




The CFO Agenda

The CFO Program

The CFO Agenda



Change in the business world is nothing new, but today's realities might feel different. The challenges of COVID-19 have sped up innovation, tested the concept of remote work, and introduced many of us to the virtual world. Many CFOs are wrestling with inflation—some for the first time. Industries continue to converge and consolidate, with M&A activity at an all-time high.¹ Globally, there are calls for new forms of regulation, particularly to address how changing technology is impacting businesses and society. Moreover, the increasing instability of Earth's climate and the political landscape have put a premium on the ability to pivot and transform.

Throughout these developments, CFOs have served as catalysts across the enterprise, creating positive change and adding value. Increasingly, they also are operating as the heart of the enterprise, not just functional leaders.

The CFO Agenda aims to help CFOs avoid missing a beat. Focused on seven key drivers shaping the business landscape, *The CFO Agenda* draws from our deep experience serving CFOs and the resources of Deloitte's US CFO Program, which include CFO Transition Lab™ sessions, the quarterly *CFO Signals*™ survey and *CFO 4Sight* webcasts, and the bi-weekly *CFO Insights* series.

We encourage you to read and share *The CFO Agenda* with your team, as the drivers impact the broader finance function as well as the commercial enterprise. Surely, the drivers will evolve over time, and as the last two years have taught us, unexpected changes undoubtedly await us.



Steve Gallucci

US National Managing Partner

CFO Program, Deloitte LLP

¹ [Global M&A volumes hit record high in 2021, breach \\$5 trillion for first time](#), Reuters, December 31, 2021.

Drivers of the CFO Agenda



Talent

Redefining work, workforces, and workplaces



Performance & Growth

Allocating capital to fund the future



Climate, Sustainability & Purpose

Putting stakeholder capitalism into practice



Enterprise Risk & Regulation

Striving for transparency amid growing global complexities



Data & Cybersecurity

Zeroing in on data to inform decisions and protect network security



Innovation

Leveraging digitization to drive value



Agility

Developing a dynamic finance capability

Talent

Redefining work, workforces, and workplaces



Is your finance team prepared for a technology-driven “Future of Work”?

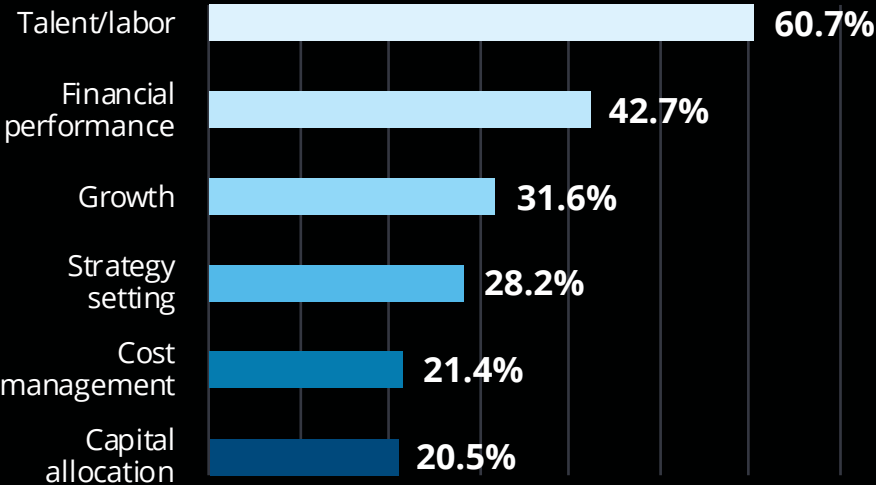
Developing and retaining the company's workforce remain top concerns for finance leaders. The pandemic has only added to a long list of related challenges, from the “Great Resignation” to increasing instances of burnout. Return-to-work and hybrid workplace models have required immediate attention. But CFOs face an equally critical set of questions involving the Future of Work. AI, connected devices, and other forms of digitalization are reshaping the finance organization, requiring employees to work side by side with next-generation digital tools.

CFOs may want to ask: *Do we really understand what skills—both soft and hard—finance talent will need in the next two to five years, and can we start hiring and developing that workforce now? In a hotly competitive labor market, do we have an intentional and structured approach to recruiting the best talent? Are finance teams being trained in technology and new processes to help them adapt to the accelerating use of automation? Have we built a purpose-driven culture that prioritizes employee well-being and resilience?*



To win the competition for talent, CFOs may need to shift from managing employees to coaching them on how to refine and apply their skills to create value and influence strategy. That requires a close understanding of the commercial aspects of the business—in essence, how it makes money—and how technology can boost efficiencies, drive growth, and support the organization’s broader strategic goals. If they aren’t already, CFOs need to be at the forefront of devising a new talent model, one that emphasizes the ability to access and interpret data, not just collect and report on it. The framework should consider inclusivity, creating new pathways of opportunity for a broader set of candidates, along with well-thought-out priorities for diversity, equity, and inclusion (DEI). The talent model should also include short- and long-term incentives and ongoing, active feedback to support engagement, satisfaction, and well-being.

CFO Signals™ survey 4Q 2021:
What are your top three priorities as CFO for 2022?



Source: CFO Signals™ survey 4Q 2021

Performance & Growth

Allocating capital to fund the future



Do you have both the foresight and skills to lead finance as a strategic advisor?

It's not enough for CFOs to understand what the business needs now; they also have to determine what will likely drive growth in coming years, a timeframe extended by challenges related to decarbonization and Environmental, Social and Governance (ESG) issues (see "Climate, Sustainability & Purpose"). The remit of maintaining a disciplined strategy in allocating capital hasn't changed, but CFOs also need to embed the process with flexibility. By continuously incorporating relevant data into the process, CFOs are able to reevaluate capital outlays, adapting to an uptick in inflation and leaving intact long-term targets for shareholder returns.

As much as investors, regulators, and others may analyze an enterprise's capital allocation choices and decisions, the finance function's core goal is to serve as a trusted advisor not only to the CEO and the board but also to other C-suite executives. All stakeholders must operate toward common goals, functioning as a unified team in good times and bad.

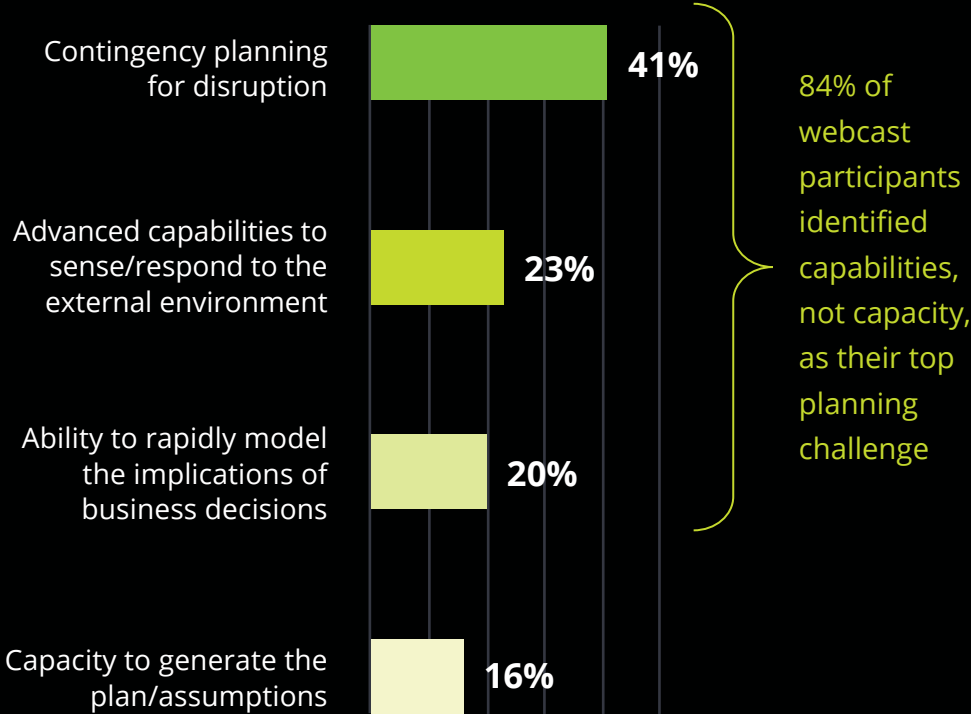
CFOs may want to ask: What parts of the business are underperforming and should be divested? Where can we invest our cash? Are there emerging value-creating strategies we're missing? Can we get ahead of opportunities before competitors beat us to the punch? How can we make ourselves a trusted business partner across the entire org chart?

Performance & Growth: Allocating capital to fund the future



By applying a lens that is both forward-looking and commercially minded, CFOs can better identify and understand the levers they can use to change course or improve prediction capabilities. To help drive strategy, CFOs and their finance teams also need to deepen their understanding of the business and bring a customer service mentality to their work. Having a strong knowledge of the business goes hand in hand with building robust relationships with others in the C-suite and throughout the organization, as well as with external parties. These attributes, underpinned by solid finance acumen, enable CFOs to help the business shape, drive, and execute strategic priorities.

Deloitte Dbriefs webcast, July 15, 2020:
What are the biggest challenges in planning for the future?



Source: Deloitte Dbriefs webcast, July 15, 2020

Climate, Sustainability & Purpose

Putting stakeholder capitalism into practice



Do stakeholders look skeptical when you bring up ESG, or do they want to know more?

Cultivating a sense of purpose is increasingly a priority for workers, customers, and other stakeholders. But how is purpose defined, can it contribute to value creation, and what's the key to making it tangible for all stakeholders? Answering such questions requires an examination of the dynamics within your organization and industry. Start with what workers, customers, and vendors are thinking and saying about what matters to them and check how closely their answers align with the goals of leadership. Of course, much of the meaning behind purpose extends beyond the theoretical realm: Regulators are refining their expectations for reporting and disclosing issues related to climate and other ESG impacts.

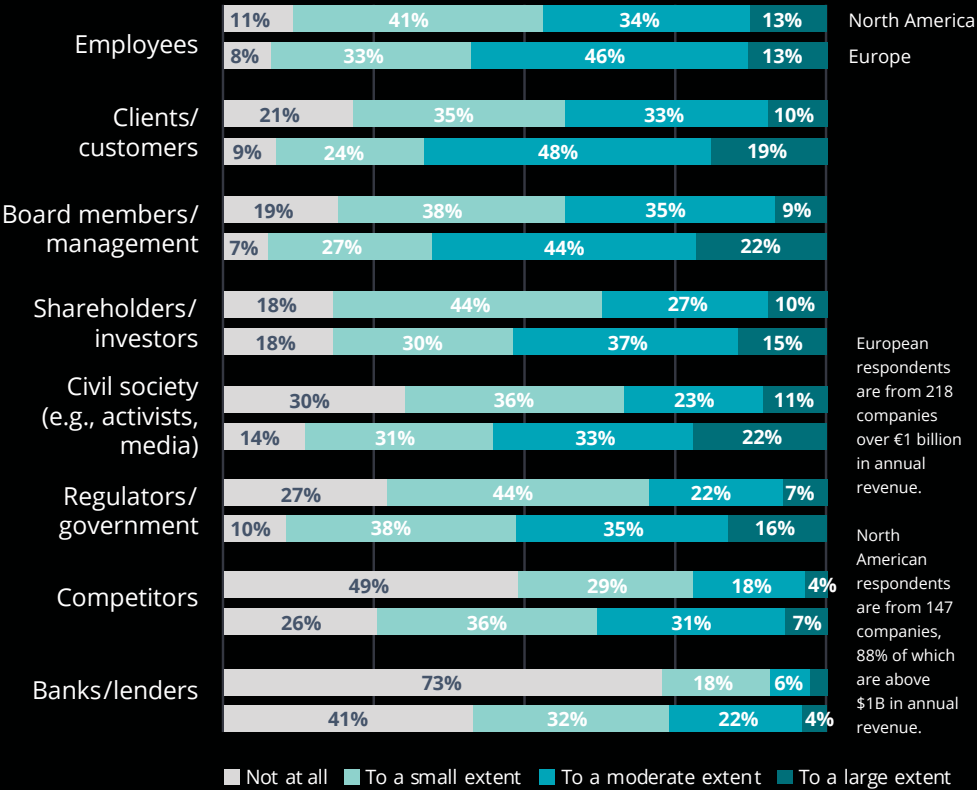
CFOs may want to ask: Does our sustainability statement go far enough to outline a broader sense of values? How is financial reporting expected to be reshaped by new regulatory requirements two to five years from now, and do we have the processes in place to comply? Will the company reach its stated goal of net-zero emissions by 2030—and if so, how? Closer to home, have our finance recruiting policies shown solid, quantifiable progress toward our DEI goals in recent years?

Climate, Sustainability & Purpose: Putting stakeholder capitalism into practice



The importance of ESG has grown dramatically in recent years and now provides a solid underpinning for risk management. By weighing the impact of ESG-related challenges on investments, CFOs play a role in helping provide another path to align business strategy with broader societal values. Many finance chiefs are charged with creating structures for measuring, reporting, and monitoring the impact of ESG risk, as well as the advancement of social and diversity initiatives. What can be gained along the way is a view into unexpected opportunities that may require adjusting the business model and evolving the value proposition to reflect and execute the company's ESG goals. Finance will be central to the discussion from a planning and operational standpoint, rather than simply reporting.

Pressure to act on climate change:
To what extent does your company feel pressure to act on climate change from your stakeholders?
Percent of CFOs selecting each level of pressure from each stakeholder group



Source: European CFO Survey, Autumn 2019

Enterprise Risk & Regulation

Striving for transparency amid growing global complexities



Is finance doing all it can to prepare the organization for new regulatory demands, investor expectations, and geopolitical risks?

At a time when technology is enabling finance departments to collect, analyze, and report more information from across the enterprise, investors and others have increased demands for in-depth ESG reporting on organizations' impact on society and the surrounding world. And regulators around the globe are poised to raise the bar. When it comes to enhancing the quality of their ESG metrics, CFOs will likely find their organizations facing a broad range of reporting requirements—and regulatory bodies—outside the United States. In the US, with sustainability reports coming under heightened scrutiny, the SEC is expected to issue formal climate disclosure requirements. Many organizations cannot stay still amid growing demands for ESG reporting, and finance will need to be at the center of any plan of action.

CFOs may want to ask: Is our assurance over ESG disclosure strong enough, and how can it be better? Do we have a framework for the systems and processes needed to report on climate impacts when new regulations emerge? How can our tax and compliance teams develop a comprehensive grasp of changing regulatory requirements across the US and around the world? And are we prepared to fend off a host of risks in our own surroundings and beyond?

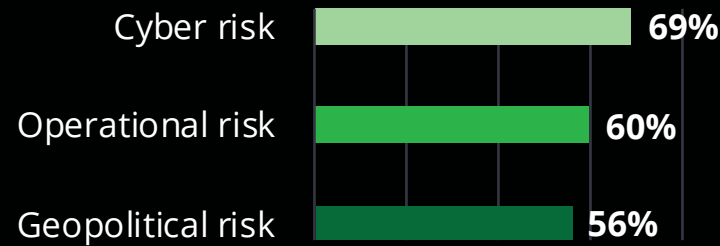
Enterprise Risk & Regulation: Striving for transparency amid growing global complexities



In the area of tax, new operating models and technologies are helping companies plug the gaps and create new efficiencies in anticipation of a wave of new regulations. As business models transform, tax leaders may feel pressured to bring to bear their analytical expertise. That makes it increasingly important to have the right skillsets in place to manage under changing conditions and to provide strategic input for any transaction or change in strategy.

On the global front, China’s growing economic dominance, trade tensions, and IP concerns have created ongoing issues as well as supply chain challenges. Those concerns have been compounded by recent developments in Ukraine. Managing these top- and bottom-line risks will require finance teams to perform at their most agile.

CFO Signals™ survey 3Q 2021:
Identify your top three supply chain risks:



Source: CFO Signals™: survey 3Q 2021

CFO Signals™ survey 4Q 2021:
Most worrisome external risk?

Inflation topped the list of CFOs’ most worrisome risks, followed by supply chain issues and potential changes in government policies and regulations. Again, CFOs see talent/labor and wage inflation as significant external risks, not just internal ones. COVID-19 and its variants, cybersecurity, and geopolitical developments also stand out as significant external risks.



Source: CFO Signals™: 4Q 2021

Data & Cybersecurity

Zeroing in on data to inform decisions and protect network security



Is your organization adequately protecting the enterprise-wide systems that help drive growth and maintain operations?

To support the enterprise, CFOs need to know what data they have, whether it's the right data, and how they can access it. Successfully separating the signal from the noise—and getting timely information into the right hands—can separate leaders from laggards. Indeed, in the eyes of many CEOs these days, the lack of effective data management can be a serious obstacle to growth.

Providing stakeholders with a real-time stream of actionable information is not easy. To do so, many finance chiefs are consolidating and harmonizing data sources, including legacy systems. CFOs are also beginning to embrace new forms of AI and machine learning—dazzling tools that can help identify and standardize the most valuable data in the pipeline but can also overwhelm tech-challenged team members. At the same time, CFOs are looking to ensure that vital sources of data are protected and back-office systems secured.

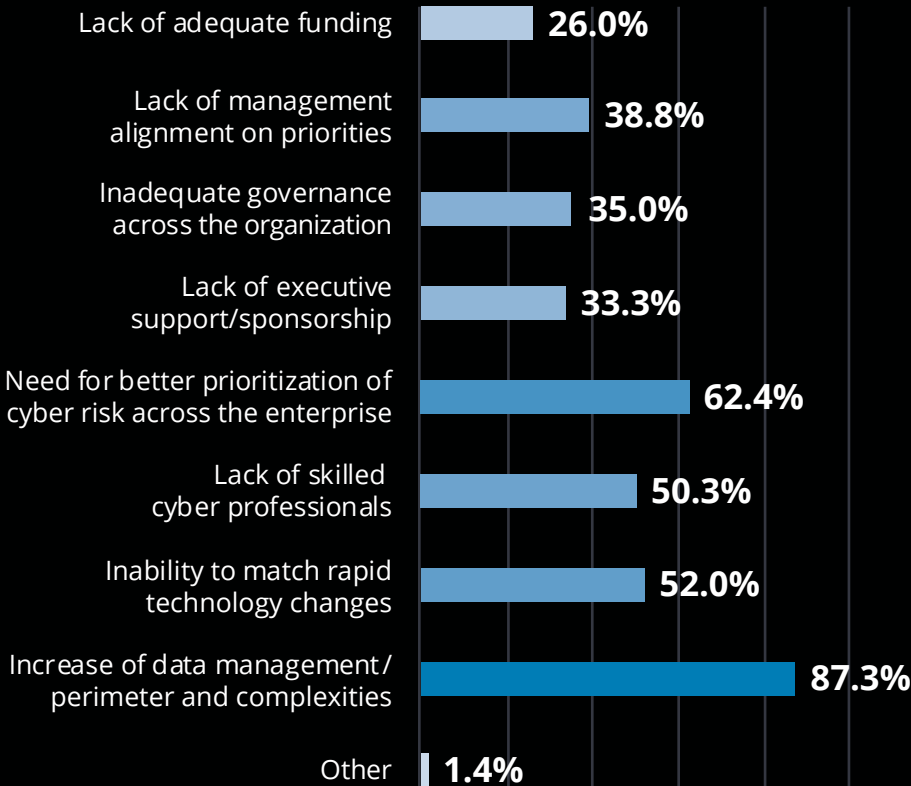
CFOs may want to ask: What processes and governance should we adopt to help us mine more data and turn it into a competitive advantage? Is the finance function working with other departments to safeguard critical information systems?

Data & Cybersecurity: Zeroing in on data to inform decisions and protect network security



Given current global volatility, it's hardly surprising that CFOs are ramping up the use of scenario planning and modeling to predict potential shocks that could affect their ability to serve customers or end up snarling supply chains. Pulling the right data can also help a business meet ever-expanding customer needs. And the availability of real-time information enables the finance function to deliver against its priorities, providing insights into key enterprise decisions such as capital allocation and potential acquisitions. This underscores CFOs' roles as shapers of corporate strategy.

Deloitte 2021 Future of Cyber Survey:
In your opinion, what are the biggest challenges in managing cybersecurity across your organization?



Source: Deloitte 2021 Future of Cyber Survey

Innovation

Leveraging digitization to drive value



Does your finance organization have the capabilities to help your business disrupt the market?

While global businesses typically collect mountains of data, much of it remains trapped in siloed systems. The lack of connectivity can make it difficult for anyone in the C-suite to tap into a larger, more diverse knowledge base, a less-than-ideal situation that can severely hamstring decision-making. Worse, data is being consumed faster than CFOs can supply it. This may explain why, in response to a **North American "CFO Signals"™** survey conducted in the second quarter of 2021, 40% of finance chiefs indicated that upgrading technology/systems is the most important enterprise transformation project their organizations are currently undertaking or will undertake.

CFOs may want to ask: Do we know where all our data resides? If so, have we deployed AI and machine learning programs to sift through the data, providing actionable insights and fueling predictive analysis? Are we getting the operational side of the business the data it needs?

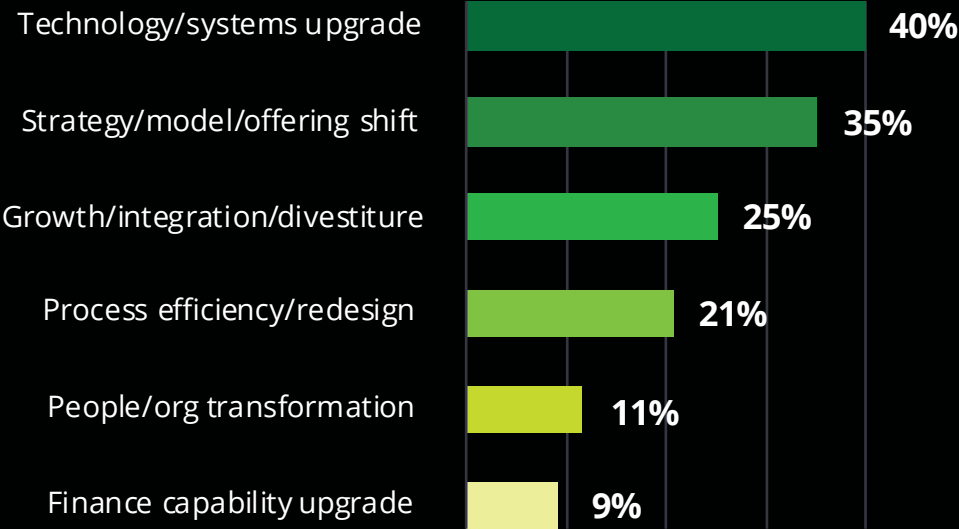
Such initiatives are being driven by a seismic shift in business models. The pandemic has seen many organizations reinvent themselves, morphing from producers of products to providers of services. Building out direct-to-the-consumer capabilities—primarily through ecommerce platforms and online ordering systems—has provided organizations with new touch points. Effectively managing those touch points, however, requires more data, delivered faster, along with laser-focused insight. Reaching that goal may require CFOs to evaluate the kind of enterprise-wide reporting systems the organization can rely on to supply real-time analysis, as well as assessing the finance function's ability to collect and synthesize data from all customer touch points.

Innovation: Leveraging digitization to drive value



The “Great Resignation” has, at the same time, left many enterprises short on talent. This, in turn, has put a premium on innovation, as companies rethink internal and external processes. The finance function, which typically oversees a welter of back-office systems, has been presented with a simple but difficult challenge: Do more with fewer people. Failure to do so successfully risks eroding the enterprise’s competitive advantage.

CFO Signals™ survey 2Q 2021:
What is the most important enterprise transformation your company is undertaking or plans to undertake?



Source: CFO Signals™ survey 2Q 2021

Agility

Developing a dynamic finance capability



Are you transforming the finance function fast enough to help shorten time to value?

The need for agility in the face of volatility has led many CFOs and other C-suite executives to rethink the role of the corporate finance function. CFOs are now looking beyond the monthly close, finding ways to provide more dynamic support to the enterprise. The ability to pivot quickly, to provide insights in a timely manner, to reduce cycle times—in short, the need for speed—is now at the top of the list.

This goes beyond automating discrete activities. An example: Enterprises are continually looking to shorten time to value. Getting new products and services into the hands of customers faster can be a differentiator for many businesses. A finance function that is not capable of supplying decision support or relevant data in a timely fashion slows the entire process, thus delaying the payoff from the investment. The same holds true for spending on upgrades to internal systems.

Simply put, agility is a means of getting to outcomes faster. But becoming agile doesn't happen fast. Projects aimed at boosting the nimbleness of a finance department compete for dollars with other enterprise priorities. Talent shortages only complicate matters.

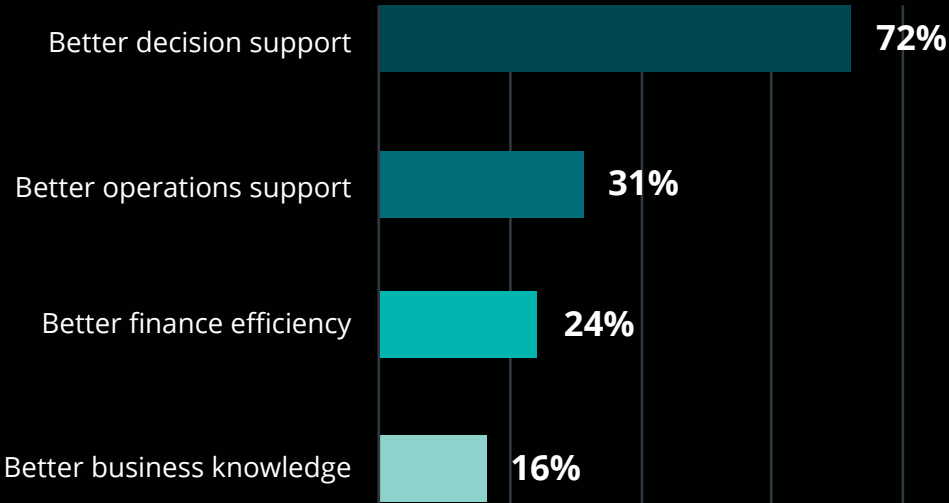
CFOs may want to ask: Do we have the people, skillsets, and technologies to make finance transformation a reality? Do we have enough capability in finance to support maximum agility in our transformation approach? Have we defined what the future of finance looks like?

Agility: Developing a dynamic finance capability




The demand for agility is not likely to ebb anytime soon. As new business models emerge and breakthrough technologies hit the market, CFOs must respond quickly to support the enterprise. Finance must be “at the ready” to experiment, test hypotheses, scale up/down, plan scenarios, and be a consistent enabler of enterprise strategy. Indeed, agility is more than just a buzzword. It is an imperative to transform finance from a function into a dynamic capability of the organization.

CFO Signals™ survey 2Q 2021:
As a result of the transformation, what new/expanded services and capabilities will finance have to provide going forward?



Source: CFO Signals™ survey 2Q 2021

Moving on and pushing ahead



What the initial spread of the COVID-19 pandemic didn't immediately lock down, it sped up. Many organizations and their CFOs hit the accelerator on their digital transformation initiatives. They found ways to efficiently deploy capital to make necessary investments—in scaling infrastructure and fortifying cybersecurity to accommodate remote work, for example. Moreover, they improved access to meaningful data and analytics for faster and improved scenario planning.

The roaring pace of change not only upended preexisting priorities but also exerted a broader impact on the CFO role and on how finance leaders operate within their organizations. The accumulation of challenges and technologies has broadened the purview of CFOs, requiring them to serve as catalysts for creative thinking: driving value-creating innovation, accelerating digitization, and pivoting strategy as needed to strengthen performance and boost ROI.

Although weekly reforecasting or monthly scenario planning may wane along with the pandemic, CFOs are not likely to revert to their prior ways of doing things. No doubt, they will continue to oversee capital allocation, financial reporting, risk management, and other traditional core activities. At the same time, many finance executives find themselves facing new expectations from their own management, investors, and a host


of internal and external stakeholders, and having to balance sometimes competing demands.

Together these additional expectations have elevated CFOs' status within and beyond their enterprise. No longer primarily stewards of financial assets, finance chiefs are now seen as drivers of financial performance. As such, CFOs are expected to play a larger role in a range of enterprise endeavors—from redefining the models for their workforce, work, and workplace in light of the "Great Resignation," to transforming their organizations' business and revenue models to meet customer demand and compete more effectively. They are also tasked with navigating a growing set of challenges, including inflation and volatility, geopolitical tensions, expanding regulations, cyberattacks, and rapid technological change. Furthermore, these challenges present a level of uncertainty and ambiguity not seen for decades, requiring CFOs to sharpen their ability to understand and assess the continually shifting landscape, both internally and externally.

Finally, the evolving and expanding responsibilities that are falling to CFOs demand that they demonstrate their own agility as leaders and equip the enterprise with what it may need most: insight on what drives its value and what fulfills its purpose—and options to maximize both.

About Deloitte's CFO Program

The CFO Program brings together a multidisciplinary team of Deloitte leaders and subject-matter specialists to help CFOs stay ahead in the face of growing challenges and demands. The program harnesses our organization's broad capabilities to deliver forward thinking and fresh insights for every stage of a CFO's career—helping CFOs manage the complexities of their roles, tackle their company's most compelling challenges, and adapt to strategic shifts in the market.

For more information about Deloitte's CFO program visit our website at: www.deloitte.com/us/thecfoprogram.  Follow us @deloittecfo

Deloitte *CFO Insights* are developed with the guidance of Dr. Ajit Kambil, Global Research Director, CFO Program, Deloitte LLP; Lori Calabro, Senior Manager, CFO Education & Events, Deloitte LLP; and Josh Hyatt, Manager/Journalist, CFO Program, Deloitte LLP.

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