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Inside the Mind of Today's CFO

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Switched to Deloitte's Consulting practice

Relocated to Ireland to manage the **EMEA CFO Programme**

Presenting in Croatia



Managed projects across the US and Canada

Supported the **Global CFO Programme**

Joined the **US CFO Programme**

Started with Deloitte's Advisory practice

Graduate university in Colorado

Studied in South Africa

Undergraduate university in New York

Grew up in Oregon

Born in Colorado



Two BIG Questions

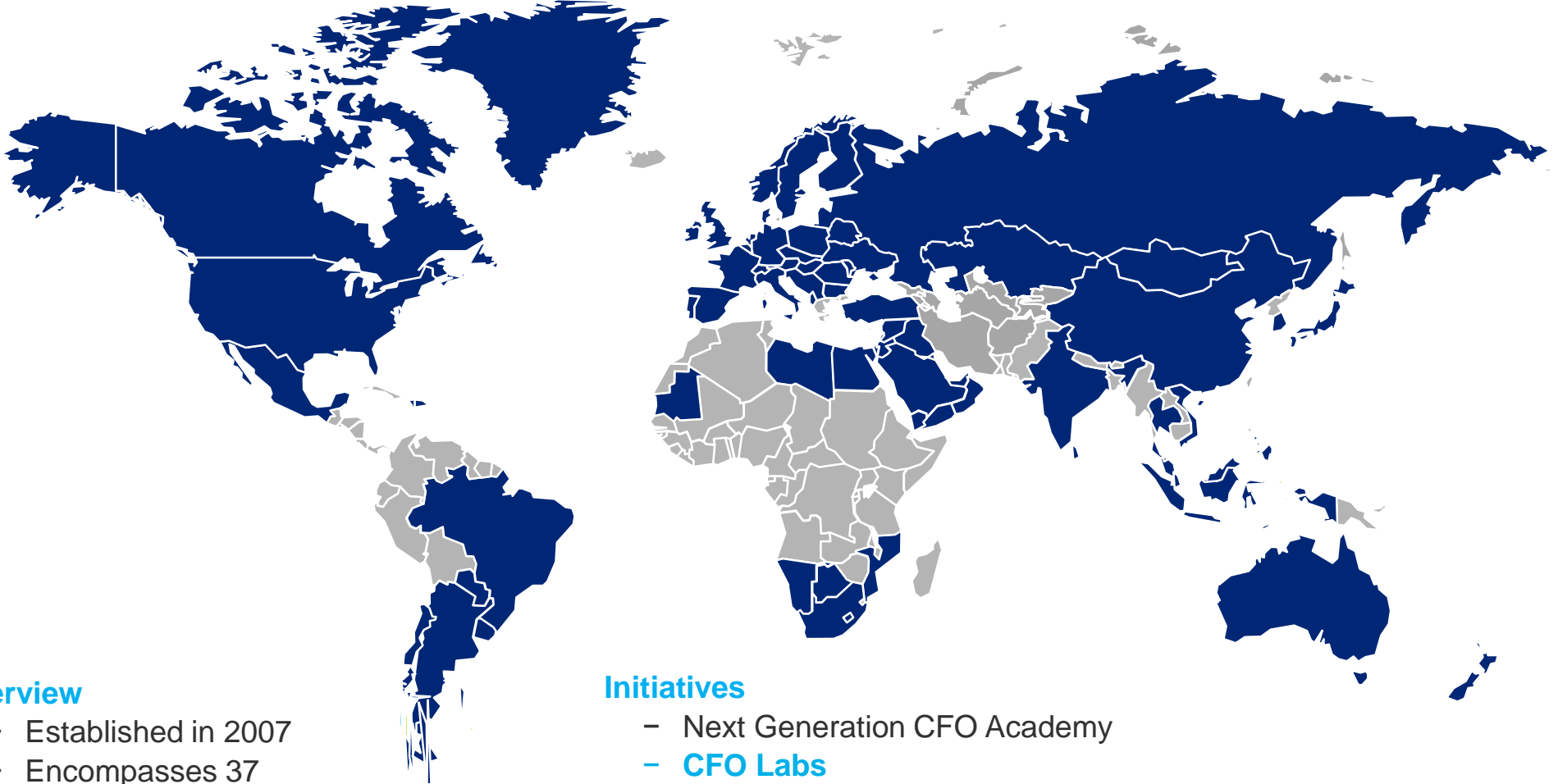
How to think about your role as a CFO

What's keeping CFOs awake at night

1 ■ How to think about your role as CFO

CFO Programme Overview

CFO Programme Overview



Overview

- Established in 2007
- Encompasses 37 countries, 26 within the EMEA region

Initiatives

- Next Generation CFO Academy
- **CFO Labs**
- **CFO Survey**
- **CFO Insights**
- CFO Forums
- CFO Journal
- CFO Conference
- CFO App

The Four Faces of the CFO

“The role of the CFO continues to evolve and indeed has become considerably more complex”

The Four Faces of a CFO

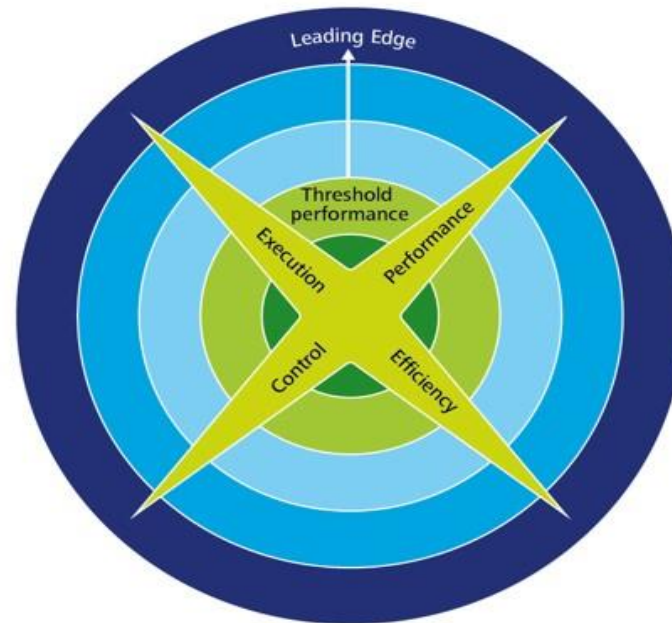
Alongside the traditional roles of Steward and Operator, CFOs are also expected to perform as Strategists and Catalysts

Catalyst

Catalyse behaviours across the organisation to execute strategic and financial objectives, while at the same time creating a risk intelligent culture

Strategist

Provide financial leadership in determining strategic business direction, M&A, financing, capital market and longer term strategies, which are vital to the future performance of the company



Steward

Protect and preserve the critical assets of the organisation and accurately report on financial position and operations to internal and external stakeholders

Operator

Balance capabilities, talent, costs, and service levels to fulfill the finance organisation's core responsibilities efficiently

2. What's keeping CFO's awake a night

CFO Survey

“There are a variety of concerns, both internal and external, that CFOs and their teams need to address to ensure the finance function is effective in supporting the business”

External factors dominate business risks (1/2)

Which of the following factors are likely to pose a significant risk to your business over the next 12 months?

| | Risk 1 | Risk 2 | Risk 3 | Risk 4 | Risk 5 |
|------------|--|--|------------------------------|--------------------------------------|--|
| AUS | Increasing business regulations domestically | Geopolitical risks | Shortage of (skilled) labour | Unstable financial System | Increasing cost of personnel |
| BEL | Economic outlook / growth | Competitive position in the market | Shortage of (skilled) labour | Changes in regulation | Euro exchange rate |
| FIN | Reduced demand | Outlook of Finnish economy and competitiveness | Foreign competition | Cost of labour | Country risk - Russia |
| FRA | Global and European economic uncertainty | Fiscal and social policies in Europe | Euro exchange rate | The growth in emerging countries | The increase in the price of raw materials |
| GER | Weaker foreign demand | Geopolitical risks | Weaker domestic demand | Exchange rate risks (same rank as 3) | Weakness in emerging markets |
| IRE | Market | Strategic | Operational | Finance | N/A |
| ITA | Loss of competitiveness compared to international rivals | Local market reduction | Regulatory changes | Increase in labour costs | Increase in supply costs |
| NOR | Reduced domestic demand | Reduced foreign demand | Increasing cost of personnel | Exchange rate risks (same rank as 3) | Foreign competition |

External factors dominate business risks (2/2)

Which of the following factors are likely to pose a significant risk to your business over the next 12 months?

| | Risk 1 | Risk 2 | Risk 3 | Risk 4 | Risk 5 |
|------------|--|---|--|--|--|
| POL | Market pressure for price decrease of offered goods / services | Decrease of domestic demand or recession (joint rank 2) | Geopolitical risk (joint rank 2) | Decrease of foreign demand or recession (joint rank 4) | Shortage of capital (joint rank 4) |
| POR | Global Political or economic instability in foreign markets | Domestic public policies (fiscal, tax, labour regulation, social legal, etc.) | Stress in the financial system | Exchange rate risks | Weaker domestic demand |
| RUS | Stress in the financial system | Domestic Weak domestic currency | Weak domestic demand | Organic profit decrease | Deterioration of cash flow |
| SPA | "Fragile" global economic recovery, uncertainty | Margin deterioration due to lack of flexibility in pricing | Currency Margin deterioration due to cost pressures | Availability of talent / talent management | Ability to maintain market share |
| SWI | Strength of the domestic currency | Increasing business regulations domestically | Geopolitical risk | Talent Shortage of (skilled) labour | Weaker foreign demand |
| UK | The prospect of higher interest rates and a general tightening of monetary conditions in the UK and US | Weakness and/or volatility in emerging markets and rising geopolitical risks in Middle East / Ukraine | Deflation and economic weakness in the euro area, and the possibility of a renewed euro crisis | The UK referendum on membership of the EU | Demand A bubble in housing and/or other real and financial assets and the risk of higher inflation |

Cost measures remain top strategy (1/2)

Please state to what degree the following strategies are likely to be a priority for your business over the next 12 months?

| | Strategy 1 | Strategy 2 | Strategy 3 | Strategy 4 | Strategy 5 |
|------------|--------------------------------------|---|--|---|---|
| AUS | Organic growth | Introduction of new products / services | Cost reduction | Increase in operating cash flow | Hiring new talent |
| BEL | Increasing productivity / efficiency | Cost control | Organic growth | Increasing cashflow | Cost reduction |
| FIN | Organic growth | Cost reduction | Increasing cashflow | Introduction of new products / services or expanding into new markets | Expansion through acquisitions |
| FRA | Organic growth | Cost control | Cost reduction | Introduction of new products / services | Expansion through acquisitions |
| GER | Cost reduction | Introduction of new products / services | Increasing cash flow | Growth via takeovers / acquisitions (joint rank 4) | Expansion into new markets (joint rank 4) |
| IRE | Cost control | Organic growth | Cost reduction | Balance sheet optimisation | Introduction of new products / services |
| ITA | Cost control | Cost reduction | Introduction of new products or market expansion | Increasing capital expenditure (CAPEX) | Expansion through acquisitions |
| NOR | Cost reduction | Focus on core business | Organic growth | Revenue growth in current markets | Expansion through acquisitions |

Cost measures remain top strategy (2/2)

Please state to what degree the following strategies are likely to be a priority for your business over the next 12 months?

| | Strategy 1 | Strategy 2 | Strategy 3 | Strategy 4 | Strategy 5 |
|------------|-------------------------------------|---|------------------------------|---|---|
| POL | Revenue growth (current markets) | New investments | Revenue growth (new markets) | Improved liquidity | Cost reduction (indirect costs) |
| POR | Cost control | Cost reduction | Working capital efficiency | Organic growth | Introduction of new products / services |
| RUS | Ongoing cost control | Cost reduction | Investing in organic growth | Increasing cashflow | Introducing new products / services |
| SPA | Increased productivity / efficiency | Cost reduction | Organic growth | New products / services | Increased investments |
| SWI | Cost control | Organic growth | Cost reduction | Introduction of new products / services | Expanding into new markets |
| UK | Organic growth | Introduction of new products / services or expanding into new markets | Increasing cashflow | Cost reduction | Expansion through acquisitions |

Controlling Costs

Increasing Cash Flow

Exploring External Growth Opportunities

CFO Insights

“Good order is the foundation of all good things”

Internal Challenges



Technology

Analytics
Security



Talent

Competition
Development



Performance

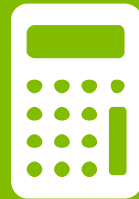
Business Partnering
Investor Relations

External Challenges



Global

US/Asia
Rate Changes



Regional

TTIP
Digital Single Market



Commodity

Geopolitics of Energy
Regulations

CFO Labs

“I had to re-recruit my team, show my team I was going to do something different, and show my internal customers we were going to do something different.”

CFO Labs

Emergent Concerns



Reframing the Equity Story



Carve-outs/Dealing with Declining Markets



Regulatory Affairs



Culture Change



Risk (cyber-security)

Most Frequent Priorities



Talent



Improving Financial Planning and Analysis



Communications and Teaming Enterprise Wide



Corporate Strategy



Increasing Operational Efficiency

A roadmap for the first few days as a new CFO

On average, 40% of new CFOs leave within 18 months of taking up the position



Time

The one irrecoverable asset of all CFOs is time. Most CFOs operate initially with a mind-set of a six month milestone to assess priorities and focus on what is important to really make an impact.



Talent

Great talent not only makes you look good but helps you make the most of your time. Often, a new CFO's biggest regret is not moving fast enough on their talent challenges and opportunities.



Relationships

Not surprisingly, to be successful executing finance priorities, CFOs must build relationships with the CEO, Board, business leaders and stakeholders. Understanding which relationships support which priorities is essential.

The board wants to see that the CEO and CFO are working as a team but I need to be prepared to challenge where necessary.

I have to make very positive choices about where I do and don't spend my time. There's no point in trying to do a bit of everything because I won't make the impact I need.

Making changes to a team must be handled with care; if you act hastily it can be viewed as trying to make your mark, yet if you don't act swiftly you can be viewed as weak.



How will you organise your team?

One of the biggest regrets of CFOs is not dealing with talent issues early on

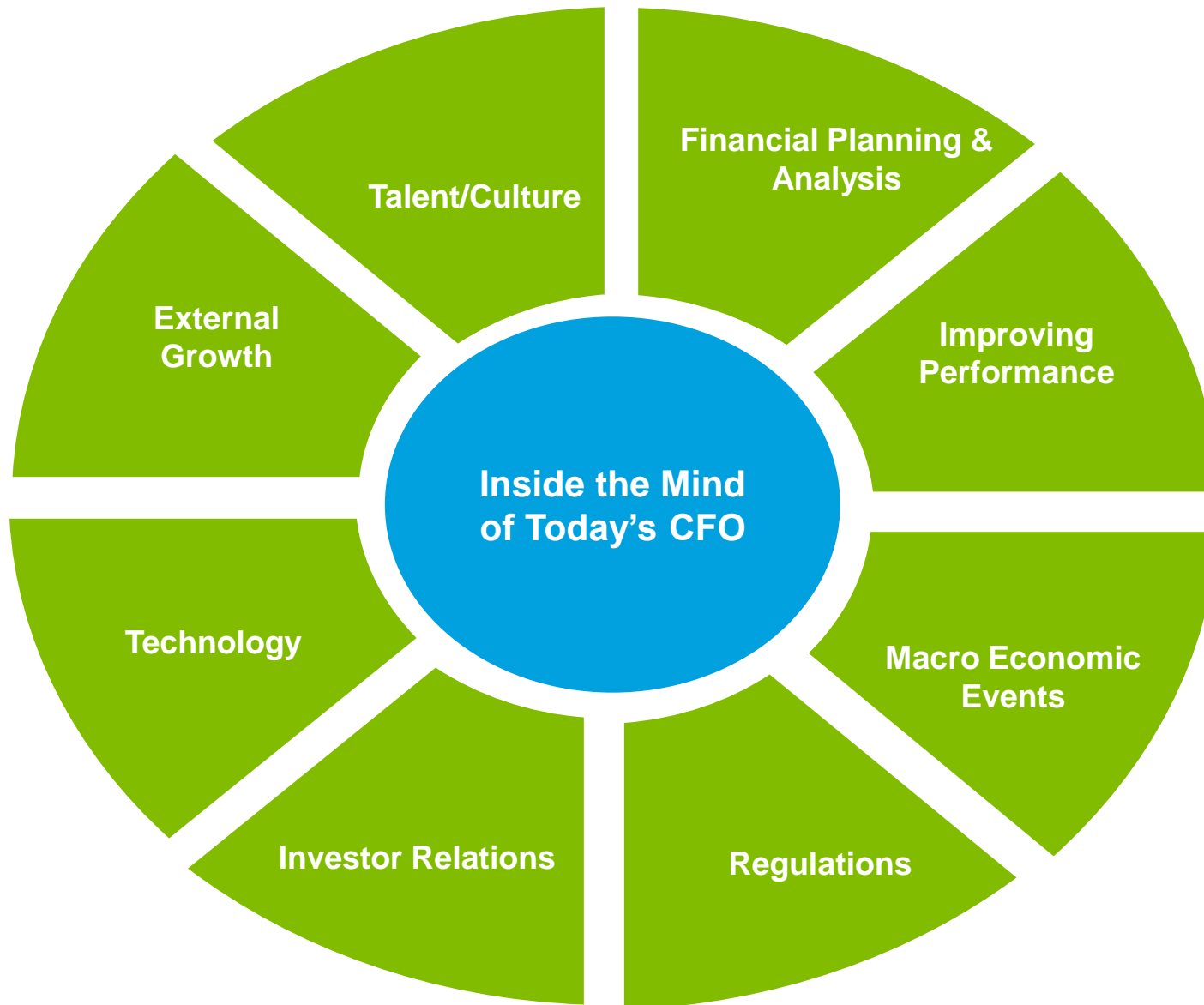
Key Insights

- Pinpoint the people you have confidence in, and determine who your star performers are
- Get your team fixed quickly – trust your instinct
- Do your best people have capacity?
- Recognise individuals who may be flight risks
- Identify the individuals in your team who create energy, and also those who drain energy
- Do you have succession plans in place?
- Is there anybody internally in the business who wanted your role?
- Is Finance structured optimally to achieve business objectives?



Conclusions

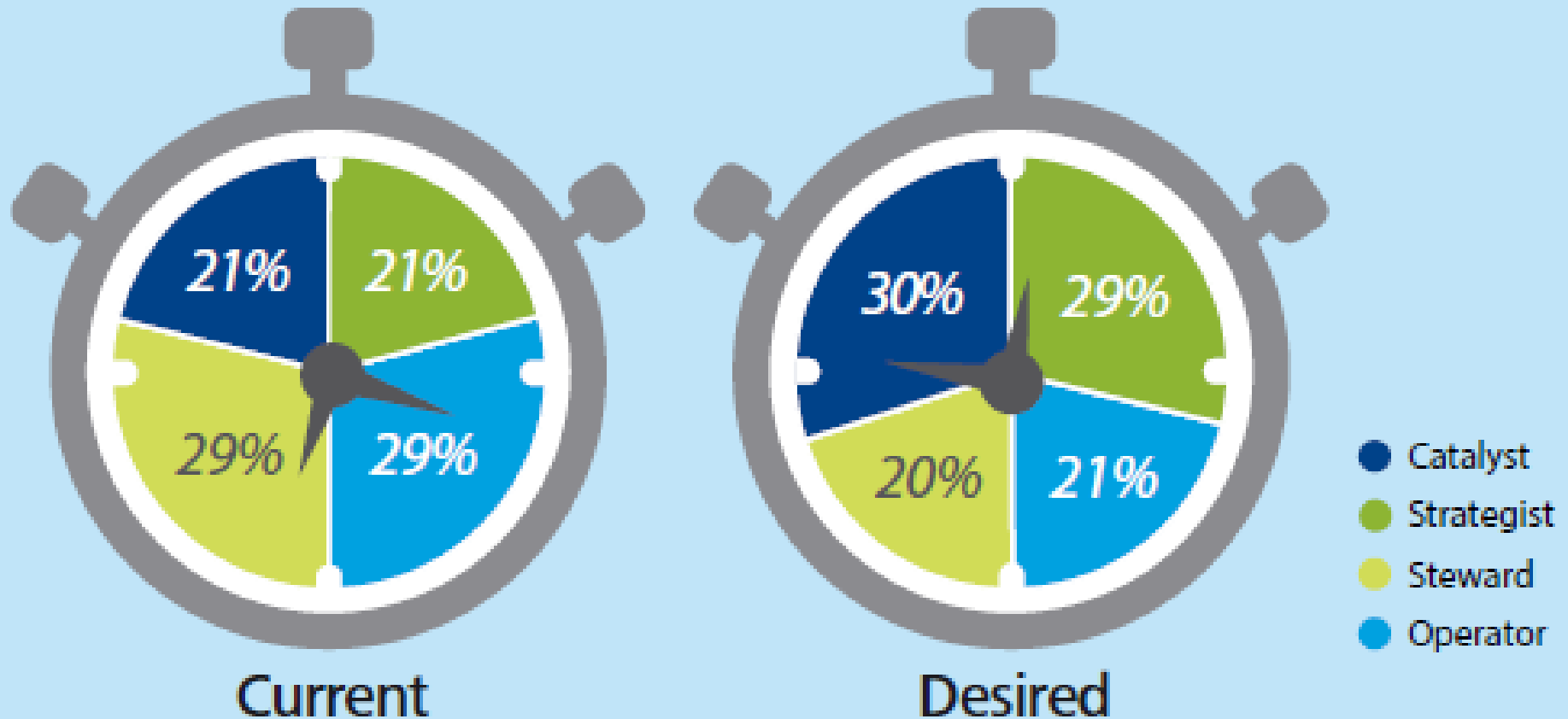
Closing Themes



Insights from over 1,000 CFOs

Shift from Steward / Operator to Strategist / Catalyst

How time is allocated across the four faces of the CFO





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