The only thing that an optimist cannot view as positive is a pessimist. This is certainly what has transpired from the Deloitte Middle East CFO Survey of October 2009*. Whether this optimism is warranted is arguable, but one thing is certain, CFOs have an opportunity to position themselves as indispensable assets to their respective organizations.

Chief Financial Officers (CFOs) interviewed for the Deloitte Middle East CFO Survey were confident as to improving business conditions in the near-term. They were optimistic about demand for their company’s goods and services, improving operating cash flows and the increasing attractiveness of private equity and M&A opportunities in the next year, underpinned by relatively strong regional GDP growth forecasts compared to other parts of the world for 2010.

Whether this rosy outlook is realistic or not, some facts remain: business will continue and it will do so in an increasingly competitive, complex and changing environment, and the CFO role has never been as critical for the survival of the company. The CFO, in this context, is forced toward the forefront of their organization, both, as an administrator of change from a governance perspective and by serving as an analyst and strategist in interpreting the changing external environment.

Every cloud has a silver lining ... (the CFO as Steward)

With scandals and cases of fund mismanagement tainting the financial world the CFO can look forward to a stronger organization from a corporate governance perspective. Raising funds on the international markets will increasingly require stricter regulations and directors and senior management will be increasingly held accountable (liable even) for their companies’ operations. The CFO will be empowered to ensure that proper company policy and procedures are in place and complied with rather than acquiescing to any individual’s whims (such as the CEO).

Gone are the days of the lone CEO making deals with his trusted ten-key calculator as his advisor, and sending back email instructions to the office for his CFO to “take care of the paperwork”. If the CEO were the Lone Ranger, he’d better make room for Tonto his CFO to ride with, and guide him.

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* The Deloitte CFO Survey is a survey of major corporate users of capital that gauges attitudes toward the general economic outlook, financing valuations, and risk. The 2009 third quarter survey was conducted between July and September 2009. To download a copy of the Deloitte CFO Survey, please visit www.deloitte.com, select any ME location, click on “Insights.”
The fast and the furious ... (the CFO as Strategist)
The external business environment is changing at breakneck speed, giving the CFO an opportunity to be chief navigator in the company if it is to survive and chart a successful course. Firms in the Middle Eastern region have traditionally underutilized the CFO as mere financial controller. Their focus has been on producing timely monthly accounts rather than producing prospective information and metrics that would flag risk issues appropriately. Challenges in the external environment are also emanating from so many different directions – be they regulatory, technological, competitive or financial – that an organization can no longer afford to have their CFO sitting in the back office producing information that is, essentially, out of date in this environment.

The CFO needs to spend considerable time analyzing and interpreting these changes and their impact on the organization before the changes occur. Without this activity the organization becomes reacting rather than proactive, leaving itself vulnerable to market dynamics – maybe even getting acquired by another company guided by a more forward-thinking and instrumental CFO.

But firms can no longer compete with errant and unsystematic information. The CFO needs to ensure that they have the necessary skilled resources to produce information systematically and efficiently because there is little choice left in this regard. If the CFO is not freed up to spend more of their time on forward-looking issues and their organizations do not respond to the demand for reliable information, they will miss out on many opportunities and will no longer be in a position to compete.

When an Ostrich faces danger it hides its head in the sand ... (the CFO as Catalyst)
Companies in today’s business environment cannot “hide” from known risks and dangers and should pay close attention to their stakeholders’ expectations. Examples abound of organizations that have failed to manage stakeholder interest that has resulted in investor mistrust, loss of credibility as well as the loss of overall brand value. As focal points of a company’s corporate governance and information centers, CFOs have a leading role to play in managing timely stakeholder communications for the organization and promoting transparency.

Whether CFOs are justified in their optimistic outlook for business activity in the near-term is moot. What is certain is that the CFO are fast becoming indispensable to their organizations, and from that perspective, they can have a rosy outlook on their immediate future at least.

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