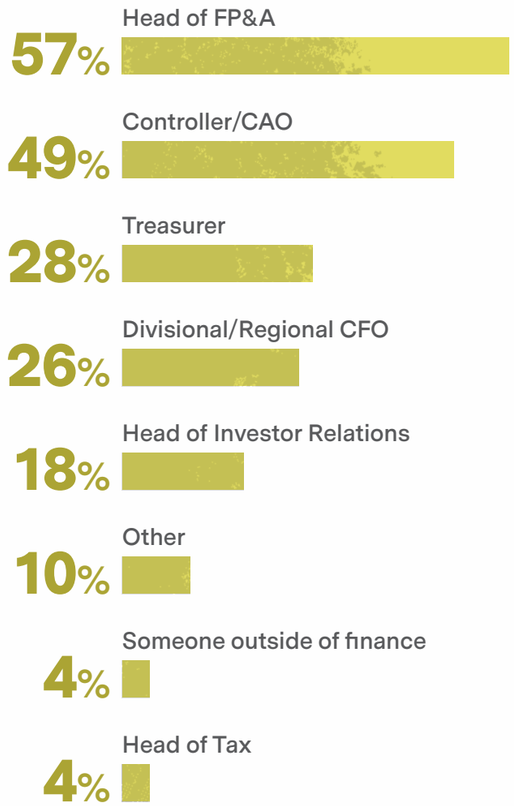
CFO insights by industry



There were also some different answers from a gender perspective on HR/talent and ESG: 43% of male CFOs would like to exclude HR/talent from their scope compared with 17% of female CFOs. Similarly, in terms of ESG, 12% of male CFOs would choose to exclude it versus 6% of female CFOs.

To help shoulder some of the workload, CFOs don't act alone. They rely on their Head of Financial Planning & Analysis (57%) and their Controller or Chief Accounting Officer (49%) the most. These two roles are particularly important as the path CFOs take to the role has shifted. Many CFOs most recently held divisional or regional CFO posts, making those with corporate finance spikes an important part of the team.

## Who are your top two team members that you rely on the most?

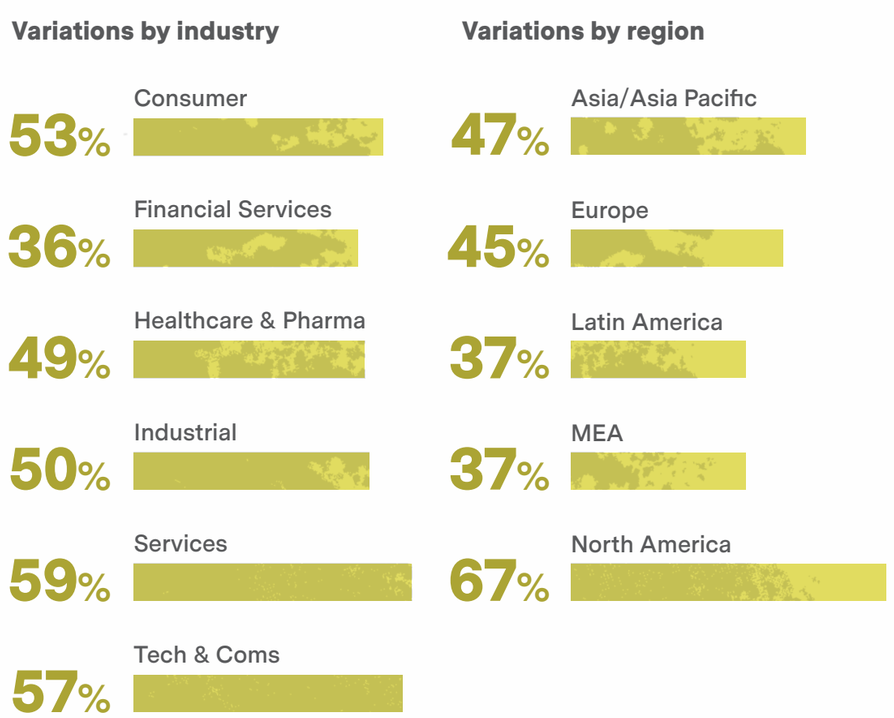



> Around half of CFOs rely most on their Head of FP&A and Controller/COA

There are some industry and regional differences. Financial Services CFOs were less likely than other industries to rely on their Controller/CAO.

At the regional level, the Controller/CAO was highly relied upon in North America (67%), compared to lower levels globally.

## Variations by industry and region in the extent to which CFOs rely on their Controller/CAO

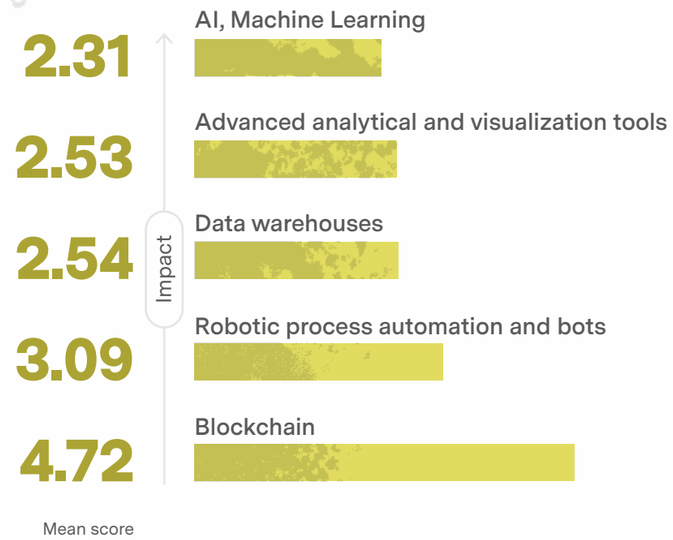


Reflecting on the actual and desired time they are able to allocate to core financial aspects of their role, CFOs told us there is a gap: strategy, developing finance talent, partnering with other business leaders, and capital allocation were the top areas they would like to spend more time on.

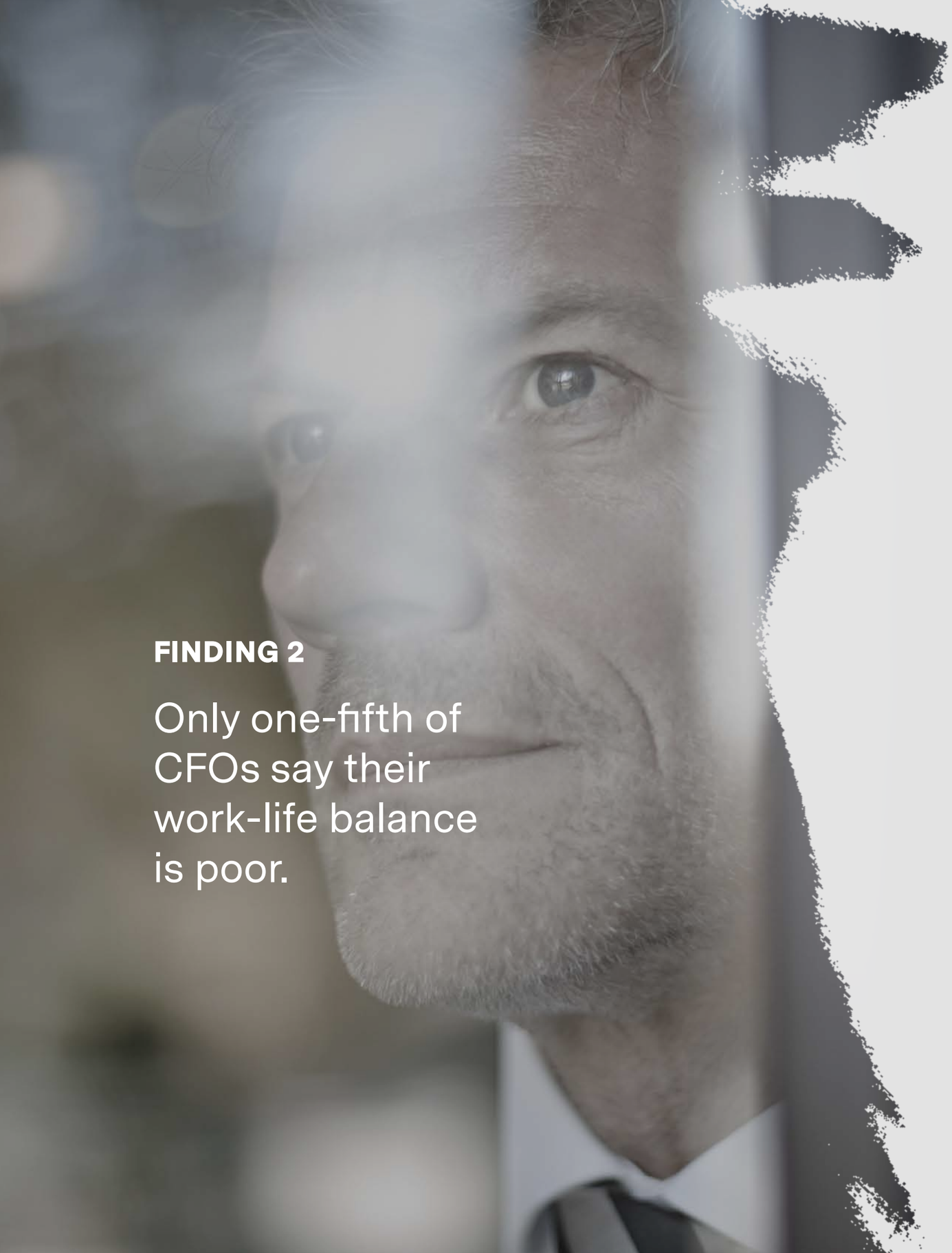
## As a CFO, what aspect of the role would you like to spend more time on?

In addition, CFOs believe that Artificial Intelligence (AI) and Machine Learning (ML) will have the greatest impact on the future performance of the function, underscoring the need for finance leaders to be able to experiment in these developing areas.

## Which new and emerging technologies will have the greatest impact on the performance of your finance function in the future?




> AI and ML are predicted to have the greatest impact on future performance of the function



**FINDING 2**

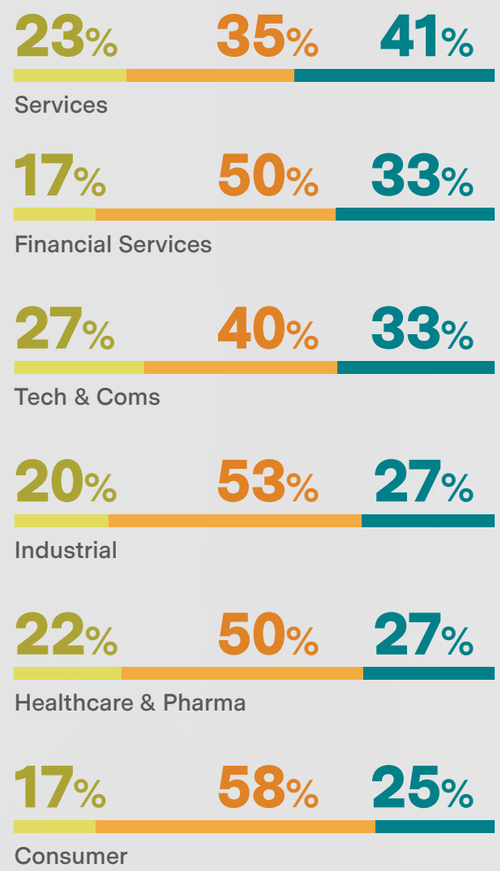
# Only one-fifth of CFOs say their work-life balance is poor.

Despite their expanding workload and changes in the role, most CFOs in our survey rated their work-life balance as “OK” (51%) or good (29%). Chalk up adaptability and master scheduling to their superpowers. “My calendar is available to all of my reports, and I make sure to block off personal time. This helps both scheduling and influences them to take personal time as well,” a CFO shared.

From an industry perspective, Services CFOs report the best work-life balance, with 41% rating it “good,” compared to only 25% of Consumer CFOs.

**Considering your responsibilities and commitments as CFO, how would you rate your current work-life balance?**

CFO insights by industry



**CFOs shared some of their personal strategies to find balance:**

"Family, sports, a deep hobby in a completely different area (modern art) and, last but not least, gardening."

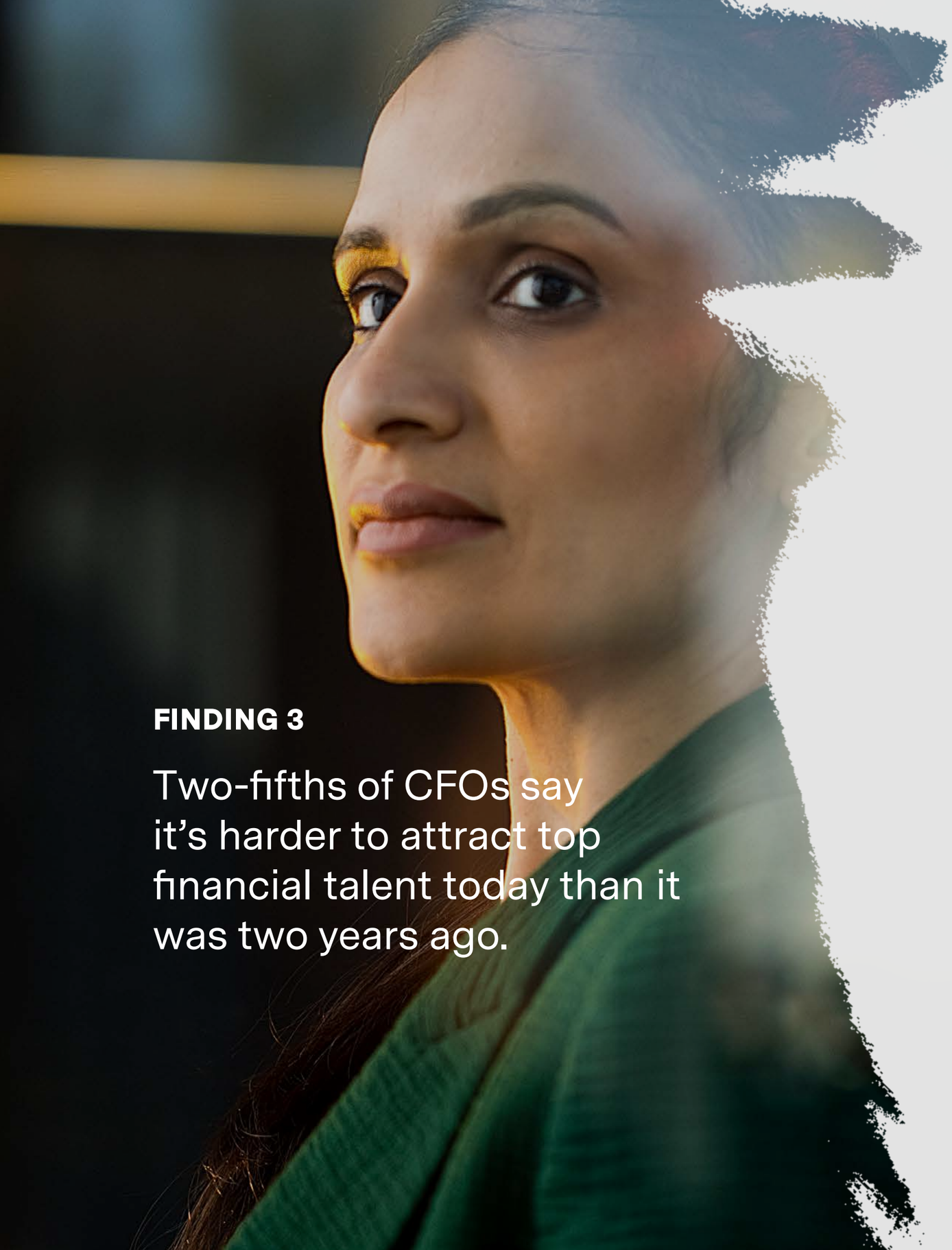
"Eating healthy, sleeping eight hours a night, limiting work dinners and drinks, and switching off completely during holidays."

"Never playing golf, and instead practicing Budo and going out with my wife on weekends."

"Cycle to work and never drive."

"I don't try and achieve a separate work/life balance. I let them seamlessly flow together and it's worked for 25 years."

"Keep having the passion for what we do so that there's no balance to achieve; work is part of life for good, generating energy, passion and memories, as any other life experience."



**FINDING 3**

## Two-fifths of CFOs say it's harder to attract top financial talent today than it was two years ago.

Layoffs, tough labor markets, increase in demands of roles, and skills gaps are some of the major reasons behind this struggle for talent, according to CFOs.

> "Many people have been accelerated into roles for which they were not ready—they sometimes are back out looking for new roles but not willing to step back and fill in gaps in their experience or have priced themselves out of the market, which leaves us looking for less experienced talent that is 'hopefully' ready to step up."
>
> –CFO of a health and pharmaceuticals company

But the challenge to attract financial talent varies by region. In the Middle East, 56% of CFOs believe it has become harder to attract top financial talent. In Latin America, CFOs are split. While there has been no difference in the past two years for 42% of them, 44% of CFOs report it has become harder.

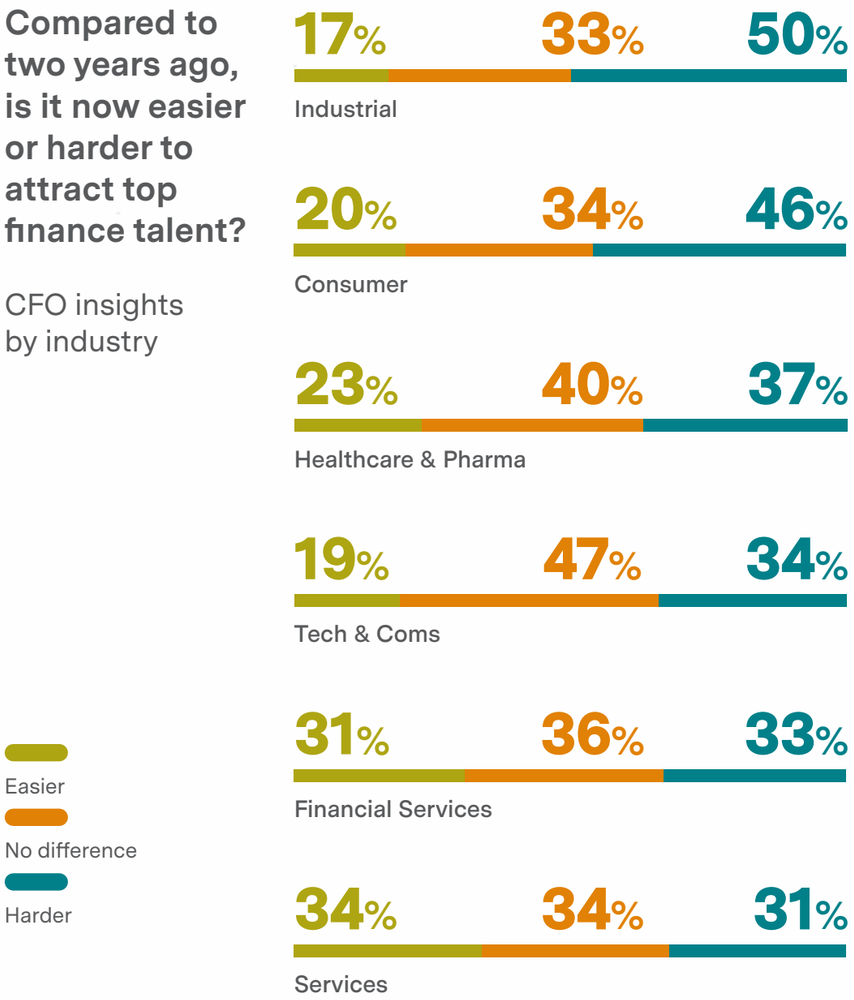
**Compared to two years ago, is it now easier or harder to attract top finance talent?**

CFO insights by region

There are also some variances by industry. Half of Industrial Companies and 46% of Consumer Companies note it's harder to source financial talent today, while 34% of Services and 31% of Financial Services CFOs say it's easier.

**Compared to two years ago, is it now easier or harder to attract top finance talent?**

CFO insights by industry



But not all companies are facing a finance talent shortage. CFO respondents shared some intentional strategies they use to attract top employees:

- raising the profile/reputation of their organization
- establishing a track record of strong financial performance
- embracing remote hiring
- being at the forefront of the sustainability transition

A strong finance team is also a good selling point for potential recruits. “Talent attracts talent—younger people want to work for top-tier managers,” a CFO noted. To build that bench of talent, CFOs shared that open and honest feedback was the most essential strategy, followed by rotating top employees into other parts of the finance department and ensuring employees have access to targeted development programs.

**How have you ensured you are building and developing the right bench? Please select your top three strategies.**

Some of those individual development opportunities include growing or advancing IR capabilities, offering challenging work with support, empowerment to make decisions, and giving them both recognition and financial rewards for their work. Other strategies CFOs shared on developing their teams include:

“Provide them with challenging roles and engage them in strategic initiatives outside of their core areas of responsibility (i.e., special projects such as M&A, re-organization, risk management, treasury), developing skills they would not have been able to attain in similar roles.”

“Give them a seat at the table at enterprise- or business-level influential projects and initiatives.”

“Pay them well and give them opportunities that pique their interest. If you really listen to them, they will tell you what excites them. Then try to align those activities with the difficult work that has to get done.”

“Rotate them into roles necessary to develop skills to be a Group CFO (investor relations, treasury) on top of more traditional roles in operational finance.”

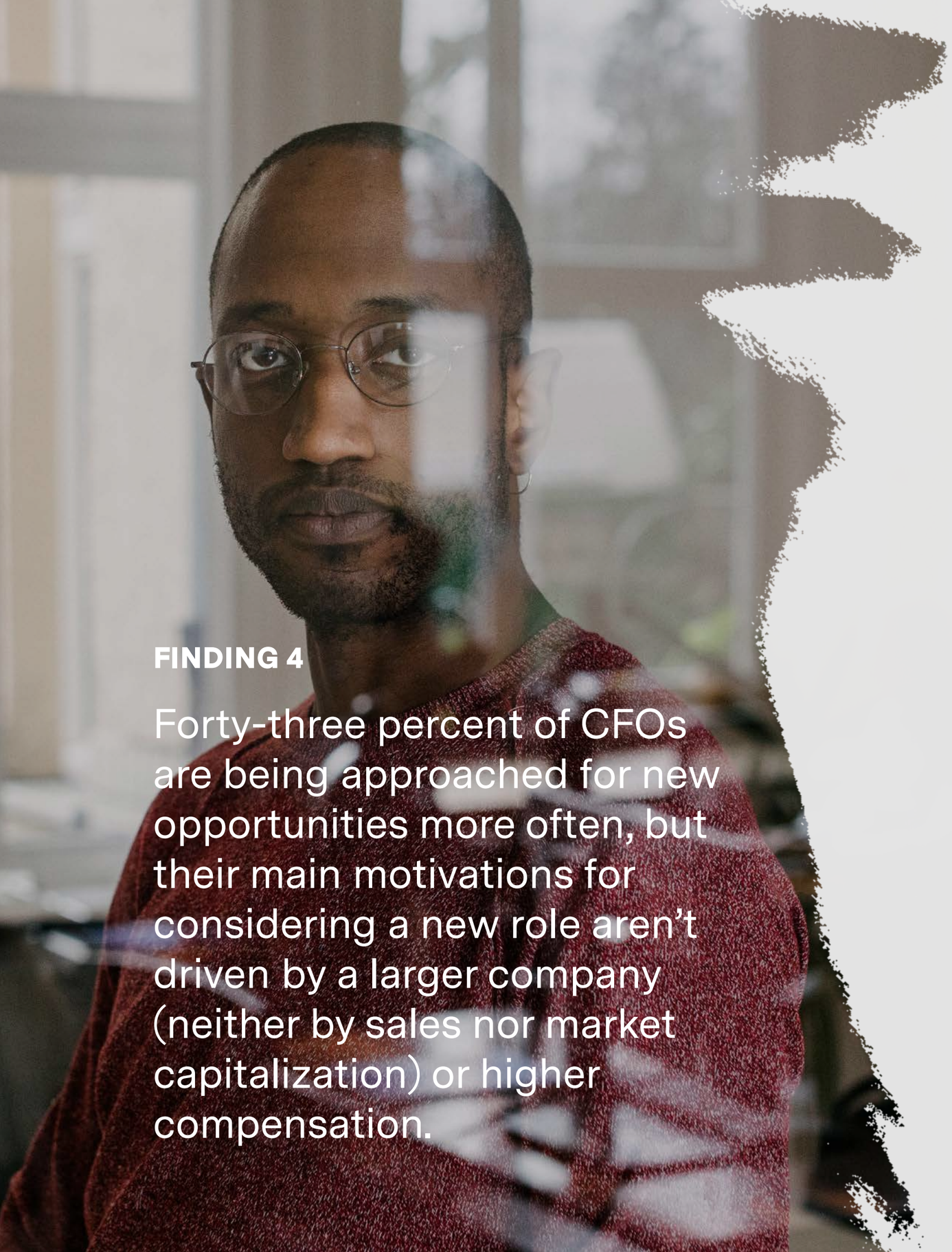
“Give them opportunities to present to senior management and the board.”

For finance professionals aspiring to the CFO seat, there are a few areas they can focus on for growth. In their first CFO roles, survey respondents noted that board interaction, external credibility with investors, and co-leadership of the organization with the CEO were the areas they had to develop the most.

**Looking back at your first CFO role, which areas required the most growth from you? Please select up to three.**

External credibility and co-leadership are also believed to be the key skills for future CFOs. Board interaction dropped a bit in importance, potentially because that can be honed while in the role.

**Which of the following attributes and skills will be most important for your successor?**



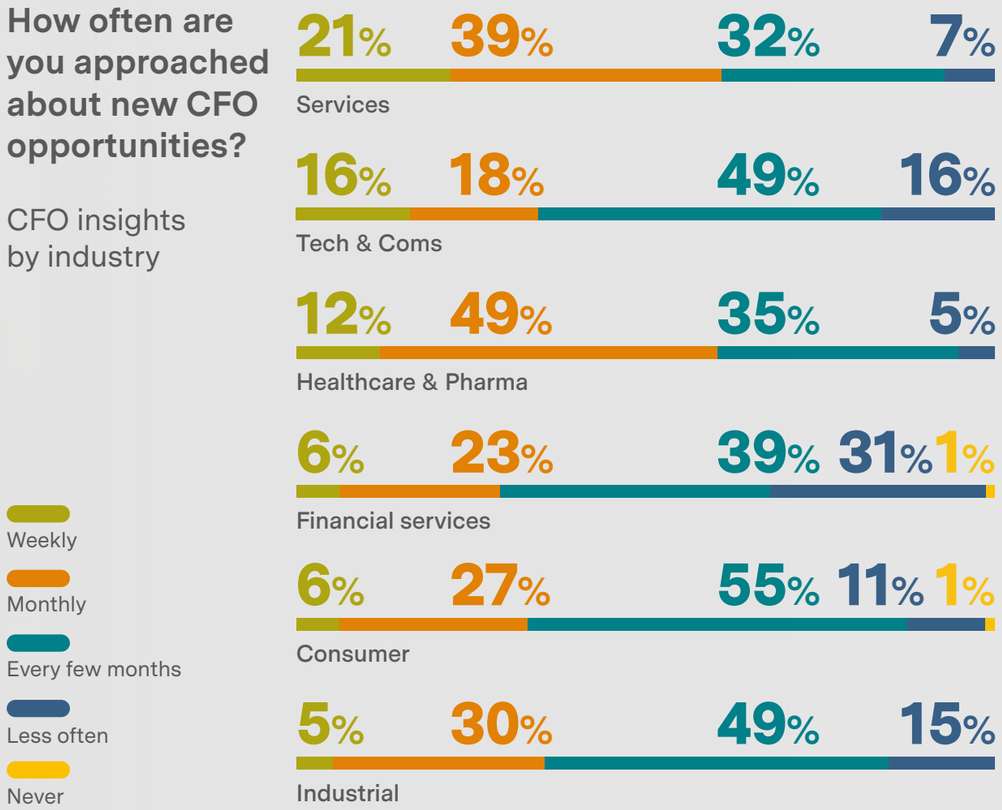
**FINDING 4**

# Forty-three percent of CFOs are being approached for new opportunities more often, but their main motivations for considering a new role aren't driven by a larger company (neither by sales nor market capitalization) or higher compensation.

CFOs who reported being approached for new roles more often are being sought after every few months (47%), monthly (28%), and even weekly (8%). Financial Services was the only industry where CFOs report being approached less often than every few months for new CFO opportunities.

## How often are you approached about new CFO opportunities?

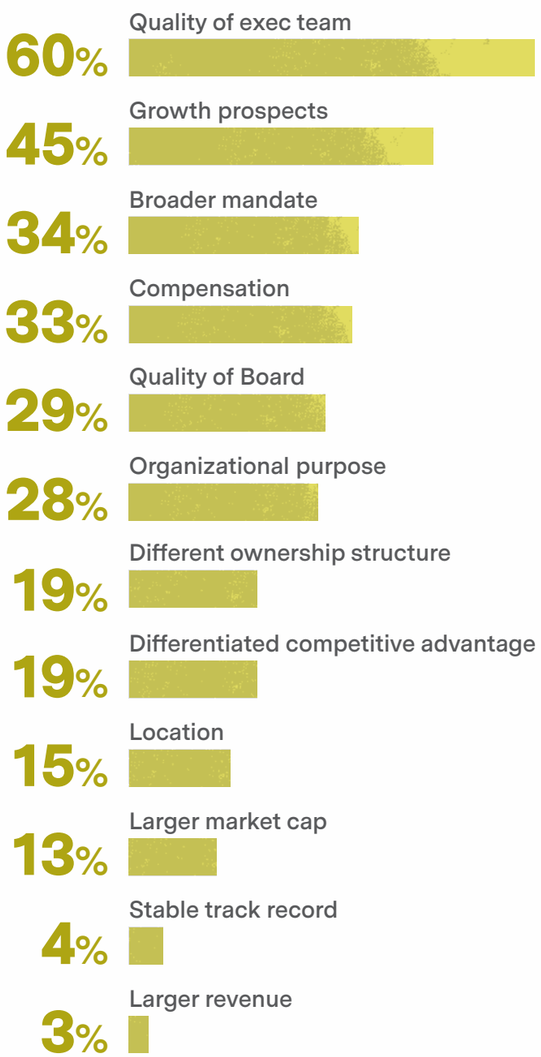
CFO insights by industry



Looking at gender, women report being approached a lot more often (17%) when compared to men (12%), suggesting that companies have been taking steps to attract gender-diverse CFOs.

With growing competition for CFO talent, what sets a company apart, according to 60% of respondents, is a high-quality executive team as well as growth prospects (for 45% of respondents). The focus on who they'll work with over company size and revenue signals that companies that are more intentional about executive development are better positioned to attract top talent than those that aren't. "How important it is that the CFO is VERY close to all other C-suite positions given the increased role's complexity. The CFO is the best person to have the overview of the full value chain," noted the CFO of a listed transportation company.

**What factors are most important in deciding whether to pursue a new CFO opportunity? Please select up to three.**




"I would never take a CFO opportunity unless I felt the CEO and I had alignment on culture, management philosophy, and the company vision. Comfort that chemistry will be there is also critical. Given my senior experienced nature, I would only accept positions where the CEO views me as the most senior advisor and would solicit my input before making major decisions."

–Public Company CFO

**FINDING 5**

# Most CFOs aspire to be CEOs—either right now or in the future. But a few steps may remain to get there.

Our survey found that 60% of CFOs want to be chief executives, and 7 in 10 say they are ready to become CEO *now*. Said the CFO of a public company: "Since all business decisions ultimately have a financial implication for the organization, the CFO's role gives an opportunity of a 360-degree view of the business, and hence is the most logical role to ultimately grow into the CEO's role."

CFOs who also serve as non-executive directors on boards (80%) were more likely to believe they are ready to be CEO now, compared to 67% of non-NEDs, and multi-time CFOs (77%) were more likely to say they are ready now than first-time CFOs (67%).

Some industries also have CFOs who feel more ready for the role than others. A little over half of Technology and Communications CFOs (55%) say they are ready to be CEO now compared to 82% of Healthcare and Pharmaceutical CFOs, who are ready to take the reins immediately. The level of readiness also varies depending on ownership structure: 74% of public company CFOs feel ready now (the number is even higher for companies in the $6-10B revenue range), compared to only 56% of CFOs of family-owned companies.

But there are some hurdles to the top post. Nearly half (46%) of CFOs surveyed say networking and visibility is the biggest barrier to them becoming CEO, followed by customer and market knowledge and operational expertise.

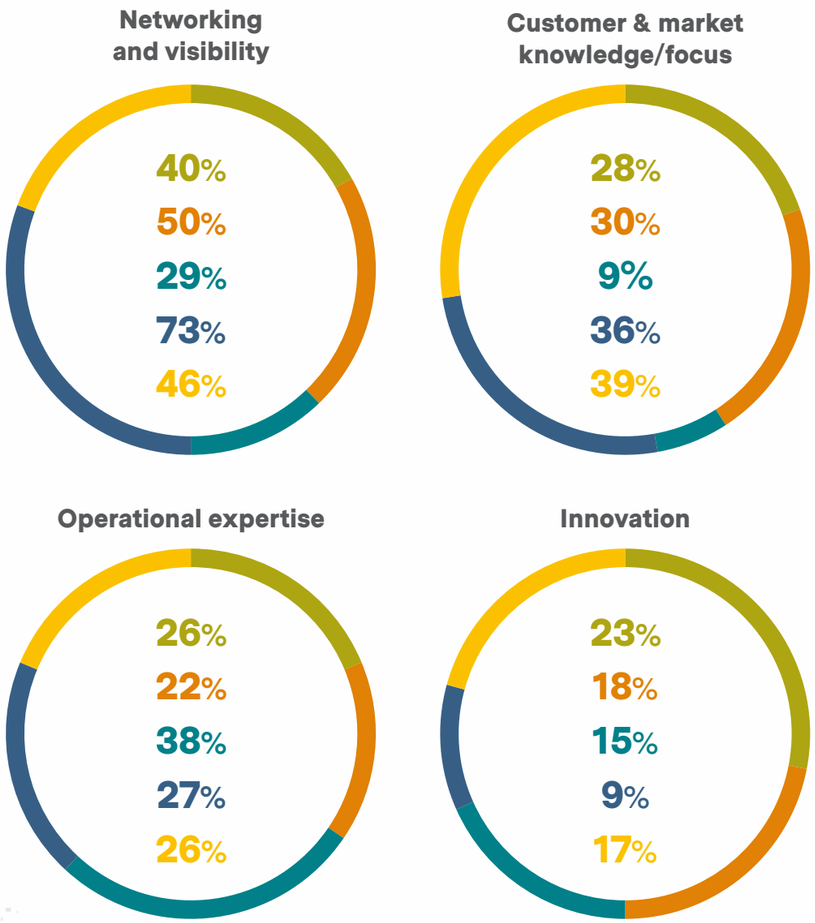
**What are the gaps to you becoming CEO? Please select your two biggest gaps.**

At the regional level, CFOs in Europe and North America concur with those barriers, while in Latin America the top two biggest gaps are operational experience and strategic visioning.

Interestingly, when we look at industry, healthcare and pharmaceutical CFOs heavily emphasized the need to develop their customer and market knowledge (68%). Conversely, the share of this industry's CFOs who mentioned needing leadership skills was 0%.

## What are the gaps to you becoming CEO? Please select your two biggest gaps.

CFO insights by region

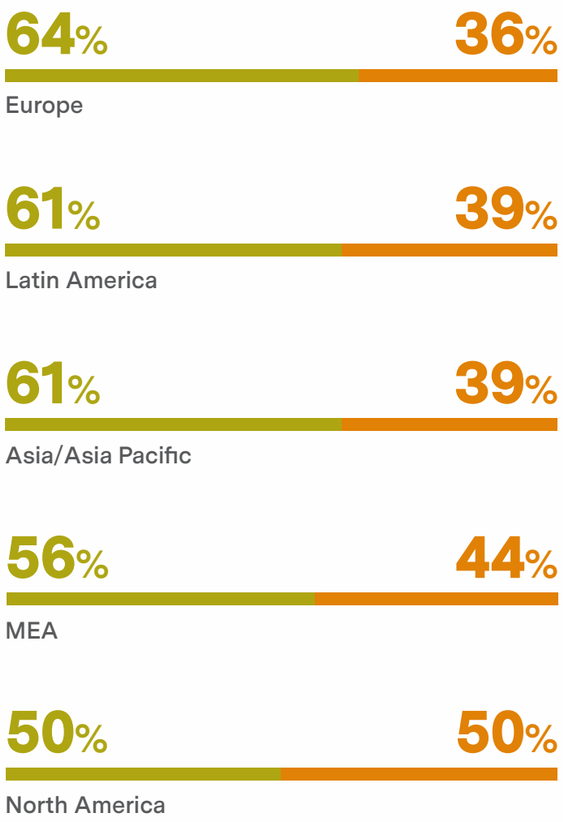


However, not every CFO aspires to be CEO. As one CFO put it, "[The duration of the role] has been 12 years in my case, and although I am proud of the achievements in that period, I ponder whether a change would be appropriate for my energy level."

In fact, in North America, half of the CFOs surveyed have considered early retirement, at least partially driven by the increased complexity of the role.

**Some CFOs have told us that due to the demands of the job they are considering early retirement. Has this thought occurred to you?**

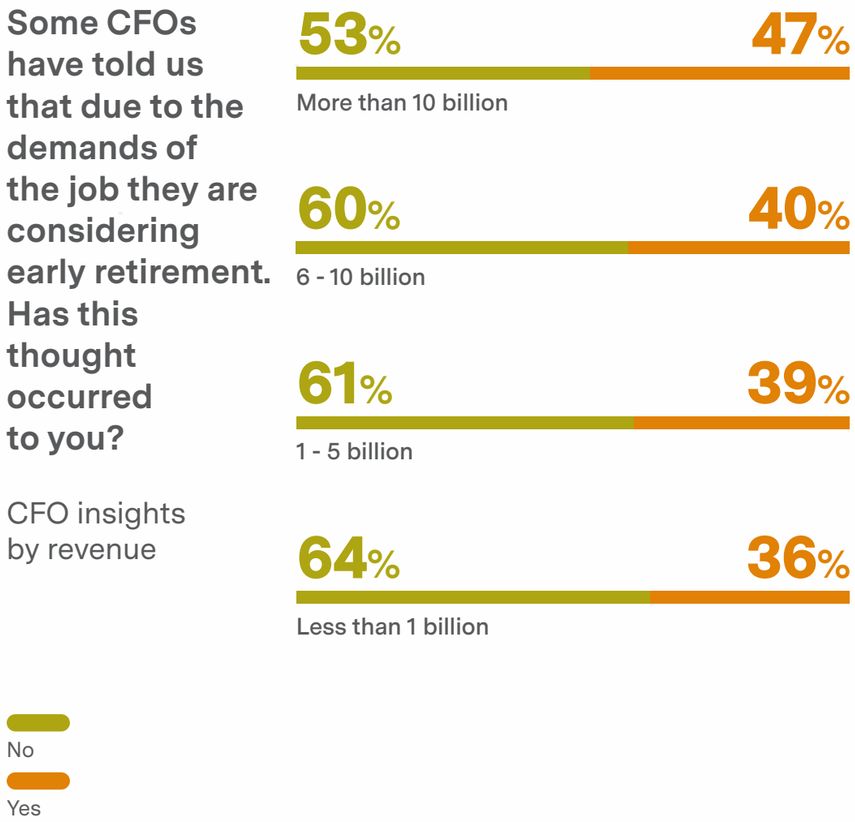
CFO insights by region




Our survey also found that the larger the company, the higher the likelihood that a CFO debates early retirement. Forty-seven percent of companies with more than $10 billion in revenue have considered it compared to 36% of CFOs in companies with less than $1 billion in revenue.

**Some CFOs have told us that due to the demands of the job they are considering early retirement. Has this thought occurred to you?**

CFO insights by revenue




CFOs from public (42%) and family-owned (41%) companies were also more likely to consider early retirement compared to private company CFOs (36%).

One motivation behind these retirement thoughts is that CFOs of larger public companies may have stronger board service prospects.

# This Looks Like a Job for the CFO

CFOs are not just meeting but embracing new demands beyond their core functions, with 8 in 10 experiencing significant growth in their roles over the past five years. They are going beyond their technical expertise, truly evolving into indispensable "superheroes." As one CFO put it, "CFO is not a finance role. It is a strategic business role whose mandate is finance. CFOs should continue to be seen as a full partner to revenue-generating business lines and used as a counterpoint to ensure the right level of challenge, investment, and productivity is achieved to maximize long-term business strategy and financial outcomes."

But every superhero has a kryptonite. For some CFOs, it may be stagnancy. CFOs are clear about their goals—for many, the move to CEO is imminent, with only a few steps remaining until they reach their next career destination. For other CFOs, it may be that continually adding new responsibilities will eventually become too much to bear alone. In these instances, companies must continue to build and develop a strong finance team and find others in the C-suite who can help to shoulder the load. "As the responsibilities have broadened, often it should be the CFO who best understands the risks and should be the most front-footed. That requires others around the table to adapt their role," the CFO of a real estate company explained.

Whether they continue to be CFOs or have their sights set on the CEO or a board role, Chief Financial Officers are a critical piece of safeguarding organizations' futures. "CFO fundamentals are often not talked about—fiduciary duties, legal exposure, hardcore controls, fraud prevention, transparency, facts versus stories," a CFO of a Healthcare/Pharmaceuticals company explained. "These create the largest challenges inside organizations, and a CFO is not there to make friends, but to report and protect honestly."

## Get in Touch

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As the Global Head of Egon Zehnder's CFO & Audit Chair Practice, Arun enjoys working with Boards and CEOs to recruit, assess and integrate CFOs, Audit Chairs and Audit Committee members. Arun consults on executive search, CFO and Board succession planning, leadership development and advisory services from companies across a range of sectors. Arun is also a certified leadership coach and provides coaching services to senior leaders including C-level executives, CFOs, and senior finance leaders who are aspiring to become CFOs.

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Christian Schmidt, based in London, focuses on the industrial sector, assisting clients in natural resources, process, and manufacturing industries, with a particular focus on mining and metals. In addition to executive and Board searches, he has deep experience managing cross-border leadership assessment and development projects for global clients. As a member of the firm's Financial Officers Practice, Christian has also led numerous CFO searches for both public and private companies, and leads Egon Zehnder's CFO practice in the UK.

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