

The future of finance: A survey of US CFOs



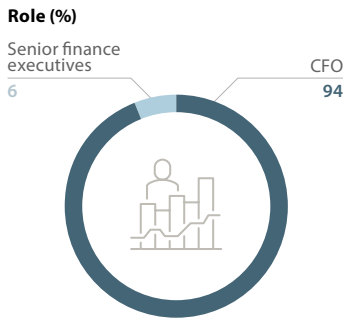
Overview

CFOs think the finance function has held up well through the crisis, on the whole, but are concerned about maintaining productivity and engagement in the long term. One group of CFOs stand out as more optimistic about the future—and somewhat more often already have the leadership skills they need to sustain resilience.

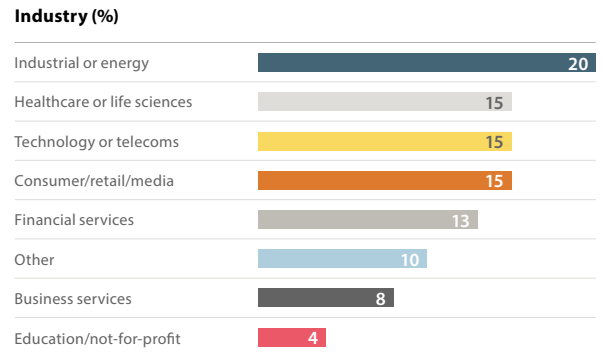
Chief financial officers (CFOs) have been central to every organization's response to the COVID-19 pandemic. A recent survey of 687 CFOs in the United States shows that CFOs themselves and the function have taken on new responsibilities and are working more. Most CFOs think that the function has been agile and that engagement, productivity, and quality of work have held steady. Looking ahead, however, CFOs are worried about maintaining all three, and the data shows that leadership capabilities such as communication and adaptability will be central to success in the foreseeable future—but just over half of CFOs think those skills are very common in the function today.

The CFOs who responded to the survey come from a broad range of industries, company sizes, and types of ownership.

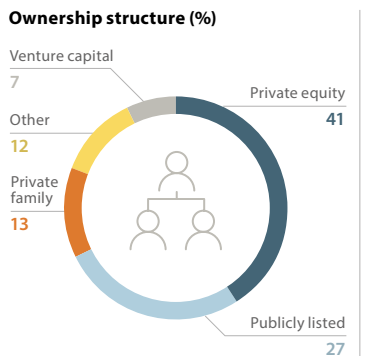
Overall respondent demographics



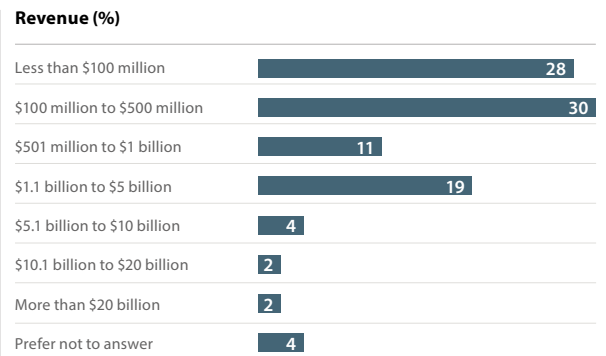
Source: Heidrick & Struggles' survey of US CFOs, 2020, n = 687 CFOs and senior finance executives



Source: Heidrick & Struggles' survey of US CFOs, 2020, n = 511 CFOs and senior finance executives



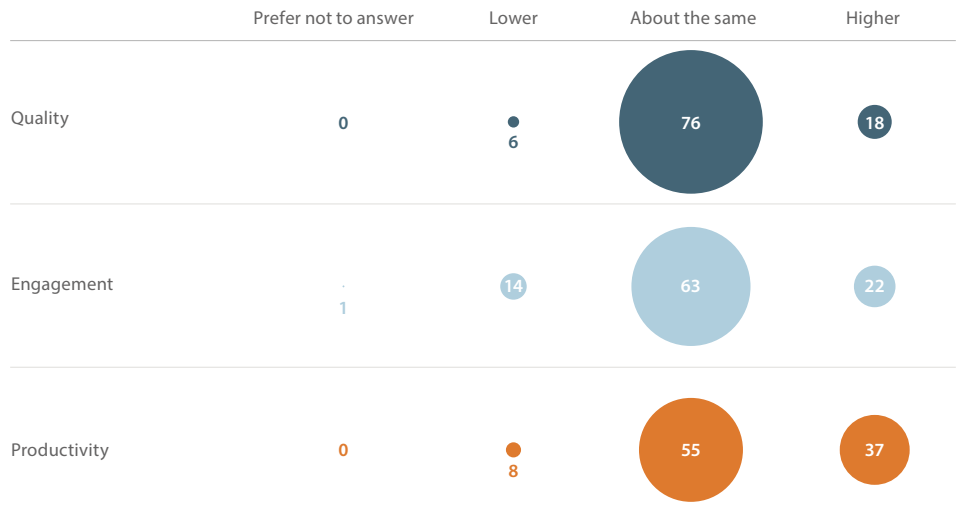
Source: Heidrick & Struggles' survey of US CFOs, 2020, n = 511 CFOs and senior finance executives



Responding to the pandemic

Eighty-seven percent of respondents said the finance function was agile or very agile in response to COVID-19, and a strong majority said that productivity, quality of work, and employee engagement have stayed the same or improved. In fact, many CFOs who have joined roundtables hosted by Heidrick & Struggles in recent months expressed surprise that activities that seemingly require a significant amount of collaboration, such as the monthly and quarterly closing processes, were happening more efficiently at the onset of the pandemic.

Quality, engagement, and productivity generally held up well (%)



Source: Heidrick & Struggles' survey of US CFOs, 2020, n = 521 CFOs and senior finance executives

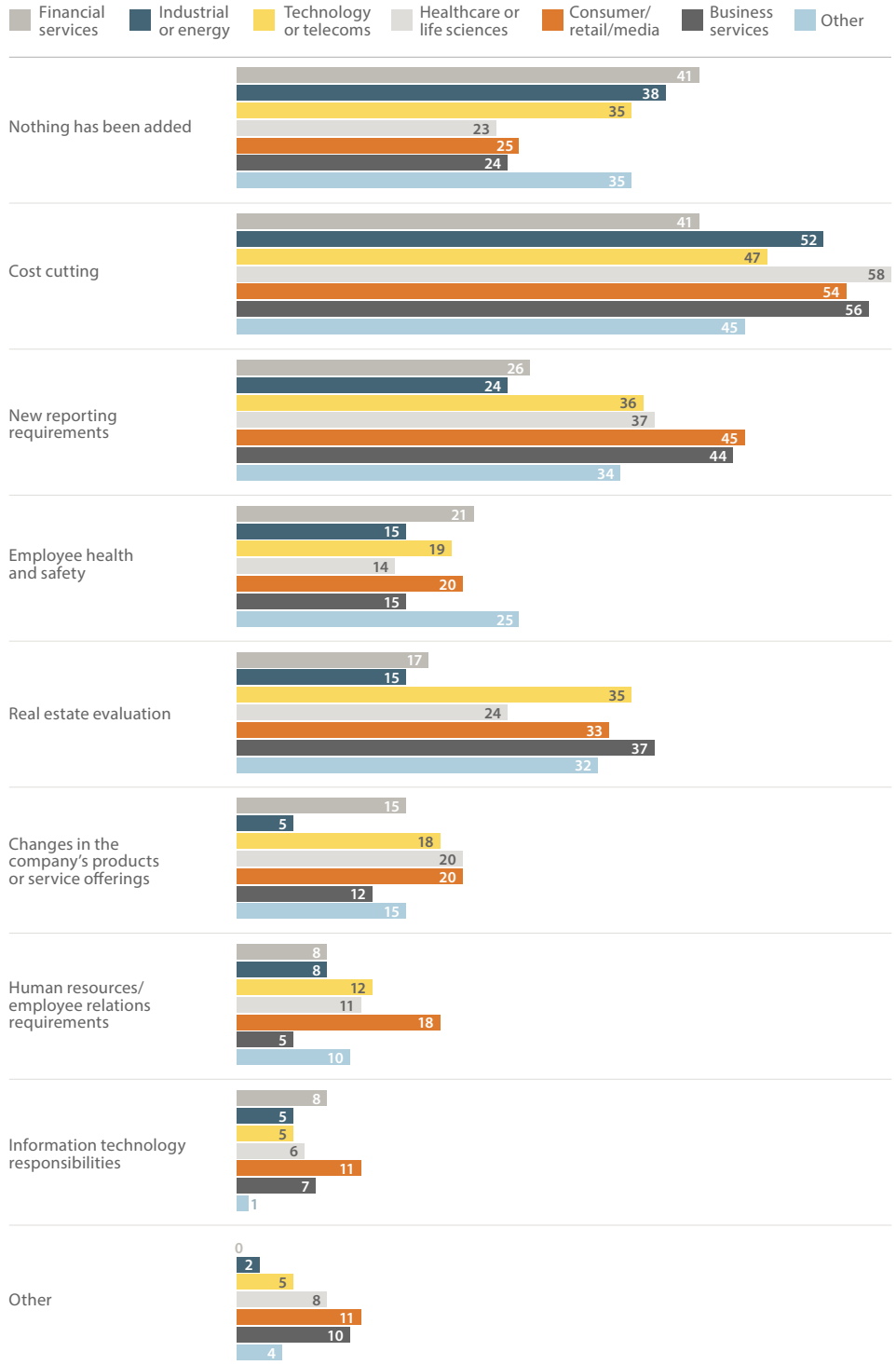
87%

of respondents said the finance function was agile or very agile in response to COVID-19.



Two-thirds of CFOs said that new responsibilities have been added to their team's plate since the beginning of the pandemic. Some of those responsibilities vary by industry, but generally they include cost cutting, real estate evaluation, and new reporting requirements (including new ad hoc analysis requests and the subsequent reporting). Though the immediate reason for greater focus on these areas is the pandemic, CFOs suggested during our roundtables that the elevated focus on these areas will persist.

New responsibilities for finance vary by industry (%)



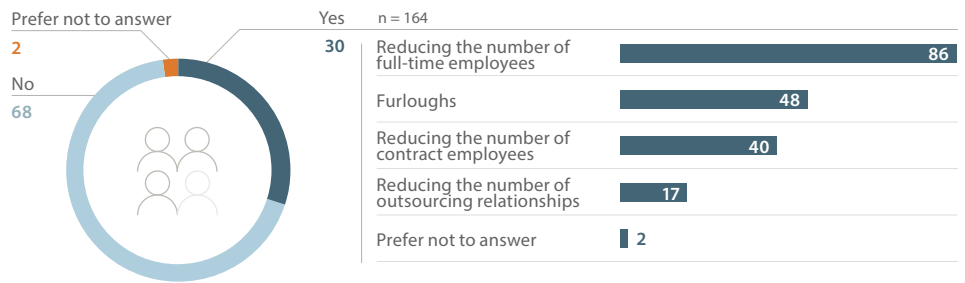
Source: Heidrick & Struggles' survey of US CFOs, 2020, n = 511 CFOs and senior finance executives

Nearly one-third of CFOs said they had cut the size of the finance function, and almost as many have added to it. Among those who cut the function, 43% said that 11% to 25% of the workforce was affected, and 5% said that more than half of the workforce was affected.

Adding to the team (%)



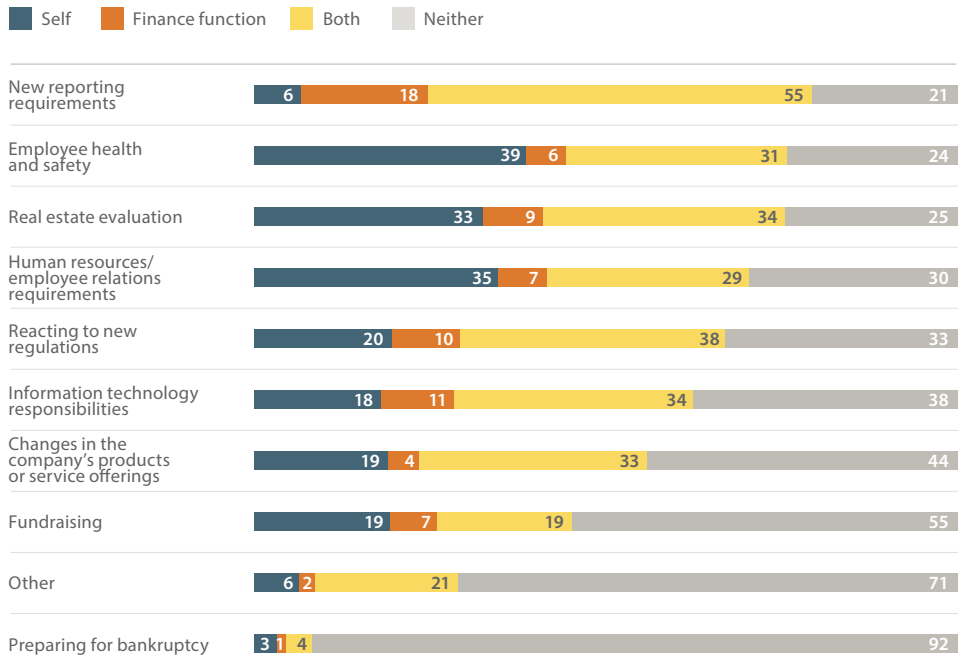
Reducing the size of the team (%)



Source: Heidrick & Struggles' survey of US CFOs, 2020, n = 557 CFOs and senior finance executives

Seventy-one percent of CFOs said they themselves have been working more than 10% more since the pandemic hit, and 58% say the same for the function as a whole. Most of the added work on the part of the CFOs has been spent on employee health and safety, real estate evaluation, and human resources or employee relations requirements. And indeed, every CFO we've talked with in recent months has said that their time has been a juggling act, including the reprioritization of investment projects, support for employees struggling to manage their work-life balance, and, in industries that are growing, competition for entry-level employees.

Where CFOs and their teams have been spending more time (%)

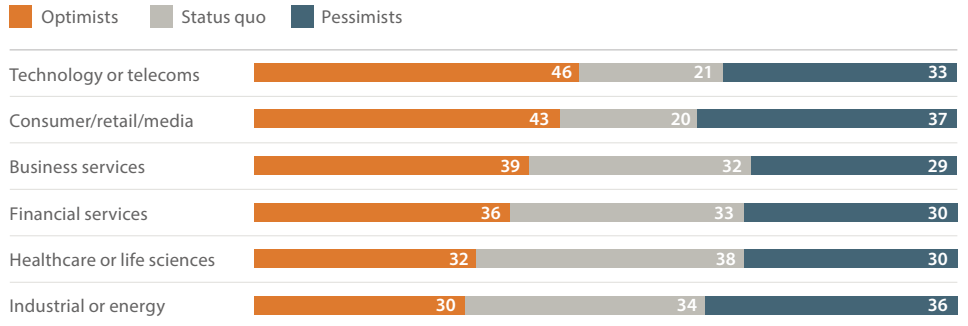


Note: Numbers may not sum to 100%, because of rounding.
Source: Heidrick & Struggles' survey of US CFOs, 2020, n = 582 CFOs and senior finance executives

Looking ahead

We saw a divide when we asked CFOs what they expect for the function a year from now. Those who were optimistic believe the function will grow, will be proud of its innovations, and have stronger culture and morale. Pessimistic CFOs said their function will be smaller and have weaker morale, and that conditions are too volatile to form clear expectations. These varying expectations are likely related in part to how various industries have fared: for example, technology CFOs are most often optimistic. Expectations also correlate with type of ownership—44% of companies owned by private equity firms are in the optimistic group, compared with 31% of publicly listed firms.

Which industries have more optimistic CFOs? (%)

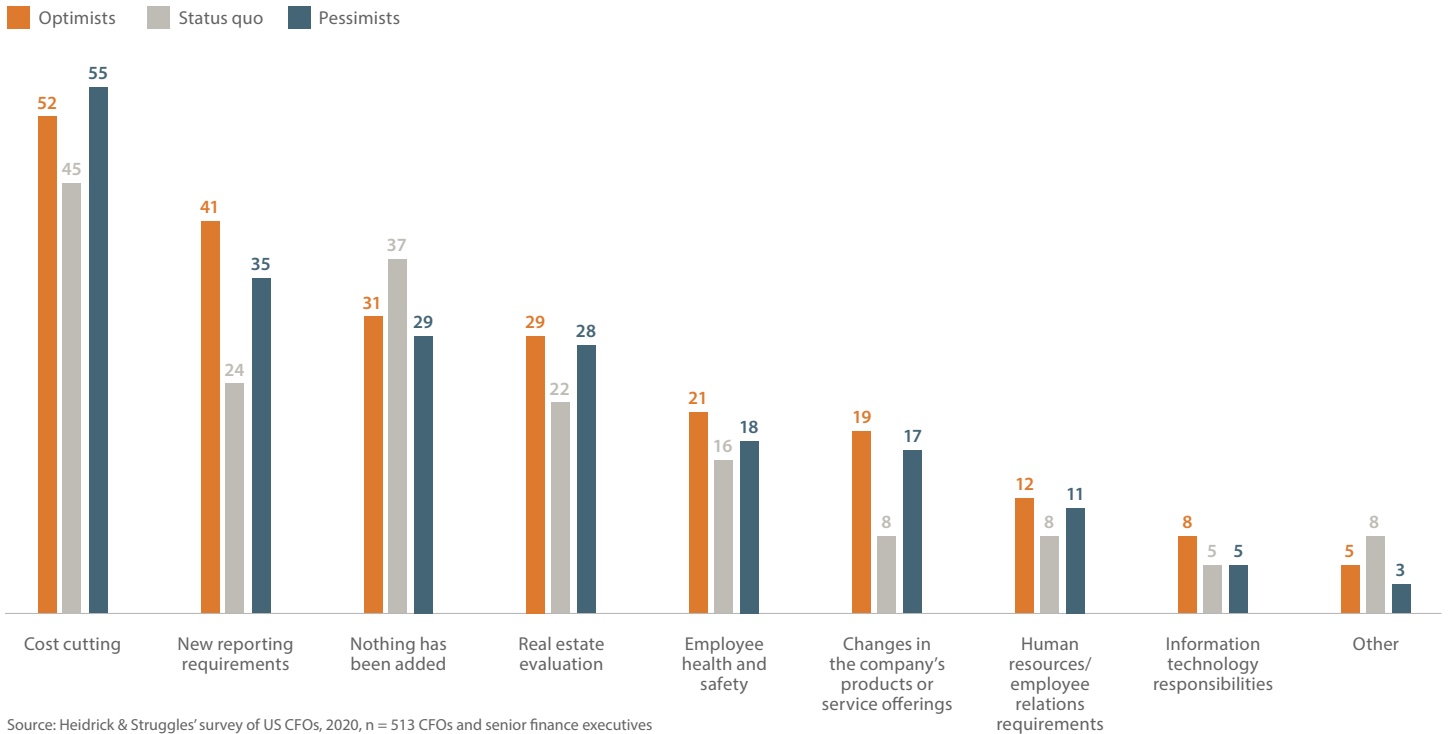


Note: Numbers may not sum to 100%, because of rounding.
Source: Heidrick & Struggles' survey of US CFOs, 2020, n = 511 CFOs and senior finance executives

More than half of CFOs in the optimistic group—55%—said the function was very agile in responding to the pandemic, compared with 44% of the pessimistic group. Looking in more detail at how each group responded to the pandemic, it's notable that the group expecting the status quo most often had nothing added to the function's responsibilities. Both the optimistic and

pessimistic groups saw a similar range of additions, with cost cutting being the most common. The data on where CFOs and the function are spending more time is also similar: both optimistic and pessimistic CFOs, for example, most often say they're spending additional time on employee health and safety, human resources and employee relations, and real estate evaluation.

Additions to finance's responsibilities (%)



Source: Heidrick & Struggles' survey of US CFOs, 2020, n = 513 CFOs and senior finance executives

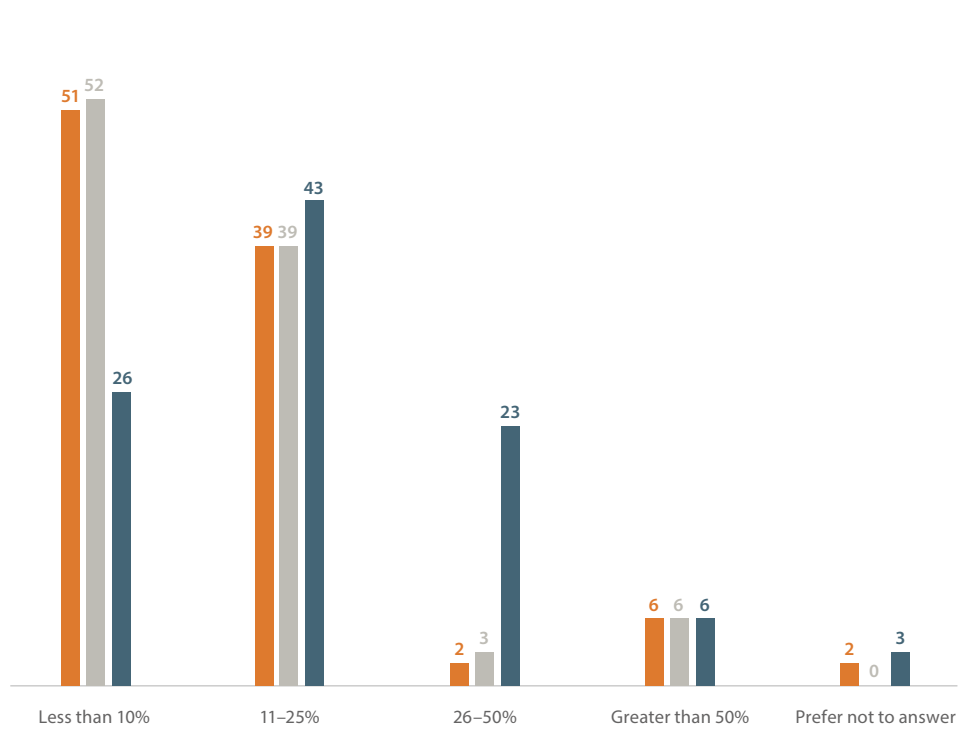
However, the pessimistic group far more often said they had reduced the size of the function, with 44% saying so, compared with 26% of the optimistic group and 21% of the status quo group. Even so, it's notable that 27% of the pessimists had added to the size of the function. Whether adding or reducing, full-time employees were the group most often affected (as opposed to contract employees or those at outsourcers). The pessimists more often said that reductions in size affected more of the workforce and that they're not yet able to make decisions about rehiring.

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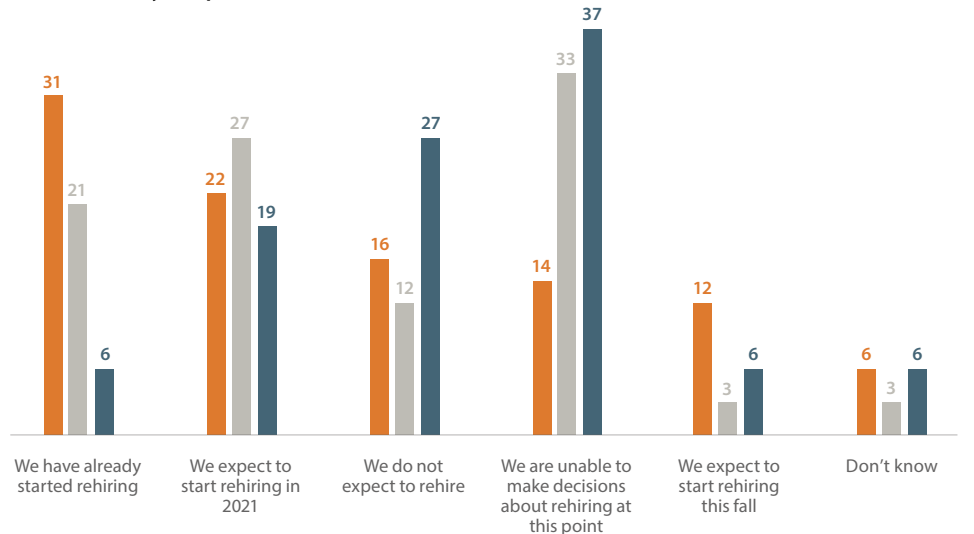
The scale of reductions and plans to rehire (%)

Optimists Status quo Pessimists

What percentage of the workforce was affected?



When, if ever, do you expect to rehire?



Source: Heidrick & Struggles' survey of US CFOs, 2020, n = 154 CFOs and senior finance executives

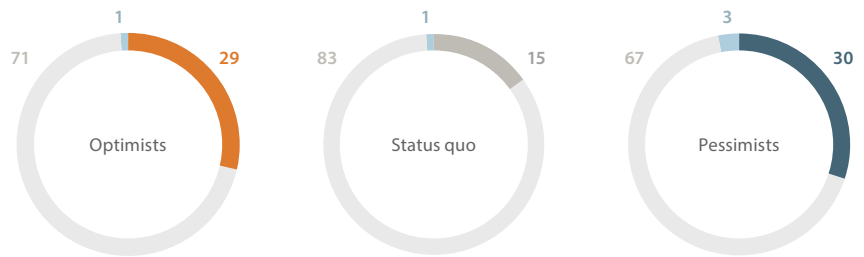
About the same share of optimists and pessimists have restructured the function—just under a third. Optimists far more often did so to take advantage of new business models.

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Reasons for restructuring (%)

Since COVID-19 began affecting business operations, have you restructured the finance function?

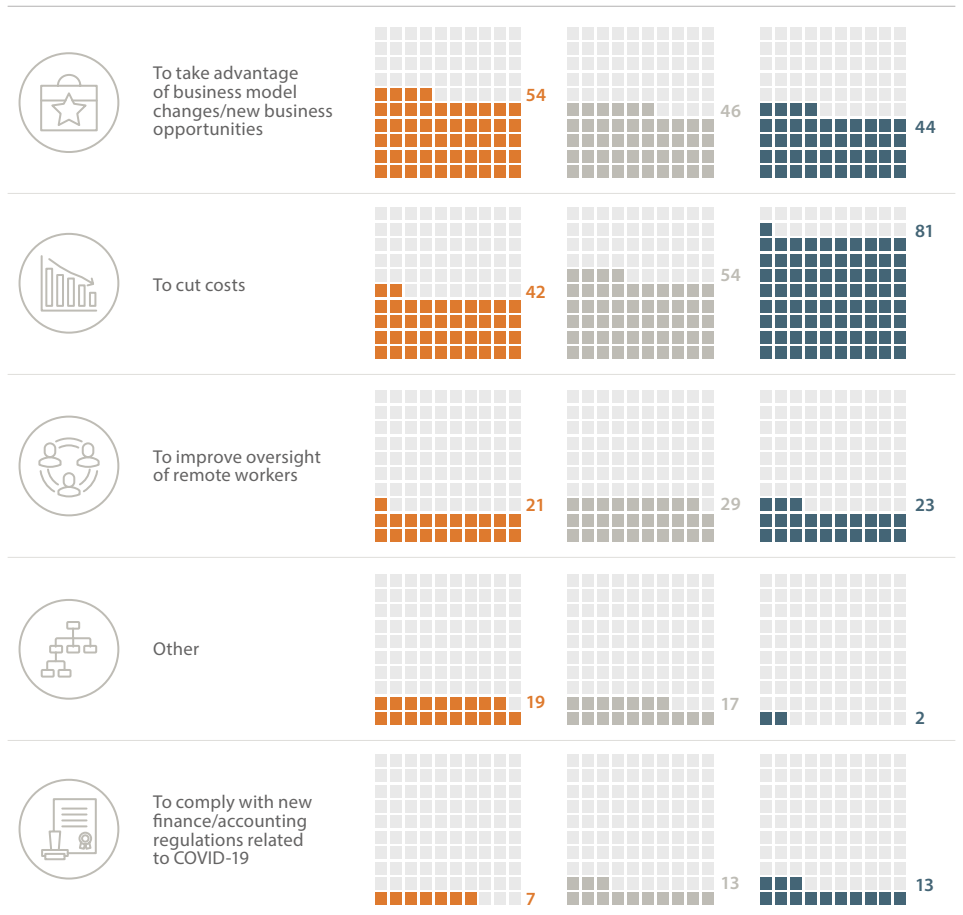
Yes No Prefer not to answer



Note: Numbers may not sum to 100%, because of rounding.

If yes, what were the primary goals of that restructuring?

Optimists Status quo Pessimists



Source: Heidrick & Struggles' survey of US CFOs, 2020, n = 513 CFOs and senior finance executives

Optimists are also more often seeking talent for new initiatives—22% said acquiring and onboarding new talent was one of their top three challenges (double the share of the other CFOs). But this may be more difficult for companies in some industries in light of the growth of the gig economy as a competitor for entry-level talent. However, the challenges they most often cite are the same as other CFOs: keeping employees engaged, making sure quality standards are maintained, and helping employees manage their work–life balance.

Nearly all CFOs, 89%, point to communication as the single most important skill for finance leaders (beyond specific job skills). This aligns with what they say is needed to maintain culture and morale: frequent

communication about the company’s purpose and finance’s role in fulfilling it, holding more small meetings with groups of employees, and seeking feedback from all levels of the function about engagement and morale.¹

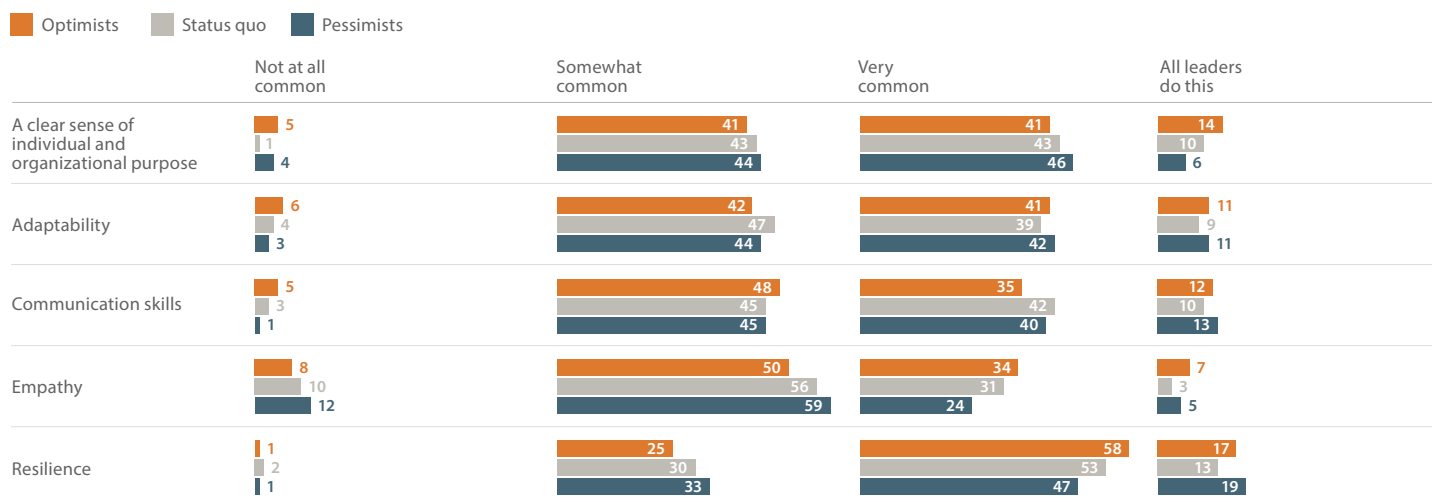
But only 51% of CFOs say that communication skills are very common in the function today. That is consistent with other Heidrick & Struggles data, which shows that among 33 leadership characteristics, the highest rank CFOs’ colleagues give them on any communication-related capability is ninth. And in our experience, finance executives who have a strong mix of deep analytic skills, the ability to handle complexity, and the ability to communicate that complexity to a broader audience meaningfully are indeed rare.

¹ For more on communication’s role in maintaining organizational culture and morale, see Rose Gailey, “Leading through the crisis by counting on purpose and values,” Heidrick & Struggles, March 31, 2020; and Steven Krupp, “From blame to gain: Leading with agility in a crisis,” Heidrick & Struggles, April 2, 2020, heidrick.com.

There is good news, too, in that CFOs are ranked top by colleagues on purpose and integrity, which is also among the top five capabilities CFOs say they’ll need going forward. Other research we’ve conducted shows that organizations with a clear purpose assess their own performance as more than twice as strong as others.² And in the survey, optimists far more often cite having a clear sense of individual and organizational purpose as important—60%, compared with 51% of pessimists—and more often say that a clear purpose is common in the finance function today. More broadly, looking at the five skills CFOs most often cite as needed, the optimists on the whole slightly more often said that those skills are prevalent in their organizations today. This may be another reason these CFOs are more hopeful about the future.

² Alice Breeden, Becky Hogan, and TA Mitchell, “Bringing your organization up to speed,” Heidrick & Struggles, September 12, 2019, heidrick.com.

How common are the most important leadership skills in the function today? (%)



Source: Heidrick & Struggles’ survey of US CFOs, 2020, n = 513 CFOs and senior finance executives

About the authors

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Financial Officers Practice

Heidrick & Struggles' Financial Officers Practice helps clients navigate an increasingly complex and competitive talent landscape to build great finance teams and position them for success within the organization and the marketplace.

Our practice experts around the globe have been at the forefront of the trends that shape this critical function for nearly two decades. We have an astute understanding of the complex demands and multiple roles that today's senior financial officers must possess and what boards and CEOs need from their finance leaders.

Our CFO executive search team focuses on C-level leadership, and our expertise spans all core areas of finance leadership: corporate and divisional CFO, full finance team build-outs, controllership and accounting, audit, treasury, tax, corporate development, M&A, risk management, investor relations, financial planning and analysis, and shared services.

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