

2023 Future of Finance Trends Report

CFOs are the new economic guardians of the future. Are you ready?



Introduction

Chief Financial Officers (CFOs) hold a position of prestige in their organizations' leadership suite, hard earned through a proven history of invaluable insights. During the pandemic, financial leaders' expertise proved crucial to keeping the lights on as they closely monitored expenses and made tough business decisions to maintain fiscal viability.



But with economic uncertainty on the rise, organizations must be agile in honoring their ESG (environmental, social, and governance) and CSR (corporate social responsibility) commitments while they grapple with inflation, talent shortages, supply chain disruptions, and more. Because of this, CFOs face a new, urgent directive: to balance a dual bottom line by catalyzing big strategic bets while still protecting the long-term health of their organizations.

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Realizing this transition to business transformation, strategic leadership positions are challenged by internal stressors and external pressures that make it difficult for CFOs to expand their responsibilities. Currently, 88% of financial leaders feel they are primarily responsible for transactional functions (e.g., creating financial reports), not the strategic functions (e.g., advising on product or service innovations) of running a business. What's more, they overwhelmingly believe their colleagues would like to keep it that way, with 88% of finance leaders feeling the challenge of the finance team being held back from having a greater role in driving innovation for the company.

To protect financial stability and lead the way into the future, CFOs must work to create an environment where they are empowered to evolve their roles and bring their business stewardship, not just their financial stewardship, to the table. By embracing intelligent tools, challenging long-held misconceptions, and allying with their C-Suite peers, finance leaders can emerge as unconventional heroes of business transformation, leading to growth and enabling value that extends well beyond the bottom line.

Striking the right balance

To navigate the challenges that lie ahead, CFOs must be prepared to manage a difficult balancing act. While weighing these tensions may initially feel overwhelming, it will ultimately help evolve the role of finance leaders and drive success for their organizations. Now's the time to strike the right balance between:

→ The speed of business and risk mitigation

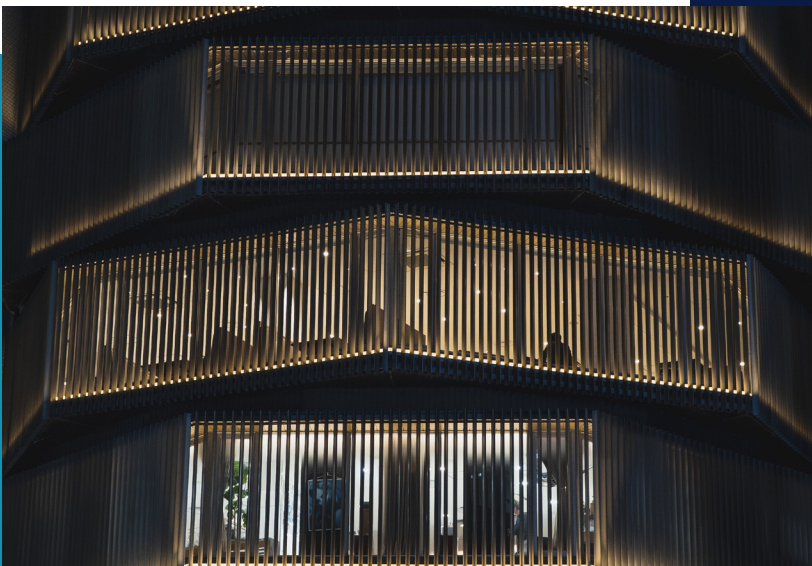
by operationalizing capabilities that drive agility and innovation.

→ Cost reduction and growth acceleration

by implementing continuous process optimization that automates busy work and speeds time to insight for faster, more informed decision-making.

→ Human ingenuity and Artificial Intelligence

by utilizing AI to empower and energize employees to do more meaningful and impactful work.





Operationalize

Outpacing disruption by embracing game-changing agility

Business agility is imperative to survival amid global economic strain and inflation, and finance teams are doubling down their efforts to keep up with increasingly volatile markets that demand more fluid operating models. However, it's difficult to be agile while carrying as much responsibility as CFOs and their teams do—driving financial excellence, growth, mitigating risk, ensuring compliance, and much more. Not only is this challenge a reflection of today's environment, but it is also an increasingly solitary one: 84% of finance leaders agree that their team is struggling to recruit adequate talent to meet future demands.

Nevertheless, CFOs forge ahead with their ever-growing burden. Facing calls to innovate from every direction — namely responsibility to shareholders (52%), customer needs (50%), and responsibility to society (48%) — 80% of finance leaders tell us that they and their team are being challenged more than ever to add value beyond their traditional day-to-day role. With organizational health becoming increasingly dependent on connected data, efficient processes, and action-oriented insights that facilitate quick but thoughtful action, expanding the CFO role in a more strategic direction is a must—though to them, it might seem like an unattainable objective.

By engaging the right technology, finance leaders can build day-to-day capacity and ultimately revitalize their strategic ambitions. AI and automation can free up valuable time for finance to focus on work that drives business strategy and innovation, with 82% of finance leaders finding both are very important to helping evolve their team's role to support their organization's strategic goals.

While 88% of finance leaders currently feel the challenge of not having the automation tools they need to automate repetitive tasks (e.g., digital invoicing software, online payroll) and free up their time for more innovative work, the growing appetite for finance-first innovation is an unmistakable sign of the need for a culture shift. Once CFOs begin to look beyond their current situation to imagine and advocate for a more strategic role, the next step is challenging the way they are perceived within their company.

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Operationalize

Key learnings

- ➔ Years of recurring responsibilities and daily reports have laid a strong foundation for preparing CFOs to move past transactional functions into managing more complex maneuvers that drive meaningful innovation.
- ➔ Talent sourcing may be an HR function, but CFOs need to partner with human resources to ensure the finance team is set up for success and to manage overall workforce costs.
- ➔ AI and automation tools offer a significant return on investment for finance leaders' day-to-day workload, but access to these tools can be limited by IT backlogs.





Optimize

Gatekeeper and Innovator — the CFO's dynamic dual superpowers

While CFOs play an important role as economic guardians, they'll need to strike a balance between being the exacting gatekeepers they are perceived to be and as a change catalyst of business model innovation. But it won't be easy: 88% of finance leaders feel the challenge of being seen as a barrier to innovation by other parts of the organization. This perception can stem from several factors, from their hyper-specialization to their ultimate loyalty to the bottom line. Whatever the reason, the reality is clear: strategy and business development teams would rather not have them at the table, with 89% of finance leaders experiencing the challenge of pressure from other departments or teams to stay in their lane with traditional finance roles and responsibilities.

This reputation is further entrenched by operational structures that keep CFOs mired in transactional tasks. The lack of resources allocated toward automation tools for finance tasks is one way that they are limited to their current responsibilities. And while 86% of finance leaders believe that their team is eager to pursue strategic work, they point out that their KPIs currently do not reward such work.

79%

of finance leaders believe that to meet future needs, it is a big priority for them to play a significant role in owning business model innovation and empowering transformation across the organization.

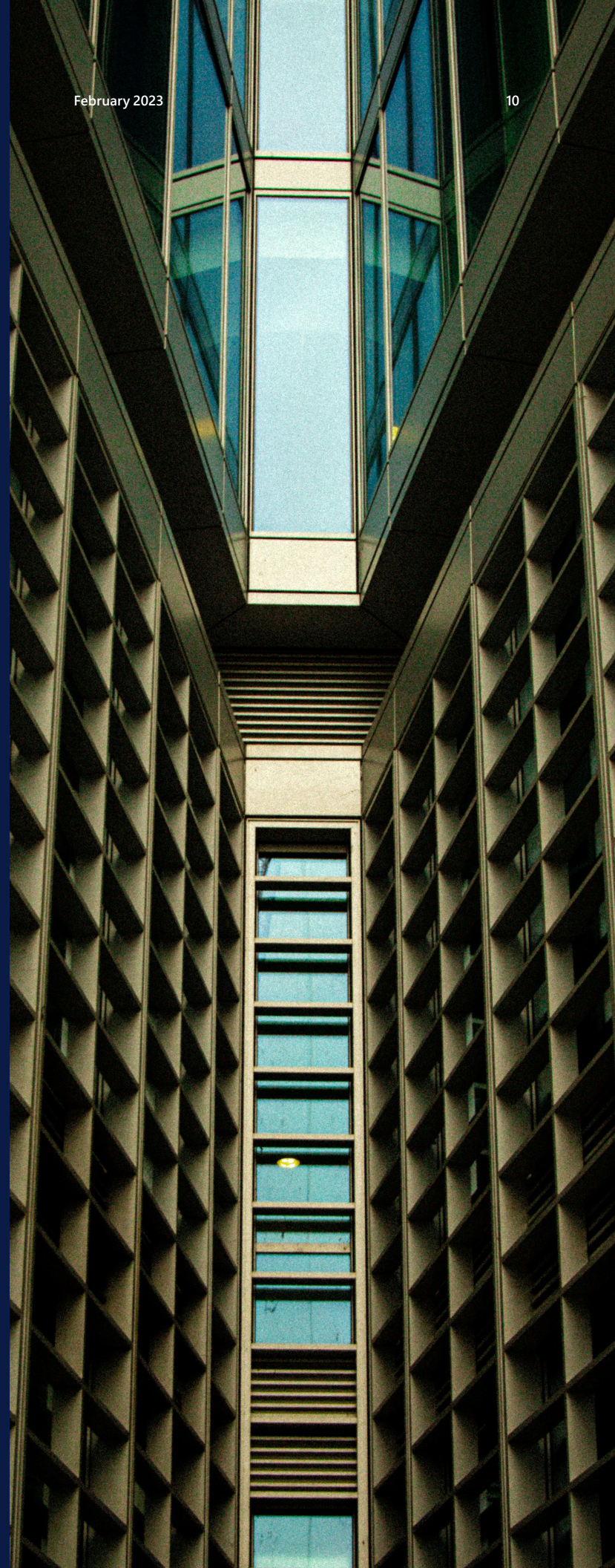
Despite their reputation as risk-averse adversaries to creativity, the reality is different: 79% of finance leaders believe that to meet future needs, it is a big priority for them to play a significant role in owning business model innovation and empowering transformation across the organization.

Building on this momentum, executive leaders now have the opportunity to partner with CFOs to help reshape their role and empower them to engage in farsighted strategic conversations. And by allocating resources to intelligent tools and reframing corporate expectations, they can change the culture in CFOs' favor. Each fresh collaboration will further demonstrate the value of the finance perspective to the wider organization and open a door to finance-first innovation.

Optimize

Key learnings

- The idea that CFOs protect the status quo is a relic of the past.
- Collaboration from within the C-suite is imperative to achieving a widespread embrace of financial perspectives.
- Consider where finance leaders are experiencing pushback and make it a point to welcome them into those spaces.





Energize

Collaborative finance teams will save the day

Once finance leaders have championed the reevaluation of their role both internally and externally, they will find themselves in a new era of approachability and collaboration. Not only do 85% of finance leaders believe that it's important for other parts of the organization to proactively come to finance to collaborate on future innovation goals, 86% feel it's important for senior leadership to formalize the shift of the finance team's role to include strategic innovations that drive company growth.

One particularly potent partnership is between CFOs and CHROs, who together can increase agility and productivity and build a more competitive workforce. By working together to assess the new

needs of this reimagined finance role, they can set new expectations and source talent with the necessary soft skills to drive innovation. In today's market, 83% of finance leaders agree that they would rather hire a candidate on the finance team who is stronger in soft skills than hard skills, since hard skills can be taught. They can also empower finance professionals to work smarter by augmenting human capabilities with automation, ultimately freeing an already-taxed workforce to do more meaningful work — and enabling a more connected, collaborative, and productive experience in the workplace.

Additionally, 81% of finance leaders feel it is a high priority for them to make change happen in the organization by setting long-term organizational KPIs, such as investing in the right tools, prioritizing purpose investments, and increasing job satisfaction among employees. As they continue to advocate for the responsibilities and resources that they need to be better guardians of the future, finance leaders will also become an ally to specialists of all disciplines. By following the finance team, all employees will have an example of how to conquer their own silos and stereotypes to contribute to a more agile and resilient workplace.

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Energize

Key learnings

- The best way to make lasting change for financial teams is to work cross-departmentally to formalize roles, responsibilities, and expectations for inclusion.
- Reimagined, purpose driven KPIs will help CFOs find their place in ESG/CSR goals.
- The next generation of finance leaders will bring a new catalog of soft skills to their role.



CFOs: A stabilizing force in uncertain times

As the global economy becomes a place of constant and unpredictable change, it is critical for CFOs to play a more strategic role in their organizations and become innovation allies. To do this, finance leaders will need to spearhead a stable balance across several key business imperatives and expand their team's role like never before. Other organizational leaders can bolster this evolution by taking steps to help dispel dated perceptions of finance teams and usher in the CFO of the future. In moving from a position buried by transactional tasks to one at the forefront of visionary innovation, CFOs will have completed a radical transformation into the hero their organizations need to truly thrive.



Methodology and Audience Definitions

The associated survey to this report was conducted by an independent research firm, Edelman Data x Intelligence, among 500 full-time employed U.S. senior finance leaders between November 9, 2022 and November 17, 2022. This survey was 15 minutes in length and conducted online, in the English language. Senior finance leaders had the title of Director or higher, and were responsible for corporate strategy and/or scenario modeling. Example titles included CFO, VP of Procurement, Corporate Performance Manager, and the sample included a mix of office-work environments (in-person, remote vs. non-remote), industries, company sizes, tenures, and job levels.

Within this audience, there were two subgroups of equal size:

Product-Focused Finance Leaders

250 finance leaders in product-focused industries (Banking, Construction, Government, Manufacturing, Retail, Technology).

Service-Focused Finance Leaders

250 finance leaders in service-focused industries (Healthcare Services, Hospitality, Professional Services, Telecommunications).

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processes and unlock
the insights needed
to adapt faster,
work smarter, and
perform better.**

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