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Beyond the Numbers

Three Key Relationships for the
CFO of the Future



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Three Key Relationships for the CFO of the Future

Chief Financial Officers (CFOs) used to be seen as number crunchers, but times have changed. The role is becoming increasingly strategic and focused on relationships and leading the broader business. [According to research conducted by NetSuite with 166 CFOs](#), 82% of finance executives report that strategic planning is a major responsibility.

Relationship-building and influencing are increasingly integral CFO skills. Aside from the function of the role itself, businesses are also transforming rapidly due to external pressures and economic conditions, forcing CFOs to quickly expand their skill sets and prepare for changed responsibilities.

Within Asia-Pacific and Japan, the CFO of the future will need to be more people-focused than ever before. From advising other members of the C-Suite, to managing transitions to remote working and even playing a role in shaping customer experience, finance leaders in the region must carefully manage partnerships to

stay attuned to the business. Despite this, many CFOs are weighed down by non-strategic day-to-day tasks that reduce their capability for business leadership; the average CFO loses one full day of work a week to ineffective activities, according to Gartner. Building successful relationships outside the finance department is the biggest contributor to improving this, [according to its research](#).

This may mean becoming involved in areas that were traditionally thought of as outside the finance role – like marketing and HR – but are valuable to finance and the overall operations of the business. After all, finance underpins all activity and the path to stability. The CFO of the future requires strategic vision, technical expertise and people skills to manage the business effectively in a fast-paced environment.

NetSuite spoke with the finance leaders at customers in the region about the most important relationships the CFOs need to nurture, based on their own experiences.

1. The C-suite

C-level executives should work together like an orchestra, with the conductor, musicians, first chairs and score leading in their respective areas but also collaborating to achieve harmony. While more than half of CFOs cite executive collaboration as “very important,” [a full 73% say their executive team rarely, if ever, works together on projects](#) or strategic initiatives. However, [more than 80% of CFOs have a strong relationship with their CEOs](#), so it seems connecting with other executives in the C-Suite may be where efforts can best be applied.

Chris Tham, CFO of eyewear brand Bailey Nelson, believes forging strong partnerships with the entire leadership team is critical for business continuity, particularly when facing increased pressures. Finance, he says, adds value to every single department in the company and must be integrated throughout the business. This begins at the top, by having good working relationships with fellow C-level colleagues.

“Communication, relationship-building and storytelling are all extremely critical roles for a CFO,” Tham explained, adding that the finance team is often the one to lead planning meetings at Bailey Nelson. “Apart from foundational number skills, you’ll need to learn how to engage with the board and gain their support, as well as craft a compelling story to team members and to investors. With modern technology ensuring reporting can be done more efficiently these days, the key lies in the ability to put the story together.”

Relationships are integral to the CFO role, according to Kim Jeanneret, CFO of Australian sustainable packaging manufacturer, BioPak. “It’s a corporate services role. You’ve got HR, you’ve got workplace health and safety, and it falls under the remit of being the right-hand for both the CEO and board.”

While breaking out of siloes to collaborate with other departments can be challenging, CFOs that facilitate relationships with their peers can expect to benefit the business overall; [organisations in which the C-Suite collaborate long-term are the most likely to anticipate business success](#). It’s important that the CFO of the future possesses strategic vision and people skills to align with other leaders in the business and work cooperatively.

2. Current – and future - employees

CFOs now play an active role in managing, recruiting and developing the people needed to bridge the skills gap in the finance department. That includes commercial aptitude, persuasion and influencing skills as well as stakeholder management. [A recent global research from Blackline](#) revealed that only 14% of CFOs are confident that finance function has the skills needed to grow in the next 5 years.

Not only does the CFO have a broader role than ever before, but so too do their teams. Automation is already changing the way finance departments operate, freeing up team members from manual tasks and allowing them to go beyond just serving technical functions. CFOs must now act as mentors and leaders to help these teams work in better ways and develop new skills. [According to a Unisys-sponsored research survey, 40% of Asia Pacific employees prefer remote working, the highest from all the regions surveyed. CFOs must work to establish better employee practices for the long-term, including investing in training, mentoring and the right systems.](#)

As Bailey Nelson’s CFO, Tham makes it a point to build relationships and be visible more broadly in the organisation. By visiting retail outlets and speaking with store managers and optometrists on the ground, he can obtain a better understanding of the business and find ways to solve problems or implement strategies. “It’s the best way to develop good commercial acumen, which is something I look for in my team members,” he said.

When onboarding new hires, his approach has always been to expose them to all parts of the company, ensuring they receive the experience needed to gain a stronger insight of the business as a whole. This could be anything from merchandising and ecommerce to warehousing, and it's especially crucial for younger talent who are keen for their roles to evolve over time. "In the past, I've brought people into my team who've spent a good number of years in finance and then gone on to run a completely different department within the company," he explained.

Developing capability and skills within their team is one of the biggest responsibilities for a CFO, according to Jeanneret, BioPak's CFO, whose strategy is to build teams and processes that make her involvement minimal. "Empowering people is one of the most critical parts to what you do as a CFO. People need to be ready to make decisions when you're not there, so you don't get burdened down with every decision," she said. "A CFO needs the skills to develop people, to be approachable and work together with your team to resolve issues and empower them."

For Mike Hirschowitz, CFO of fast-casual Mexican chain, Guzman Y Gomez, automation and the adoption of ERP platforms like NetSuite mean the business needs fewer people to do menial tasks. Instead, they're able to use employees to add value, help increase revenue and reduce costs to contribute more to the ongoing performance of the business. This is where CFOs must focus on training and developing the skills of their teams, fostering a learning environment to help employees excel in different areas.

As finance becomes less and less of a "back office" function, it's time for CFOs to steer the hiring strategy and invest in developing their teams, internally upskilling and bringing in the right talent where necessary to cultivate trusting relationships.

The changing nature of work adds more complexity to this. With many organisations expected to maintain remote working in some form, CFOs must work closely with their teams to develop a new approach to the workplace. As they move to online systems, like videoconferencing and chat, impacts the ability to build relationships; CFOs must work even harder to establish effective ways of collaborating with employees.



3. Customers

Traditionally, the CFO has remained separate from the customer—a responsibility that typically fell under the remit of the CMO. However, it has become impossible to ignore now that companies have reoriented around the principle of customer-centricity, especially the use of data to support customer retention. [A recent Gartner survey indicate a significant shift towards adding value and growing existing clients](#), a function historically viewed as cost-center, with 82% of organisations planning to implement a value enhancement strategy. This means developing a great customer experience is pivotal to a business' success and can no longer be relegated to only one business unit. Even when faced with business cuts in other areas, [only a few CFOs were likely to cut investments in the customer experience \(11%\)](#). The economic impact of building a strong relationship with the customer can't be ignored. How can this be achieved? Through data and the right systems that enable its centralised management, increasing visibility and business agility to understand and improve the customer experience.

For Tham, his role as CFO pivoted when Bailey Nelson shifted to a more digital business model. A key component of this evolution focused on how the eyewear retailer was collecting and using data, including throughout the customer and retail experience. Tham quickly saw that accessibility to data could improve business operations and ultimately demonstrate value for the customer, providing a seamless view of the customer from back office to in-store and online. This spans across retail to inventory and customer history data for full visibility.

For CFOs, the challenge can be in balancing investment in the customer with profits. "It's important for CFOs to be at the forefront of what trends are changing and how the consumers are evolving, but also making sure that we are protecting the investments required to drive business and not falling behind," Tham said.

CFOs focused on revenue should look to the customer first to understand how this can be achieved. [Yet when asked in a recent Gartner survey](#), only 11% of the CFOs mentioned customer as one of their business priorities in 2021 and 2022 despite increasing by 101% in comparison with their 2020 survey. To strengthen finance's relationship with the customer, CFOs must put the customer as one of its business priorities and be integrated into their KPIs and planning.

For Simon Robinson, CFO of online learning platform, Education Perfect, building a relationship with the customer must remain a continuous priority. He sees this as key to the business' ongoing success. "We need to keep challenging ourselves to understand what our customers want, and balance the things we can solve in the short term with a longer term view," Robinson said. Working to improve the customer journey by using the wealth of data at finance's fingertips is an ongoing process; it requires establishing the proper systems to process, access and understand this data for the entire organisation, beyond just marketing. Ultimately, however, this will improve ongoing revenue, reputation and customer retention for the future.

Conclusion

People and relationships are the fuel that drive any organisation. For CFOs in APAC and Japan, embracing them will not only strengthen their own performance but overall business outcomes. Whilst a solid foundation in numbers and hard skills are crucial, today's CFOs must move beyond producing reports for top leadership. Instead, they are to collaborate more closely with the rest of the C-suite, play an active role in managing employees and developing the skills to meet the business' demand and foster a more customer-centric approach across the business to become the CFO of the future.

Traditional finance functions such as cash flow remain a top priority as businesses persevere in the face of economic disruption. However, as technological advances like cloud ERP enable many tasks to be automated or simplified, CFOs can take a more proactive role in planning for the future of their business. The CFO of the future is one that prioritises relationships, going beyond finance and even their team to better connect with C-Suite peers and the customers. Learning to grow these relationships will elevate their role and help take them into this evolving role in the decade to come.



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