



# The World of the CFO

By: F. Scott Addis, CPCU, CRA, CBWA

In your quest to become a Trusted Business Advisor, it is essential that you comprehend the World of the CFO. The role of the CFO has become more complex than ever. They are doing more with less and juggling as never before in a climate of fierce competition, rising costs and increased customer demands. CFO's expanded roles include managing people, systems and technology infrastructure in an era of intense regulatory scrutiny.

CFO stands for Chief Financial Officer – the person in a business who directs the organization's finances. Related terms include Treasurer, Finance Director and Business Manager. Historically, the CFO's roles and responsibilities were narrowly defined. Their focus was limited to financial planning and record keeping as well as financial reporting to higher management. Success was seen in terms of balance sheet protection. Most came from accounting backgrounds and rose through the ranks within corporate finance departments.

The modern-age CFO is radically different than his or her predecessors. They are required to be business generalists with an in depth knowledge of their enterprise. They are custodians of

organizational knowledge. Today's CFO faces pressure to cut costs, grow revenue, institute controls, and are even put at personal risk for the company's mistakes. One reason the CFO's job is so fraught with challenge is because it's really four jobs in one. The first is that of **steward**, preserving the assets of the organization by minimizing risk and getting the books right. The second is **operator**, conducting finance operations efficiently and effectively. Third is **strategist**, influencing the company's overall direction. And fourth is the **catalyst**, installing a financial mindset for execution and risk-taking throughout the business.

A key objective of the CFO is to improve the ability of their organization's decision makers – especially the CEO. The CFO accomplishes this by delivering reliable information to the company's management team, and helping these people analyze the data to facilitate the decision making process. Today's CFO excels at strategic planning, performance management, infrastructure design, deal making, team development, and external communication.

The CEO relies greatly on the CFO. A strong relationship and mix of skill sets allow the CEO and CFO to share the workload of managing the business. As a standard, the CEO expects the following skills and characteristics of the CFO:

- Strong financial and leadership skills
- Experience with technology and information systems
- Ability to identify and capitalize on revenue growth opportunities
- Understanding of business and market challenges
- Ability to align day-to-day operations with long term strategic goals
- Mindset to reduce costs without compromising productivity
- Ability to effectively interact with all departments within the organization
- Passion for what they do and the desire to go above and beyond their job description

### Situational Roles of the CFO

In the current business environment that demands more with less, the CFO is challenged with four key situational roles.

**Execution Maestro:** The CFO focuses on operational excellence. He or she instills operational discipline to streamline organizational efficiency without sacrificing critical business functions.

**Growth Navigator:** The CFO works closely with the CEO and other members of his or her management team to develop aggressive plans to achieve profitable growth and through acquisitions. As Growth Navigator, the CFO is adept at resource management, business planning and performance management.

**Business Transformer:** Today's CFO is expected to recognize opportunities for strategic innovation and take advantage of them. Strong leadership and people skills are must. He or she must be a consensus builder, selling appropriate goals for the business model to deliver upon the performance objectives.

**Turnaround Surgeon:** The most difficult task of any CFO is that of restoring the financial health of his or her business. As a Turnaround Surgeon, the CFO must be capable and confident to make changes when the business is failing. For this reason, the CFO must have an in depth knowledge of the business as well as analytical tools to assess the state of the business, set priorities and allocate resources to impact change.

### Insurance and Risk Management

CFO's are well equipped to manage finance and related areas. However, research indicates that they are not equipped for other key responsibilities including risk management. A 2006 *Los Angeles Times* article stated that fewer than 20% of CEO's believed that their CFO was doing a good job in managing risk. The *Los Angeles Times* article is supported by a September, 2008 survey by Beyond Insurance in which 100 CFO's stated that they have limited time and technical expertise to identify the exposures facing their business.

The challenges and time constraints of the CFO creates a wealth of opportunities for you. Today's multi tasked CFO is starving for an insurance agent or broker who has the desire to go beyond insurance to become their organization's outsourced risk manager. The middle market CFO:

1. Wants you to take the time to understand his or her business and industry.
2. Needs your help in identifying, prioritizing, measuring and mitigating risks that confront the business.
3. Covets a business advisor who has the ability to design strategic risk mitigation strategies to impact the bottom line of the company.
4. Detests the traditional insurance bidding process. They are looking for a more strategic and disciplined approach to insurance and risk management. Simply put, the CFO does not want to be sold insurance.

Today's CFO is starving for an agent or broker who demonstrates curiosity and desire to understand the inner workings of his or her business. The CFO is searching for a new brand of insurance agent and broker – consultative, diagnostic, results-oriented and focused on managing and mitigating risks rather than selling insurance. They want you to be their Trusted Business Advisor!

### About the Author

Scott Addis, CPCU, CRA, CBWA is the CEO of Beyond Insurance and is recognized as an industry leader having been named a Philadelphia finalist for *Inc. Magazine's* "Entrepreneur of the Year" award as well as one of the "25 Most Innovative Agents in America." Beyond Insurance is a consulting firm that offers leadership training, cultural transformation, and talent and tactical development for enlightened professionals who are looking to take their practice to the next level. Since 2007, the proven and repeatable processes of Beyond Insurance have transformed individuals and organizations as measured by enhanced organic growth, productivity, profitability, and value in the marketplace.