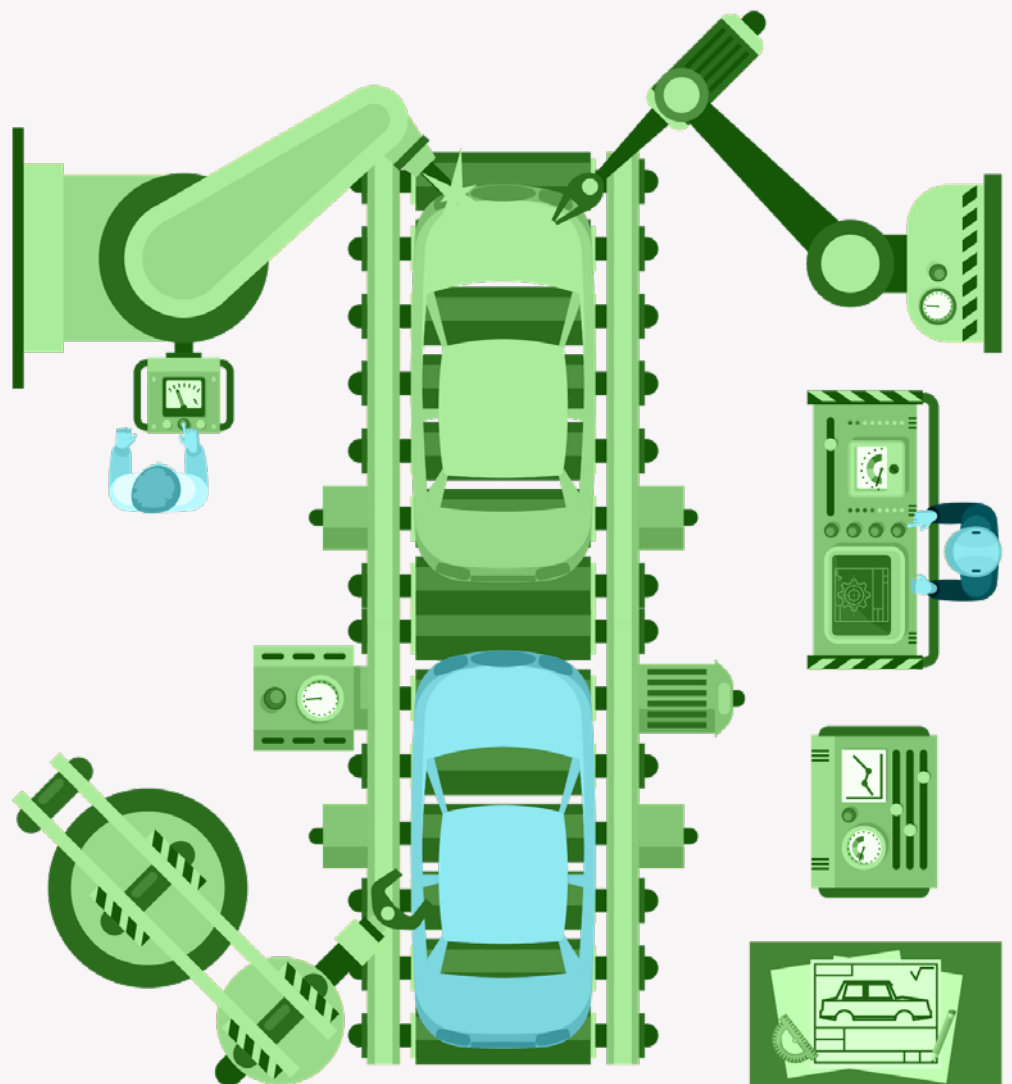


Driving efficiency:

How Europe's automotive CFOs are rising to new operational challenges

[PETER PFAFF](#)



Across Europe's automotive industry, CFOs are delivering business objectives as enterprise leaders beyond the remit of the finance function. In manufacturers, suppliers and OEMs, we see finance leaders being tasked not only with optimizing costs, but also with fostering innovation that drives efficiencies and sustainability – while navigating the complex dynamics of a sector under intense shareholder, regulator, and consumer scrutiny.

"FOR ME, ENTERPRISE LEADERSHIP AS A CFO MEANS CONSISTENTLY CHALLENGING THE COMPANY'S STRATEGY AND BUSINESS MODEL"
Oliver Gantzert



The evolution of CFOs into enterprise leadership isn't unique to the sector. Heidrick's conversations with CFOs across the globe reveal a common commercial mindset that delivers against organizational goals, with business strategy at the heart of decision-making. But the automotive sector presents finance leaders with a specific and intensifying set of workforce management, automation, and digitalization challenges. "The role of modern automotive CFOs extends far beyond financial stewardship," confirms Peter Bednarik, Rimac - Group CFO. "We are now orchestrators of enterprise transformation; aligning innovation, efficiency, and sustainability to build resilient business models that meet the demands of a rapidly evolving sector."

Catalyzing transformation

TCFOs are heavily involved in adapting to industry disruptions by reshaping operations and working practices. "For me, enterprise leadership as a CFO means consistently challenging the company's strategy and business model," says Oliver Gantzert, Group CFO at Jost Werke. "It goes hand in hand with a business partner mindset: proactively driving necessary initiatives and changes while ensuring clear, effective communication with all stakeholder groups."

CFOs ARE IMPLEMENTING DIGITAL UPSKILLING INITIATIVES, FOSTERING A DATA-DRIVEN DECISION-MAKING CULTURE, AND UNIFYING FINANCIAL AND OPERATIONAL GOALS.

Internal strategic alignment between finance, operations, and innovation teams is key. To this end, CFOs are implementing digital upskilling initiatives, fostering a data-driven decision-making culture, and unifying financial and operational goals. This cross-functional collaboration includes implementing agile financial planning to support R&D; inter-departmental projects to drive efficiency; and using AI-led financial modeling to risk assess innovation investment.

“The CFO role requires acting as a mediator – balancing the pressure from production to standardize processes, products, and operations against the sales department’s desire for differentiation and a broad range of offerings to meet customer demands,” outlines a German OEM, Group CFO.

Managing complexity while optimizing efficiency

The complexity of the international automotive value chain requires today’s CFOs to develop robust contingency plans for supply chain bottlenecks and breakdowns, implement scenario-based financial planning to anticipate market changes, and diversify revenue streams to mitigate the risk of economic downturn – all while optimizing efficiency.

Starting with the finance function, CFOs are championing technology and digital transformation as efficiency drivers. This is resulting in increased use of live data and predictive analytics for dynamic budgeting, resource allocation, and financial planning. They are implementing real-time dashboards to track



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financial and operational KPIs; while the deployment of IoT-enabled systems to monitor resource usage is helping improve efficiencies and cut waste.

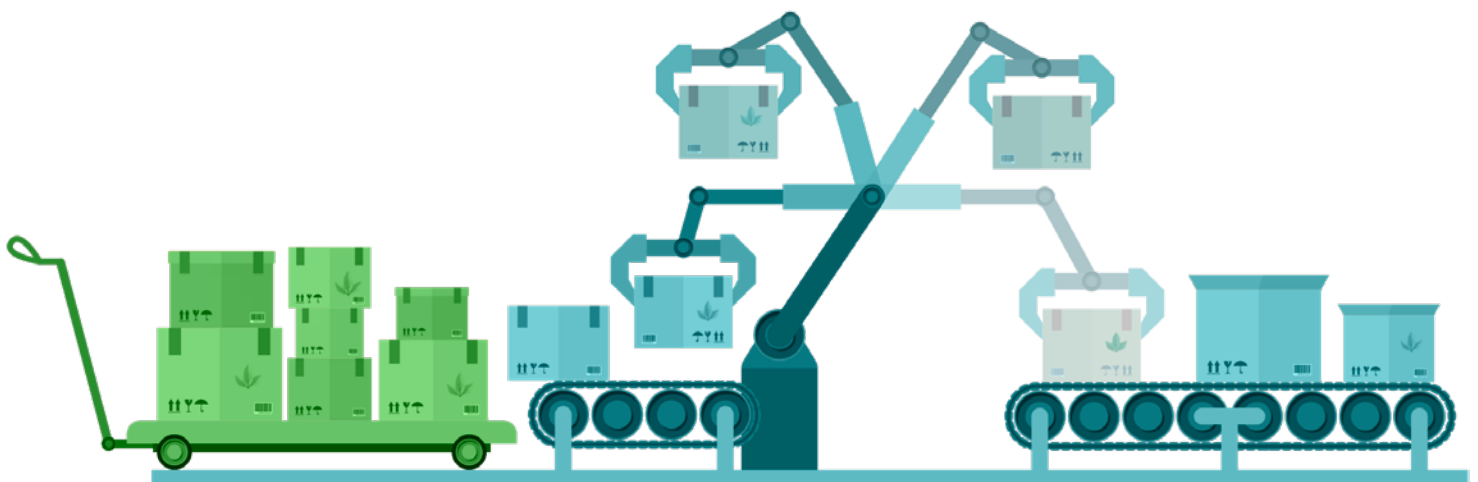
Against a backdrop of ongoing labor shortages and skill gaps across the sector, enterprise-minded CFOs are supporting strategies – and authorizing investment – to manage workforce costs while maintaining productivity. To achieve this, they are leveraging AI workforce analytics to optimize staffing and scheduling within their own teams, and implementing performance-based compensation structures to incentivize efficiency across their organizations.

Reshaping automotive ecosystems

True enterprise CFOs are looking beyond their organizations to establish collaborative cost management across the sector and supply chain. This includes joint venture partnerships to share R&D costs, and utilizing volume-based procurement strategies. By diversifying supplier networks, dependencies are reduced, with risk assessment frameworks implemented to ensure supply chain resilience.

Alongside such collaborations, CFOs are seeing benefits in aligning goals and strategies between suppliers and OEMs to enhance competitiveness. This is taking the form of shared innovation hubs to accelerate technological advancements, establishing industry-wide benchmarks for cost and performance optimization, and even leveraging data-sharing agreements to improve demand forecasting.

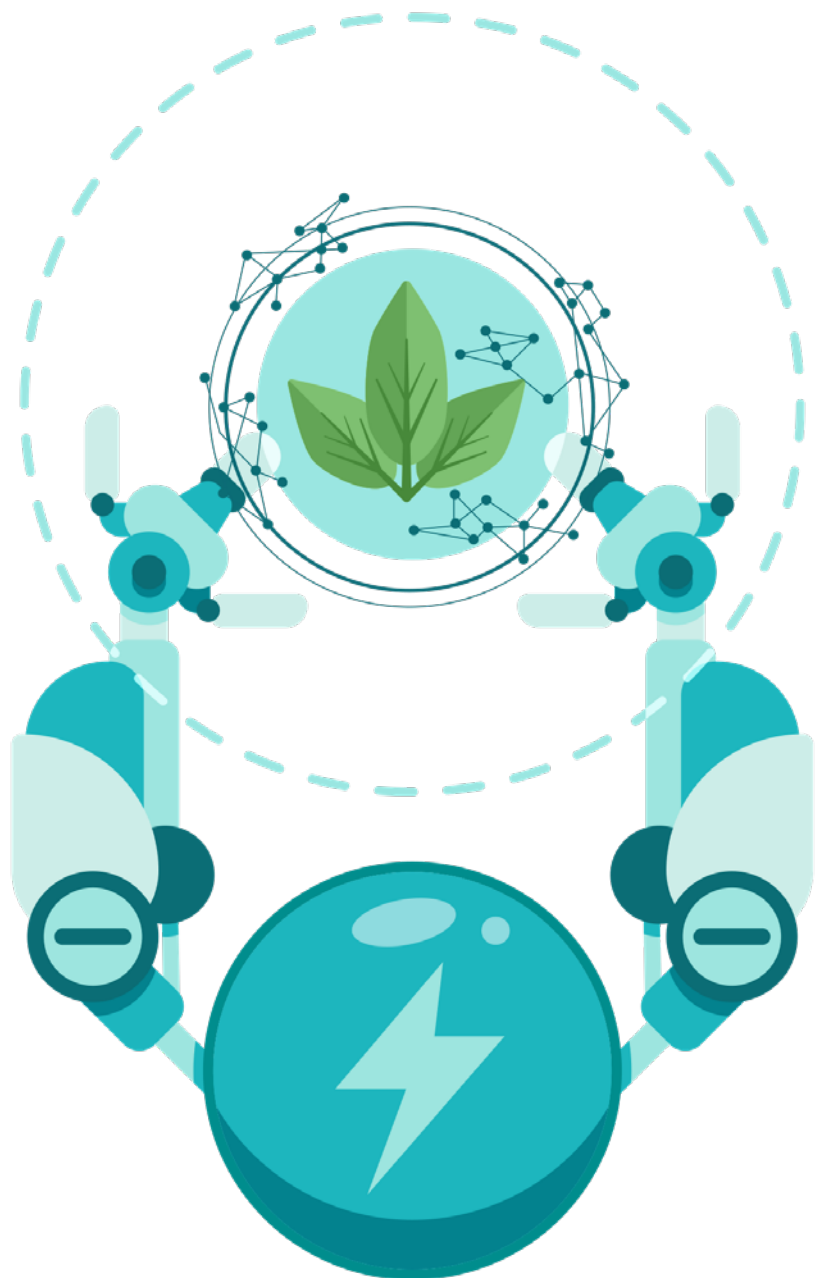
Finance leaders are overseeing the integration of supplier management systems to improve procurement and cost efficiency, and the development of digital supply chain networks for better demand-supply alignment. They are co-investing with the supply chain in digital transformation projects, and across the sector, collaboration between suppliers and OEMs is being enhanced through tools such as cloud-based platforms for real-time data sharing, and digital twins for real-time process optimization.



Aligning financial goals with sustainability

Sustainability, and climate change in particular, are urgent macro issues for the automotive industry. With EU regulation requiring all large companies to report on sustainability risks, CFOs need to be transparent when integrating sustainability requirements into financial planning – embedding sustainability metrics into corporate performance tracking, and forecasting the impact of sustainability strategies on the bottom line.

“With the foreseeable end of the combustion engine, my colleagues have proposed numerous visionary ideas for new areas of activity, often following emerging ‘megatrends,’” reports Olaf Werwitzke, former Group CFO at Hoerbiger. “Throughout these strategic exploration processes, my role as CFO has consistently been that of the rationalist – critically assessing, for instance, the company’s own capabilities as well as the true demands of the market.”



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As capital gatekeepers, CFOs are instrumental in turning sustainability challenges into opportunities for cost reduction and market differentiation – managing investments in electrification, sustainable materials, carbon-neutral production, and waste reduction. This can incorporate monetizing carbon credits and green incentives to offset investment costs; partnering with suppliers to create sustainable value chains and logistics strategies; and even setting up finance initiatives such as sustainability-linked bonds.

CONCLUSION

THE ROLE IS OF THE AUTOMOTIVE CFO IS EVOLVING FAR BEYOND THEIR OWN ORGANIZATIONS AS THEY CREATE ALLIANCES WITH KEY PLAYERS ACROSS THEIR ECOSYSTEMS TO TAKE THEIR PLACE IN OF MULTI-STAKEHOLDER NETWORKS. IN DOING SO, THEY ARE CREATING HIGH-FUNCTIONING MODELS FOR OTHER SECTORS TO LEARN FROM.

THIS GREATER CONNECTIVITY WILL ALLOW THEIR ORGANIZATIONS TO DRIVE INNOVATION FASTER, ENHANCE EFFICIENCIES, AND BUILD DURABLE RELATIONSHIPS WITH KEY SUPPLIERS, PARTNERS, AND REGULATORS – OVERALL CREATING A COMPETITIVE ADVANTAGE IN A RAPIDLY CHANGING WORLD.



Industrial Practice

Heidrick & Struggles' Industrial Practice helps industrial companies identify and recruit the leaders they need to succeed in this diverse sector.

Leading industrial companies need innovative global leaders who possess the strategic, operating, and financial skills required to win in this complex environment. They need commercially focused leaders who can develop distinctive value-added solutions. And, above all, they need leaders who have the ability to make both an immediate impact and a long-term contribution.

Our Industrial Practice experts combine unparalleled search resources with a deeply consultative approach, developing the ideal candidate profile based on each client's unique competitive challenges, business objectives, and leadership culture.

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