

"Swiss Army CFO": Responsibilities Expand Far Beyond Finance

Major factors around globalization, sustainability and the COVID-19 pandemic inspired finance officers to lead on issues that go beyond the books

$$A = P \left(1 + \frac{r}{n} \right)$$

$$I = Prt$$

$$B = R$$

$$PV = \frac{C_1}{(1+r)^n}$$

How complexity, evolving objectives and more are steering the future finance leadership

When CFOs were asked if their role has become more complex over the last two years—noting that they agree that it has or hasn't—not a single respondent disagreed. In fact, nearly all CFOs we surveyed (99%) say that their role has become more complex:

Strongly agree	37.4%
Agree	61.8%
Neither agree nor disagree	0.9%
Disagree	0.0%
Strongly Disagree	0.0%

What is most interesting is that it's not only traditional finance and accounting that have gotten more complex. Major factors around globalization, sustainability, and (naturally) the COVID-19 pandemic have relied on finance officers to lead on issues that go beyond the books. This survey looked to uncover what is creating that complexity, how finance leaders are addressing it and the thoughts and feelings of the next generation of talent – and the career path they plan to take.

This report shares the learnings from a survey of more than 350 U.S. CFOs and members of the finance team at mid-size (250-1,000 employees) technology companies, as well as 350 U.S. CEOs at mid-size technology companies. This report also shares the learnings from a survey of 350 U.S. young professionals, recent college graduates, and soon-to-be graduates (finance undergrads).


Opportunities are rising from uncertainty

CFOs will remember 2020 as a year of economic uncertainty¹, but that didn't stop businesses from going public. According to data from Statista, IPOs were up more than 100% last year, rising from 195 in 2019 to 407 in 2020². It was easily the biggest year since 2000, when 429 companies went public.

Taking IPOs as a bellwether for business acceleration, mid-size organizations are eager to disrupt their respective industries and start swinging the momentum back towards growth. A recent report by Standard Chartered shows that nearly half (49%) of U.S. companies believe their best growth

¹ PwC's COVID-19 CFO Pulse, June 2020

² Number of IPOs in the United States from 1999 to 2020, Statista



opportunities involve international expansion³. And as they look for ways to grow, they're paying closer attention to the environment and sustainability as both consumers⁴ and prospective hires⁵ strive to work and/or do business with enterprises that share their values.

International growth remains top of mind as CFOs look ahead

While most consumers are interested in supporting small businesses by shopping locally⁶, many organizations recognize that they can only go so far by selling to domestic buyers. Whether offering a product or service, the global market can provide a plethora of profitable opportunities.

This would explain why, when thinking about the ways in which their role has changed over the last two years, nearly one-third of CFOs (30%) cite the ability to expand internationally outside existing markets. As the most popular choice out of 11 options, many CFOs are focusing on how to reach new areas of success. That success is particularly important as CFOs emerge strong with a desire for and focus on growth amid a global pandemic. Likewise, 27% of CFOs have made international growth a top priority for 2021 and beyond, outranking options like "finance, planning and budgeting" while coming in as the top choice from a selection of 13 options. In addition, more than one in five CEOs say this was a top priority for their CFO.

As companies grow, both locally and globally, there are sure to be new challenges that follow. Many CFOs are already experiencing that, with nearly one in five stating that international expansion increased the level of complexity in their role. Nearly a quarter of CFOs also believe that global trade will have the most impact on the future of their profession. In addition, nearly one in five CEOs say that international expansion is one of their biggest priorities to help them achieve growth.

How CFOs rank the factors of complexity

Nearly one in four executives say the increase in complexity can be attributed to sustainability and ESG (Environmental, Social, and Governance) being incorporated into their role as CFO.

³ "U.S. Companies Bullish on Global Expansion," Standard Chartered

⁴ State of the Connected Customer, Salesforce.com

⁵ "The eight trends that will define 2021—and beyond," McKinsey & Company

⁶ "Buying Local Statistics for 2021: Survey Finds 70% of Americans Shop Small," Intuit

Other factors as ranked include:

- 1 Incorporating ESG / sustainability into CFO role
- 2 Inability to predict revenue
- 3 Making sense of the increased amount of financial data available
- 4 Keeping finance operations up with company growth
- 5 The global pandemic
- 6 Tougher tax and regulatory rules
- 7 Managing furlough / lack of resource internally
- 8 International expansion
- 9 Greater demands placed on finance function by CEO and board
- 10 Rapidly changing regulations/legislation

The findings also revealed a few core – and very different – areas of focus that are demanding CFOs' attention.

CFOs can and should steer the future of environmental sustainability

Environmental sustainability has become an integral part of business growth and survival, particularly as governments aim to curtail pollution and other hazards. The U.S. Energy Information Administration estimates the United States emitted 5.1 billion metric tons of energy-related carbon dioxide in 2019 alone (the last year reported)⁷.

People are starting to take notice – Capgemini found that nearly four out of five consumers (79%) are changing their purchase preferences based on sustainability⁸. Given the emphasis on environmental sustainability, it's no surprise that almost a third of CFOs we surveyed (28%) think that it will have the most impact on the future of their profession. Many chief executives agree – nearly one quarter of CEOs (23%) believe it is important for CFOs to be capable of developing ESG capabilities within their firm.

How CFOs want to upskill their knowledge

CFOs feel so strongly about the future of the environment and sustainability that a majority would now study this subject area over any other to strengthen their current position. Software development and IT, often con-

⁷ Frequently Asked Questions, USGS

⁸ How sustainability is fundamentally changing consumer preferences, Capgemini

sidered to be the future of business, ranked third out of 11 study options:

- 1 Environment and sustainability
- 2 Communication skills
- 3 Software development/IT
- 4 Artificial intelligence
- 5 Conflict resolution/mediation
- 6 Government relations
- 7 Data science
- 8 International relations
- 9 Liberal arts
- 10 Psychology
- 11 Law

“In the face of a global climate crisis that affects every person and business on the planet, our survey shows that CFOs are increasingly being called upon to help measure the impact on the environment and help steer positive change. That’s no small task – and adding to their plates, CFOs also need to know how to get ready for an IPO and be skilled in driving international expansion. These responsibilities are incredibly complex and disparate. CFOs need as much help as they can get through technology solutions, which can take the less complicated, more mundane tasks off their plates.”

– Sarah Spoja, Chief Financial Officer at Tipalti

As more enterprises go public, CFOs need to be ready

According to PwC, the IPO planning process can occur just months before the public offering, but the firm recommends that businesses plan accordingly over a one to two-year period⁹. With so much corporate effort involved, more than a quarter (27%) of the CEOs we surveyed say having the “knowledge of policy and systems necessary for an IPO” is important for successful CFOs. Nearly as many (22%) CEOs cite the “ability to analyze

⁹ Roadmap for an IPO: A guide to going public, PWC

data and IPO readiness of the company," which plays into how the enterprise may perform after going public. Twenty-two percent of CEOs consider a CFO's ability to accelerate the path to IPO to be a top priority in 2021 and beyond, and nearly as many CFOs agree. International growth is also a key concern and ranked #1 as the top priority by CFOs:

- 1 Ability to expand internationally outside existing markets
- 2 Increased responsibility to find new revenue growth, productivity, and profitability opportunities
- 3 More focus on fraud, tax and regulatory compliance
- 4 Expectations to deal with unpredictable external factors/events
- 5 More merger and acquisition focus
- 6 More manual financial operations work
- 7 Greater focus on cost control and cutting
- 8 Increased use of automation and paperless tools
- 9 Less manual financial operations work
- 10 More strategic role across business
- 11 Greater focus on sharing analytical insights from business data

In addition to growing the business, the C-suite is also concerned about the growing amount of data coming into the pipeline. Twenty-two percent of CFOs say that, in trying to make sense of the deluge of data, their job became more complex. Nearly as many CFOs (21%) say that the greater focus on sharing analytical insights has changed their role over the last two years. Twenty-five percent of CEOs say that having "access to a wealth of financial and business data" is an important quality for a successful CFO to possess. As a result, nearly one in ten CFOs (8%) say that if they could study any subject area to strengthen their position, they would choose data science.

"A company that is planning to go public needs to make sure they take care of all dimensions and facets of the business. This will include accounting and reporting, treasury, tax, internal controls and audit, financial planning and analysis, media and investor relations, governance, legal and compliance, compensation and HR, and enterprise risk management."
– Mohammad Hasham, Director, Technical Accounting, IPO Services, SPACs at BDO USA, LLP

More insights are available at [Tipalti's Destination IPO resource site](#).

Young finance professionals have big dreams and great ambition

With their sights set on career growth and advancement, a high number of young professionals want to work in the finance department of a large company (46%) or join the ranks of a large bank, investment or brokerage firm (24%). They see this as an opportunity to learn the most in the least amount of time. As a result, only a small fraction (8%) want to work with a non-tech small or mid-size company, and just 6% are interested in working with a tech startup.

Looking ahead, 39% of young professionals say that finding new paths to growth – through securing funds, M&As, etc. – would be the most exciting problem for them to solve if they became a CFO. Just as many young professionals say they would be most excited by being able to identify new opportunities to accelerate growth, productivity, or profitability. As far as inspiration is concerned, 25% of young professionals are interested in becoming a CFO to work closely with a company's CEO to influence and make key business decisions.

Summary

CFOs at mid-size businesses are being pulled in dissonant ways, some of which are very new and dynamic—including challenges that seem outside the traditional scope of finance. Because of that, it has never been more important to shore up core finance processes and operations so there's time to give proper consideration for new concerns. There is even more to deal with today for CFOs. When CFOs have time to get beyond basic finance machinery, they can identify the trends in their business and bring forth the right strategies to grow the business.

Appendix — Survey Data

In partnership with market research firm Censuswide, Tipalti conducted a survey of more than 350 CFOs and members of the finance team at mid-size (250-1,000 employees) technology companies, 350 18+ CEOs at mid-size technology companies, and 350 18 to 35-year-olds, young professionals in finance roles, recent college graduates and soon-to-be graduates (finance undergrads) in the U.S. between July 21, 2021, and August 2, 2021. The survey results make clear that CFOs need to wear many different hats and juggle multiple responsibilities as their roles become increasingly complex.

CFOs Survey

Q1. To what extent do you agree or disagree with the following statement: My role has become more complex in the last two years. (Choose one)

Strongly agree	37.39%
Agree	61.76%
Neither agree nor disagree	0.85%
Disagree	0.00%
Strongly Disagree	0.00%

Q2. What factors do you believe have led to greater complexity in your role as CFO? (Select all that apply)

Incorporating ESG / sustainability into CFO role	23.43%
Inability to predict revenue	23.14%
The global pandemic	20.57%
Making sense of the increased amount of financial data available	21.71%
Tougher tax and regulatory rules	20.29%
Managing furlough / lack of resource internally	20.00%
International expansion	19.14%
Rapidly changing regulations/legislation	17.71%
Greater demands placed on finance function by CEO and board	19.14%
Keeping finance operations up with company growth	20.86%
New business models	18.29%
A dispersed workforce	19.43%
Increased fraud risk	16.00%
Brexit	16.57%
Other (please state)	0.00%

Q3. How, if at all, has your role changed in the last two years? (Tick all that apply)

Increased responsibility to find new revenue growth, productivity and profitability opportunities	28.05%
More focus on fraud, tax and regulatory compliance	27.20%
Ability to expand internationally outside existing markets	30.03%
Expectations to deal with unpredictable external factors/events	26.06%
More manual financial operations work	23.51%
Greater focus on cost control and cutting	23.23%
More merger and acquisition focus	24.36%
Less manual financial operations work	22.38%
Increased use of automation and paperless tools	22.66%
More strategic role across business	21.53%
Greater focus on sharing analytical insights from business data	21.25%
Other, please specify	0.00%
N/A my role has not changed in the last two years	0.00%

Q4. Compared to two years ago, which of the following, if any, do you believe is are more necessary than before to the office of the CFO? (Tick all that apply)

Making sure finance performs the role of an agile business partner to the operations and commercial parts of the business	39.94%
Greater collaboration with the CEO and other members of the C-suite	37.68%
Building a department prepared for changing legislation/policy/regulatory updates/changes	37.96%
Being 'digital-first' in finance workflows and processes	35.13%
Implementing a culture of innovation and change	31.44%
Assessing and quantifying the business risk associated with the adoption of new technology	32.01%
Prioritize people/team wellbeing	30.03%
N/A I don't believe anything is more necessary than before to the office of the CFO	0.00%
None of the above	0.00%

Q5. As a CFO, what do you believe are your top priorities in 2021 and beyond, if any? (Choose up to three)

Helping the business grow internationally	28.33%
Finance, planning and budgeting	22.75%
Oversee the back office (HR, IT, G&A, etc.)	22.75%
Manage accounting processes and financial reporting	23.18%

Partner with organization on analytics, modeling, cost-benefit-analysis, etc.	21.03%
Drive visibility and the version of truth for business performance	23.18%
Accelerate path to IPO	21.46%
Manage risk	21.89%
ESG / sustainability initiatives	19.74%
Adopting new technologies	17.17%
Moving fully to the cloud	17.60%
Fundraising	15.88%
Diversity and inclusion	15.02%
Other, please specify	0.00%
N/A I don't believe anything is our top priority in 2021 and beyond	0.00%

Q6. If you could go back to school / university and study a subject area to make you stronger at your current position, what would it be?

Environment and sustainability	13.31%
Communication skills	14.73%
Software development/IT	12.75%
Artificial intelligence	10.48%
Conflict resolution/mediation	10.48%
Government relations	7.65%
Data science	7.93%
International relations	7.65%
Liberal arts	7.65%
Psychology	4.53%
Law	2.83%
Other, please specify	0.00%

Q7. What issues do you think will have the most impact on the future of your profession, if any? (Tick up to five)

Automation / digital transformation	35.69%
Business intelligence / analytics	33.99%
Environmental sustainability	28.61%
Cryptocurrencies	29.46%
Diversity and inclusion	27.48%
Non-crypto Blockchain applications	27.48%
Right-sizing for the future	25.78%
AI/machine learning	25.78%
Consumerization of market dynamics	27.48%

Global trade	23.23%
Regulatory	21.25%
Other, please specify	0.00%
I don't think any issues will have the most impact on the future of my profession	0.00%

CEOs Survey

Q1. What do you believe are the top priorities for your CFO in 2021 and beyond? (Tick up to three)

Finance, planning and budgeting	26.00%
Drive visibility and the version of truth for business performance	24.57%
Moving fully to the cloud	24.86%
Manage accounting processes and financial reporting	22.29%
Oversee the back office (HR, IT, G&A, etc.)	19.71%
Helping the business grow internationally	21.14%
Manage risk	22.29%
Partner with organization on analytics, modeling, cost-benefit-analysis, etc.	21.43%
Adopting new technologies	21.14%
ESG / sustainability initiatives	19.14%
Accelerate path to IPO	21.71%
Diversity and inclusion	19.14%
Fundraising	16.00%
Other, please specify	0.00%
N/A I don't believe there are any top priorities for our CFO in 2021 and beyond	0.00%

Q2. What do you believe are the most important qualities for a successful CFO today, compared to five years ago. (Tick up to five)

Ability to improve financial and business reporting accuracy and timeliness	28.00%
Access to a wealth of financial and business data	25.43%
Knowledge of policy and systems necessary for an IPO	27.14%
Ability to establishing more mature processes, policies and procedures	25.43%
Ability to develop ESG (environmental and social governance) capabilities	23.14%

Ability to identify investment and acquisition opportunities	21.71%
Ability to leveraging technology	21.14%
Ability to analyze data and IPO readiness of the company	22.29%
Ability to prioritize innovation	20.57%
Adopting solutions to enhance efficiency	23.14%
A broad skill set	21.71%
Ability to add robust financial, compliance and risk controls	20.00%
Connections in the industry/investment community	18.57%
Build a diverse workforce	21.71%
Exposure to different parts of the company	19.14%
Other, please specify	0.00%
I don't believe any qualities are the most important for a successful CFO today compared to five years ago	0.00%

Q3. What are your biggest priorities to help you achieve growth? (Tick up to three)

Adopting solutions to enhance efficiency	22.57%
New product and service offerings	22.86%
Marketing growth	21.71%
Merger and acquisition opportunities	21.71%
Building a diverse workforce	21.71%
New business models	19.71%
Developing ESG capabilities	21.43%
Sales organization growth	20.00%
Leveraging technology	20.29%
Alliances growth	19.43%
International expansion	18.57%
Prioritizing innovation	18.86%
Managing regulatory changes	16.86%
Taking on risk	15.43%
Other, please specify	0.00%
We have no biggest priorities to help us achieve growth	0.00%

Young Finance Professionals Survey

Q1. What do you plan to do next in your career path?

Work in the finance department of a large company	46.29%
Work at a bank/brokerage/investment firm	24.00%
Work at law firm	6.57%

Work with a non-tech small or mid-size company	8.57%
Work with a tech startup	6.29%
N/A I don't have a plan	5.14%
Go straight to grad school / do a master's degree	0.57%
Other, please specify	2.57%

Q2. What, if anything, would most inspire you to become a CFO? (Choose up to three)

A high salary	45.43%
Working closely with a company's CEO to influence/make key business decisions	25.43%
Managing its financial operations	28.57%
Managing a team	23.43%
Problem solving	25.14%
Guiding a company's strategy/decisions	21.14%
The prestige of having the title of CFO	14.86%
Budgeting	14.00%
Accounts Receivable	12.57%
Accounts Payable	14.57%
Working at a high-velocity company	13.43%
Treasury Management	10.29%
Procurement	5.71%
Nothing would most inspire me to become a CFO	2.00%
Other, please specify	0.00%

Q3. In your opinion, what would be the most exciting problems for you to solve if you became a CFO, if any? (Choose up to three)

Finding new paths to growth, for example through securing funding (private companies) and acquisitions	38.57%
Identifying new opportunities to accelerate growth, productivity, or profitability	39.14%
Modernizing finance with technology	38.57%
Helping to establish the company's category, strategies, and culture	31.71%
Eliminating inefficient processes	28.29%
Improving analytical insights and visibility	29.43%
Enabling impactful risk	20.29%
Navigating unforeseen uncertainties	21.43%
No problems would be the most exciting for me to solve if I became a CFO	2.57%
Other, please specify	0.29%

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