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Spotlighting the best of *CFO Insights*, 2023

There's no question that, for CFOs, 2023 will forever be remembered as the year that generative artificial intelligence (GenAI) finally burst onto the business scene.

While the technology has been around for years, many corporations have been relatively slow in embracing the deep learning tool. This year it happened. In our 3Q 2023 *CFO Signals™* survey, 42% of respondents say their companies are experimenting with GenAI.

But the past year should also be remembered for what didn't happen. CFOs' jobs probably did not get any easier. CEOs likely didn't depend any less on their CFOs. Shareholders and stakeholders did not ease up on their demands for accurate and reliable data in such areas as environmental, social, and governance (ESG) efforts.

Through it all, CFOs continued to serve as strategic partners to CEOs while also meeting demands for an ever-more efficient finance function.

For CFOs, the year represented a continued scaling-up of their role from history-focused gatekeepers to company strategists, partnering with the business to drive future performance, and helping define a path for profitability and sustainable growth. Macroeconomic uncertainty continued to test their flexibility and nimbleness in meeting the needs of the business.

At *CFO Insights*, we stretched to address a wide range of issues, from extracting financial value from digital transformation to adapting lessons from sport psychology. What follows are seven of our—and our readers'—favorite articles of 2023, suitable for reading and re-reading.

1. The CFO Agenda

   These days, there's hardly a shortage of business articles proclaiming that the role of the CFO has evolved in recent years. But the bigger story may be how the scope of the job—the magnitude—has expanded, with finance leaders ascending beyond functional leaders to serve as companywide catalysts. The corporate CFO is now involved in nearly every aspect of a business' global operations. Indeed, if a shock hits a company, the finance function may feel it first—and will likely be involved in addressing it.

   In this article, we identify seven trends that are shaping the CFO's agenda—now and in coming years. These seven drivers not only reveal the many asks of the CFO but also the out-sized impact the chief financial officer can have on a company's performance.

2. For Newly Hired CFOs, Building A Sturdy Talent Framework May Take Seven Pillars

   Our quarterly *CFO Signals*™ survey has repeatedly shown that talent remains a top concern for chief financial officers. A tight job market, inflated wage expectations, and job hopping can make it difficult for CFOs to attract and retain qualified workers. Finance chiefs who are new to the job face additional pressure. It can be difficult to meet board expectations if the team a CFO inherits isn't up to the job.

   This article identifies some components underpinning an effective talent framework—a blueprint that can help incoming CFOs build motivated and skilled finance teams.

3. The human touch: How CFOs can support a culture of well-being

   Over the past few years, employee wellness has become a key initiative for many corporations. But despite some hefty investments in wellness initiatives, some question whether the programs alone actually make a difference. Case in point: a 2023 Deloitte survey found that about three-quarters of CXOs believed that employee well-being had improved in the past year. In contrast, roughly one-third of employees said it had.

   This article examines that disconnect—and how CFOs can promote the utilization of company well-being programs.

4. The incalculable potential—and potential pitfalls—of the quantified organization

   With the arrival of AI, companies can now tap formerly unavailable sources of worker data: emails, social networks, and the like. Collecting and analyzing this unstructured information could help employers uncover the habits of their high-performing teams, identify adjacent skills, and keep tabs on the physical state of workers. But to get there, corporations should first gain employees' approval—and trust. And they will need to comply with relevant regulations.

   Here, we invite readers to witness the dawn of the Quantified Organization, a digitally driven, data-based approach to corporate management.

5. Rethinking the value equation: How CFOs can catalyze value creation for a broader group of stakeholders

   Finance leaders have traditionally measured value creation through the lens of shareholders, seeking to maximize their returns. But regulators, investors, and others have begun calling for more extensive reporting for a broader range of stakeholders—including employees, customers, and environmental advocates.

   Towards that end, this article unveils the new Sustainable Value Map™, designed to help guide CFOs in driving long-term value creation within a multi-stakeholder context. The new tool helps finance leaders gauge what matters most to each group and manage the tradeoffs between the interests of those stakeholder groups.

6. For finance leaders, promoting a culture of cash could make sense

   Encircled by economic uncertainty, finance executives may find it imperative to reach across the company and turn the institutional focus to rigorous liquidity management. But some sitting finance chiefs likely have little or no experience managing in an environment where both interest rates and inflation are challenging. What's more, factoring liquidity in almost every decision can be tough, requiring substantial shifts in alignment and corporate mind-set.

   Cash-flow forecasting tools can help, providing CFOs a window into building an integrated, operations-based view of cash flow. Companies that take this approach may not have the best model or the most comprehensive assumptions to go on. But they can be better positioned to provide organizational transparency into how each function's actions influence liquidity—helping then build a buffer to mitigate uncertainty.

7. How ESG disclosures may expand the nature of the CFO's role

   What steps are companies taking to prepare for the SEC's much-anticipated final rules regarding climate-related disclosures for investors? A Deloitte report found that 45% of them have yet to lay the cross-functional groundwork required to integrate ESG disclosures into both business operations and long-term strategy. "While most companies are beginning to take meaningful steps toward enhancing their ESG disclosures, some challenges remain," according to Deloitte's Sustainability action report on preparedness.

   A sizeable share of those forthcoming ESG-related challenges—including compliance and investments in ESG projects—could fall under the purview of CFOs, given their responsibility for companywide data and oversight over budgetary matters. This analysis explores some issues for CFOs to consider as they prepare for the SEC's final disclosure rules and the challenges associated with compliance.

Speaking of new challenges, CFOs will undoubtedly confront many of them in 2024. The only one we can be sure of: the need for finance leaders and their colleagues to keep growing, gaining a deeper understanding of what it takes to compete in a disruptive world.

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