

# The evolving role of the CFO

Digital disruption is transforming the way we work. From entry-level personnel on the ground to C-level executives, nearly every function in the modern workplace is drastically different from what it was ten years ago—and perhaps no position has shifted more than that of the CFO.

The role of the CFO has fundamentally changed in the epoch of digital transformation. Leading finance executives have become more strategically focused, more value-focused, and more future-focused. The evolution of the CFO role has created a blueprint for a smarter, more forward-looking finance organization focused on putting the best talent in key roles, while better equipping them for challenges and opportunities of the new digital economy.

## Transition to core business steward

- CFOs must manage disruption in the new digital economy
- The CFO role is clearly changing along with digital transformation
- Only two out of three CFOs say their companies have all of the required capabilities to remain competitive (McKinsey & Co.)
- CFOs should optimize processes, align strategies, and embrace the transformation toward stewardship

## Adapt to your evolving role

As CFOs focus on adapting to their evolving roles, they also must recognize that this pivot point is taking place amidst an era of fiscal challenge and organizational transformation.

Digital transformation has brought CFOs center stage as senior leadership teams try to drive forward transformation within a dynamic financial environment.

This shift has required finance practitioners to develop skills that are not traditionally associated with finance professions—including business planning, risk management, negotiations, relationship management, and strategic thinking.

## Optimize processes and align strategies

Modern CFOs must recognize that they should approach strategy formulation and performance monitoring in an integrated way. This means going beyond management and regulatory reporting to offer value-added decision support that aligns operational strategy with business execution. As strategic partners to their businesses, CFOs and their finance teams should leverage software solutions to strategize, plan, analyze, optimize, and close and disclose financial results in a scalable framework.

According to a 2016 report from McKinsey & Company, only two out of three CFOs say their companies have the capabilities for agile decision-making, scenario planning, and decentralized decision-making—which are all required to remain competitive. Analysts agree that better partnerships (ranging from other leaders in an organization, like the CEO and board of directors, to external stakeholders like investors and opinion leaders), as well as softer skills like strong communication, will be required to successfully align finance efforts with the business. This comes as organizations around the world work to become more nimble and innovative, with a new focus on adapting to increasing customer demands of the digital age. It is crucial that finance uses this knowledge to optimize processes and develop strategies that create value not only for the business, but also for the customer—and the customers' customer.

## Transform toward stewardship

At the end of the day, the CFO and team must transition from custodians of corporate assets and financial data to core business stewards, tasked with helping the business measure and focus on the right indicators of performance across the enterprise. Intellectual curiosity and the ability to ask the right commercial and operational questions will be fundamental attributes of tomorrow's great financial business partners. The end-result of this paradigm shift in financial operations and the role of the CFO is a sustained digital investment that will drive significant increases in customer satisfaction and engagement.

Unless action is taken to define a bold reporting strategy and vision for advancing the traditional reporting process, finance leaders and their teams will fall behind the pace of technology. The CFO of tomorrow will be increasingly involved in business strategy and decision support as a key influencer in the C-suite to drive profit and growth.

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