



AAFCPAs
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Behind Every Thriving Organization is a High-Functioning CFO

2017
CFO Survey
Report

Assurance | Tax | Advisory

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AAFCPAs, in collaboration with The Boston Chapter of Financial Executives International (FEI-Boston), conducted a survey of Chief Financial Officers (CFOs) in an effort to capture what issues are currently ‘top of mind’ for senior financial executives in the Northeast region of the United States. We asked CFOs to provide their thoughts, opinions, and experiences in an effort to glean insight into how the role may be evolving, and why.

KEY FINDINGS



- Success in the position is still closely tied to the relationship with the CEO/executive leadership.
- There are growing expectations from diverse organizational constituencies.
- CFOs are having more of an impact across departmental lines.
- CFOs currently struggle the most with human resource issues, combined with challenges in accessing meaningful data, on-demand.

We Ask CFOs “What is on Your Mind?”

AAFCPAs’ 2017 CFO Survey, conducted in collaboration with FEI-Boston, captured feedback from more than 250 senior financial executives from the Northeast region of the United States.

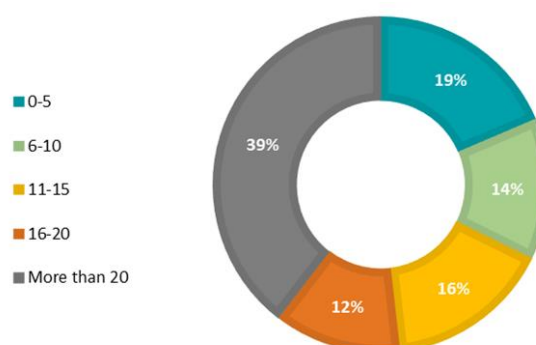
Respondents shared personal thoughts, opinions, and experiences related to factors affecting the evolution of their careers, including: personal traits, challenges, and strategic focus. The survey also focused on the CFO/CEO relationship, including current challenges these executives face in meeting the expectations of their executive leadership, as well as plans for the future.

Who Were the CFO Respondents?

Survey respondents included: Chief Financial Officers, Chief Accounting Officers, Controllers, Treasurers, Vice Presidents of Finance, Vice Presidents of Planning and Analysis, Vice Presidents of Tax, Vice Presidents of Pension Fund Investments, Vice Presidents of Risk Management, Directors of Finance, Taxes, Treasury, Accounting, and Audit Committee members.

Of the respondents, nearly 70% have more than a decade of experience at the Director level or above. 75% represent middle market companies in New England, from public and private sector commercial business, nonprofit, government, healthcare, and education.

Years employed at the Director level or above:



250+ **70%**

senior financial executives completed the survey.

have more than a decade of experience at the Director level or above.

CFOs Are the Right-Hand of CEO/Leadership, and Driven by Great Expectations



The role of the CFO continues to become increasingly complex and strategic, and as the role evolves, so do the expectations of the CEO. Although the CFO/CEO relationship is generally strong, 60% of respondents reported moderate to high levels of difficulty in meeting the expectations of executive leadership.

CEOs continue to expect CFOs to play a leading part in developing corporate strategy, and the role has moved far beyond financial reporting, audit & compliance, managing treasury/reserves, and capital structure. Many of today's sophisticated senior financial executives are also charged with understanding sales, operations, and overall business functions, as well as addressing challenges related to: optimizing shareholder value; mergers & acquisitions; data security; leveraging technology & managing the IT investment decision-making process; operational effectiveness & business process improvements; talent management; and staying ahead of industry benchmarks.

The breadth of their responsibilities makes CFOs accountable to diverse stakeholders beyond executive leadership, including: investors/shareholders, consumers, bankers/funders, and regulators.

60%

reported difficulty in meeting the expectations of the CEO.



AAFCPAs' VIEWPOINT

This confirms what we witness daily working closely with CFOs in the northeast. The evolution of the CFO's role closely mimics the changes in business. The formula for a successful organization is more fragile today, and impacted by nuances of industry, people (talent), leadership, technology, and agility.

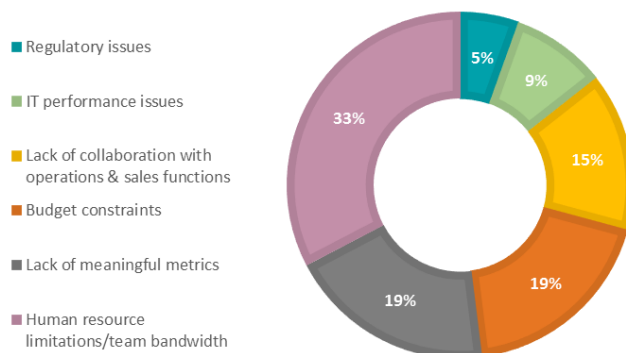
In order to face today's opportunities and challenges, and effectively meet expectations, CFOs must continue to be masters of managing multiple priorities, collaborative, adaptive to new technology, and have a high-functioning finance function supporting them.

CFOs Are Burdened by Human Resource Challenges

33% of CFOs surveyed report human resource limitations and team bandwidth as the primary challenge in meeting the expectations of their CEO.

In light of today's evolved finance function, businesses are hard pressed to find, engage, and retain finance talent with the requisite mix of capabilities and skills required to drive financial insight.

Primary challenges in meeting CEO expectations:



Additionally, the majority of respondents, 41%, reported internal challenges as the primary issue prohibiting their organization's growth, including: talent acquisition/retention; leadership succession; healthcare costs; sustainability; cash flow & financial management; processes & systems; and improving operational effectiveness.



33%

report HR limitations and team bandwidth as primary challenge in meeting expectations.

AAFCPAs' VIEWPOINT

With limited resources, it is more important than ever to work smarter, more efficient, and to automate as much as possible. Regular business process improvement analysis, coupled with strategic technology investments can contribute to cost savings, and free up valuable human resources by eliminating redundant or highly manual tasks.

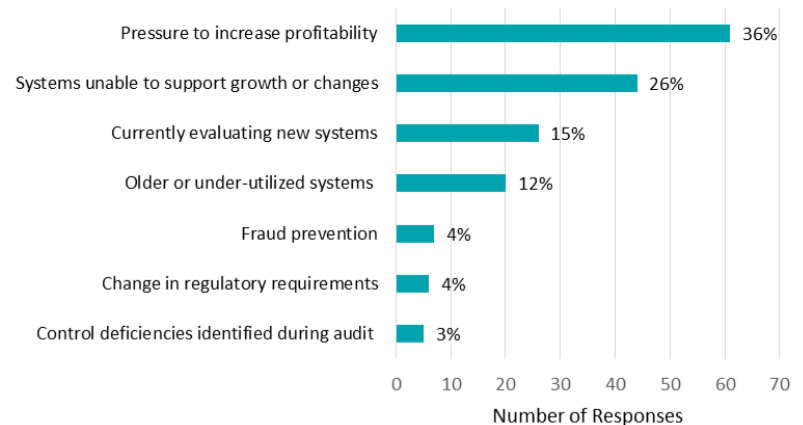
CFOs Streamline and Automate to Overcome HR Barriers to Growth



CFOs are recognizing the importance of adopting new technologies and systems to streamline business processes and optimize growth.

90% of respondents plan to assess operational efficiencies and performance, with 51% of respondents currently assessing, and another 39% who plan on assessing operational efficiencies and performance within the next year. The main driver of these assessments, as reported by 36% of respondents, is pressure to increase profitability, followed by 26% who report they are driven by their systems' inability to support growth or change.

What is your MAIN driver for assessing operational efficiencies and performance?



AAFCPAs' VIEWPOINT

Companies change in size and complexity, and most evolve over time. Their processes, however, do not necessarily evolve appropriately to match the company's changes. On-going and/or strategically-timed assessments of operational efficiency, effectiveness, and internal controls over financial reporting allows businesses to implement incremental value-added change, align process performance objectives with business goals, and increase profitability.

Our CFO clients tell us that the real tangible benefits of Business Process Controls & Performance Analyses, and Information Systems Gap Analyses include:

- Reduced process costs
- More versatile financial reporting & forecasting
- Increased quality / reduced number of errors
- Reduced process throughput times
- Reduced training time / expenses
- Reduced number of (internal) support requests
- Enhanced data analysis to monitor company performance
- Reduced risk of fraud

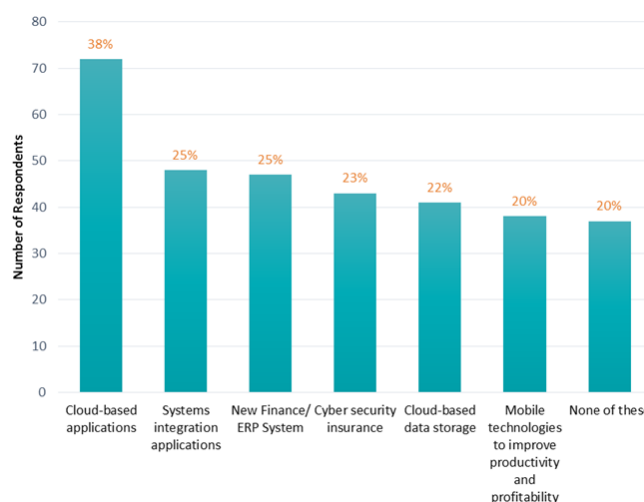
CFOs Leverage Tech to Elevate Finance's Impact



Cloud technology is the top priority for CFOs planning technology investments. 38% of CFOs plan to invest in cloud-based applications in the next 12 months.

The Cloud used to fall mainly under the jurisdiction of IT departments. However, CFOs are more accountable than ever for managing ROI on mounting IT investments, and have an increased focus on analytics and leveraging data. These factors are driving their need to assess the benefits of cloud service providers as a solution to help optimize profitability.

I plan to invest in the following technologies in the next 12 months:



38%

plan to invest in cloud based applications.

AAFCPAs' VIEWPOINT

CFOs are more commonly migrating services to the Cloud in order to unlock benefits that can help them free up resources and achieve a new level of scalability. They and their management teams are capturing greater reliability, cost-effectiveness, and security through the right Cloud services.

Cloud services are allowing CFOs to shift internal resources to activities that are more mission-critical to the company.

Our CFO clients tell us that the benefits of the Cloud include:

- Improved security controls
- Greater reliability & access
- Scalability, and more purchasing power
- Flexibility and predictability in costs
- Clean, up-to-date interfaces
- Enablement of integration with, and migration of data from existing systems

CFOs Seek More ROI from Their Tech Spending

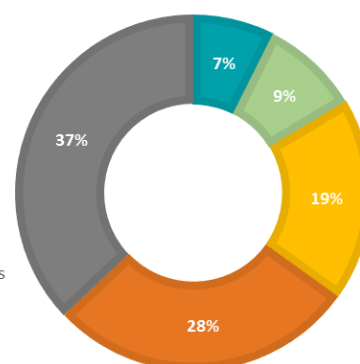
Successful businesses invest in information technology to boost their productivity; however, many lack the expertise and resources necessary to quantify and maximize technology ROI.

Respondents, 37%, report that they need the MOST support in assessing systems capabilities & automating processes to add efficiency and improve performance.

Another 28% of respondents report requiring help in defining needs, selecting, and implementing the best new IT systems.

In what area do you need the MOST support when managing your organization's technology investments?

- Evaluating cloud version of on-premise solutions
- Controlling costs
- Assessing & managing technology risks and cyber security
- Defining needs, selecting, and implementing the best new systems
- Assessing & automating processes to add efficiency & improve performance



AAFCPAs' VIEWPOINT

Business processes, by definition, cut across organizational and functional boundaries, and organizations benefit from a well-rounded CFO who understands and appreciates all the disciplines of business. Effective business process analysis and improvement is best accomplished through the involvement of cross-functional teams who work in the system and know it first-hand. Additionally, an objective, outside perspective can keep client teams focused, and overcome bureaucratic barriers. They often ask questions that have not been asked, inspiring untapped intellectual curiosity, and requiring team members to think about issues and opportunities from a new perspective. This often leads to new solutions to old problems, as well as measurable improvements to activities, tools, systems, roles, training, etc. around achieving critical control points. The impact of business process improvement on a company's performance and profitability, as well as technology's ability to support improvements, is growing in significance.

Additionally, if it is determined that systems are not capable of supporting process design changes, proper due diligence is critical when embarking upon a major IT system investment. These investments, which may initially seem overwhelming, should be approached in three basic phases: pre-implementation, implementation, and post-implementation. The bigger the cost of the planned investment, the more carefully and objectively the possible solutions should be analyzed—with a widened scope of possibilities taken into consideration. Further, input from all user communities is critical.

CFOs Seek Meaningful Data, On-Demand to Bring Confidence to Decision Making and Risk Taking



Chief executives use financial metrics to support planning and decision making, and CFOs are asked to derive more meaning from these numbers in order to assist their organizations in reaching revenue expansion and growth goals.

51% of respondents report that the one thing their CEO relies on them MOST for is to bring clarity to the financial situation.

CFOs are asked to interpret and deliver the numbers in a meaningful way to their organization's diverse constituencies, which may include: the c-suite, management teams, program/product line managers, boards, investors, lenders & financial institutions, and, in some cases, regulatory bodies. Many of these constituents may not have extensive experience with financial metrics, thus communication of financial data in an effective manner to diverse

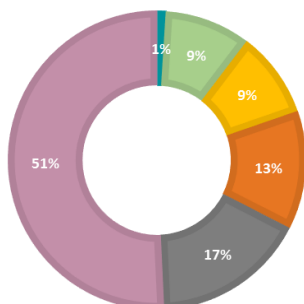
audiences is an essential skill in a CFO's toolkit.

Further, many of today's sophisticated CFOs are being asked to explore the correlations between non-financial and financial metrics. A critical component of business success is the organization's ability to identify and track meaningful, leading indicators that serve as mile markers to tell if the organization is headed in the right direction—a course charted by its strategic plan.

35% of CFOs surveyed report that they are strategically focused on systems integration and developing tools, such as dashboards that provide on-demand access to meaningful performance metrics. Additionally, 25% intend to invest in systems integration applications in the next 12 months.

What does your CEO/Executive Director want MOST from you?

- Optimize IT performance & data security
- Control costs & expenses
- Maintain focus on the future
- Improve profits & cash flow
- Manage compliance & financial risks
- Bring clarity to the financial situation



51%

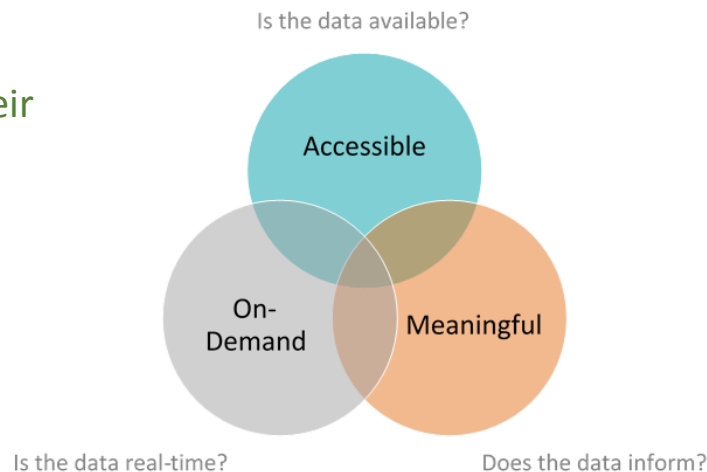
report that the one thing their CEO relies on them MOST for is to bring clarity to the financial situation.

AAFCPAs' Viewpoint >

CFOs Seek Meaningful Data, On-Demand to Bring Confidence to Decision Making and Risk Taking



Many CFOs, in their efforts to support decision making and risk taking, struggle with the data equation:



AAFCPAs' VIEWPOINT

In many cases, there is no shortage of data; however, there are challenges in quickly accessing it, and then presenting it just as quickly in a meaningful way – or in the way that regulatory bodies require it.

CFOs are becoming more strategically focused on leveraging technology investments to better guide the allocation of resources at the right time to the right place, and with a more accurate and complete understanding of the overall impact on projections and expectations.

Investments in systems integrations, and data visualization tools, such as dashboards are helping CFOs better meet CEO expectations related to financial clarity, and providing more meaningful data in a shorter period of time. Dashboards are highly customizable, and allow CFOs to empower and enable their fellow finance team members, chief executives, program managers, and even Board members to produce their financial and operational reporting, on-demand from their own desktops or handheld devices. Dashboards are enhancing shared financial and operational comprehension, and the graphs and visuals inspire practical, productive conversations to improve decision making and profitability.

We find that systems integrations, automation and dashboarding are enabling organizations to accelerate decision making and leverage more 'real-time' analytics.

Analytical, Strategic Mindset Helps CFOs Achieve Career Growth



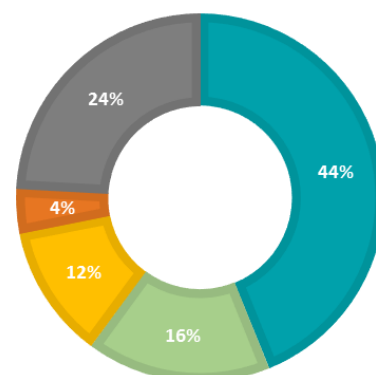
CFOs are uniquely positioned to lead organizational strategic planning initiatives, specifically because of their analytical, forward-looking mindset.



Of the survey respondents, close to 40% report they are more forward-looking at this stage in their career, and spending more time on analytics. Further, 44% feel as though their strategic, forward-looking mindset has contributed most to their career growth. These skills and focus lead to a highly-valuable relationship with the CEO/ executive leadership, and close to 70% of respondents report having a very strong or extremely strong relationship with their chief executive.

What trait do you feel MOST contributes to your career growth?

- Strategic, forward-looking mindset
- Collaborative
- Analytical
- Adaptive to new technology
- Ability to manage and lead



44%

report a strategic, forward-looking mindset contributed MOST to career growth.

AAFCPAs' VIEWPOINT

Today's CFOs are increasingly more strategic, which makes them all the more in-demand, and valuable to their CEOs. Their business and financial skill sets combined with their unique optic on the challenges and opportunities of the business has rightly earned them a position of critical importance. They ensure that strategic business decisions are supported by sound financial data, and they bring confidence to decision making and risk taking that ultimately leads to organizational excellence.

An organization's success is more powerfully impacted by the aptitude and passion of their CFO. In most cases, behind any thriving organization, there is a high-functioning CFO.

Conclusion



The role of the senior financial executive continually evolves, and today is richly diverse, and continues to be a key position for effective leadership of any organization. The diversity of the role has led to increasing pressure on CFOs to manage mission-critical and competing priorities.

Success in the position is still very closely tied to the relationship with the CEO/executive leadership, and as these senior financial executives have more impact across department lines, there are growing expectations to be met from diverse organizational constituencies.

CFOs currently struggle the most with human resource issues, combined with challenges in accessing meaningful data, on-demand. These challenges are being combated with strategic investments in technology, and a commitment to business process improvement with a focus on efficiency, effectiveness, and internal control.

CFOs play a leading part in developing corporate strategy, and the role has moved far beyond financial reporting, audit & compliance, managing treasury/reserves,

and capital structure. CFOs are increasingly looked upon, not merely as a communicator of historical information, but as a strategist to assist the senior executive team on establishing and modifying goals and objectives, and to help formulate the underlying strategies to accomplish them.

Additionally, many CFOs are charged with understanding sales, operations, and overall business functions, as well as addressing challenges related to data security, operational effectiveness, leveraging technology, business process improvements, and talent acquisition/retention. CFOs are actively contributing to business issues that have historically resided with CEOs, COOs, and leading technology functions (CTOs & CIOs).

CFOs drive profitability and growth, and their skill sets, combined with their unique optic on the challenges and opportunities of the business, has rightly earned them a position at the forefront. They ensure that strategic business decisions are supported by sound financial data, and they bring confidence to decision making and risk taking that ultimately leads to organizational excellence.

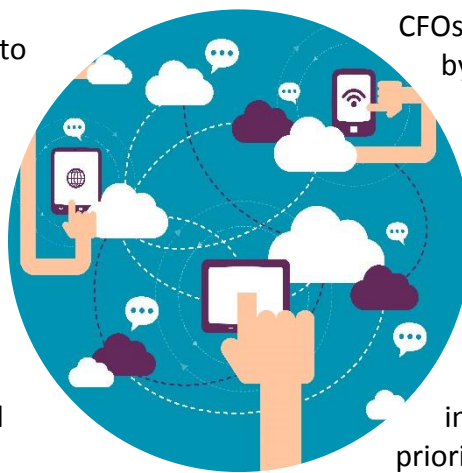
What Does the Future Look Like?

The unique and evolving skill sets of CFOs will continue to position them as a valued, strategic resource to executive leadership and one that may be leveraged across departmental lines. CEOs will continue to rely on their CFO to help them improve profitability, manage the business, complement their skills, and offer leadership.

Sophisticated CFOs will continue to be propelled forward by the rapid pace of change in business, and must seize opportunities presented by factors such as: big data, advanced & emerging technology, and globalization.

In order to meet the increased demand for their unique competencies, and the broad and evolving expectations placed on them,

CFOs must be masters of prioritization, collaborative, adaptive to new technology, effective communicators, and have a high-functioning finance team supporting them.



CFOs will continue to be challenged by resource and bandwidth limitations. They must commit to a culture of ongoing process improvement in order to be effective, efficient, and to stay nimble in this evolving landscape. They need to overcome resource challenges in order to execute on priorities. Additionally, they must continue to invest in the next generation of great leaders and leverage technology.

Strong, well-rounded CFOs will continue to help ensure the future success of organizations.

“It is not the strongest, nor the most intelligent that survives. It is the one that is most adaptive to change.” – Charles Darwin

Thank You!

AAFCPAs is delighted to share the findings of this survey with you, and would like to extend our gratitude and thank all who participated and contributed to this study.

About AAFCPAs



AAFCPAs is an attractive alternative to the Big 4 and National CPA firms. We provide best-value assurance, tax, accounting, and business & IT advisory solutions to nonprofit organizations, commercial companies, and wealthy individuals/estates. Since 1973, AAF's sincere approach to business and service excellence has attracted discerning clients along with the best and brightest CPA and consulting professionals. AAF donates 10% of its net profits annually to nonprofit organizations.

AAFCPAs is an independent member of PrimeGlobal, Inc., the fourth largest CPA firm association in the world. These resources provide our clients with seamless national and global reach. Our pay-as-you-use model is considered advantageous by our diverse clients who appreciate exceptional value.

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