

# The Future CFO: Changing Roles, Changing Goals

May 2022



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## Preface: IFMR GSB at Krea University

For five decades now, the Institute for Financial Management and Research (IFMR), has focused on building and nurturing managerial talent, specifically in the areas of finance and economics. Working closely with government and quasi-government bodies, large and small enterprises, academia and NGOs, IFMR has played a key role in building institutions and shaping the nation.

During this period, IFMR has worked closely with many financial directors, CFOs, CEOs and Board members. Never has it seen a renaissance in the CFO's office as much as in the past few years. Continuous shifts in the environment, advancements in technology and management of multiple stakeholders have steadily re-defined the role of the CFO that today extends well beyond the traditional

function of finance. Classic, old-world tasks such as bookkeeping, auditing, preparation of financial statements and compliance with statutory norms are no doubt necessary in today's context but they are no longer sufficient to address the dynamic, newer needs of a broad canvas of stakeholders.

The modern CFO is expected to be a strategic partner to the CEO and the Board, and actively participate in value creation through strategic financial and business decisions, embed financial criteria and analytics in operations and provide financial leadership in the management of growth with profitability. Financial leadership also involves playing an active role in risk management, globalization and digital transformation, along with providing a strategic and operational pathway to defining and meeting ESG goals.



Today's CFOs have to wear many hats—as conscience-keepers, Mergers & Acquisition wizards, people managers, storytellers and sustainability champions. In other words, to succeed as a CFO, one needs to enhance their skills, including in functional areas to drive innovation, effectiveness and efficiency across and beyond the organization.

What does it call for modern CFOs to balance traditional responsibilities alongside new-age demands to lead substantive change for their companies?

The IFMR Graduate School of Business (IFMR GSB) at Krea University engaged Dun & Bradstreet, pioneers in industry analysis and empirical research, to objectively explore, investigate and analyse the changing roles and goals of the CFO through a structured survey and study. This study is an attempt to put the spotlight on specific and diverse traits that are bound to become crucial requirements for CFOs of today and tomorrow.

This research is carefully designed to capture the experience and insights of CFOs from representative companies along with their backgrounds including professional accounting degrees and/or management degrees. Adopting a qualitative research methodology using structured questionnaires and interviews, the research spans industries, company sizes, geographies to present authentic and unalloyed perspectives. The design also incorporates questions to capture historical trends. The plan is to update the findings for a period of three years so that the rapidly emerging changes can be captured with unfailing periodicity.

The findings of the research, we believe, will be useful for academic institutions, professional accounting bodies, the CFO community at large, CXOs and Boards, senior management, corporate trainers, governments, and society at large.



**Prof Lakshmi Kumar**  
Dean  
IFMR GSB at Krea University



**Prof Balasubramanian (Bala) Gopalswamy**  
Senior Professor of Finance  
IFMR GSB at Krea University

## Foreword: Dun & Bradstreet

The relationship between a CEO and a CFO is critical for any business. A healthy relationship between these two personas directly implies the health of the business as it is based on trust and integrity, and alignment of vision and strategy. A mutual understanding of roles between the CEO and CFO helps bring the employees as well as customers closer to the new-age partnership required to take the business to the next level. The CFO shoulders the responsibility with the CEO to invest in people and co-own people's agenda along with the human resources department.

In businesses, the finance indicators are quite complex to decipher, hence a CFO's view becomes quite important for a CEO. There is an explosion of data, today, and finding the signal in the noise is the need of the hour. Given that the business environment has become more complex, comprehending the data, and presenting it effectively has become crucial. As a CEO, since more data is being unlocked, planning innovative ways of decoding this data, and finding signals to be able to harness it for the growth of the company has become imperative.

A CFO's role from a corporate data perspective is to turn all this data into a business matrix to make the right decision. The core skills of CFOs make them indispensable for CEOs as they are

able to connect key business data and present meaningful insights that are critical for decision-making in an organization.

Since technology plays a critical role today, the CTO (Chief Technology Officer) in conjunction with the CFO is determining the perfect digital operating model for businesses. Technological literacy is a must-have characteristic for today's CFOs. This, in turn, helps in accelerating automation and data analytics to provide insights which helps in operational and strategic decision-making. All these are key pieces of the jigsaw puzzle which CEOs have to put together to present the overall confidence in the business to the key stakeholders. CFOs are generally the comrades to CEOs as, by virtue of having analytical minds they can unpack and re-pack processes and data seamlessly to organize and draw conclusions.

Another critical aspect today for CEOs, is to understand the importance of ESG for their organization to be able to catapult investor and public confidence. Hence, know-how on gathering data, analysing and presenting it to the investors is the new-age requirement for CEOs.

The CFO in a nutshell helps the CEO to control the business by streamlining some complex processes by interacting with various stakeholders within the organization to help them make quick and informed decisions.



**Avinash Gupta**

Managing Director and CEO  
Dun & Bradstreet India



**Preeta Misra**

Senior Director - LEIG & CBIG  
Dun & Bradstreet India

# Study Objectives and Methodology



## Study Objectives and Methodology

### Study Objectives

The objectives of this study are:

Identify and codify the key capabilities and competencies of CFOs of today and tomorrow for them to stay relevant, and where appropriate, get ahead of the game

Mine perspectives and insights from current CFOs across industries on:

- the evolution of their role over the years
- newer and expanded responsibilities
- key traits needed to keep the lights on, while embracing the new asks
- what and how a future CFO will look like?

Double-click on some of the newer shifts in the marketplace that CFOs need to contend with to survive and succeed in that role.

- **Digitalization and Cyber Security:** Understand how newer digital technologies—

including data analytics, Cloud, artificial intelligence—as well as cyber protection and forensics are influencing and enriching the role of CFOs, as well as the interplay between CIOs/CTOs/CSOs, functional heads and CFOs in an era where technology is increasingly becoming the language of business.

- **ESG:** Understand how prepared CFOs are in shaping the ESG/SDG goals of a company, given that the entire supply chain needs to be—in some cases—re-imagined. In addition, explore the added responsibilities that CFOs have to shoulder to champion the sustainability agenda of the company.
- **Increased Borderless Business and Regulatory Scrutiny:** With many of the Indian businesses going global, how are CFOs managing newer global and local regulations around data privacy and governance, cross-border trade, listings across multiple stock exchanges, amongst other things.





## Methodology

This report is based on a primary survey and interviews with CFOs from leading Indian companies.

The survey output is classified across five broad areas:

Role Transformation	Challenges Faced	Expectations'	Essential Traits	Focus Areas
<p>How has the engagement levels of CFOs evolved across different activities 2012-22?</p>	<p>Which amongst these activities has a high impact in the context of a CFO's responsibilities?</p>	<p>What are the expectations from today's CFOs by the Board and Executive Committee?</p>	<p>What are the key capabilities and competencies required in today's CFOs?</p>	<p>Are CFOs capable of managing new-age demands?</p>
<p>How is it expected to change by 2027?</p>	<p>How are CFOs dealing with the newer set of tasks and challenges coming their way?</p>	<p>What are the newer expectations of CFOs from clients, investors, and communities in which they operate?</p>	<p>How do CFOs acquire these traits?</p>	<p>What are the key areas where CFOs need to build teams of the future?</p>

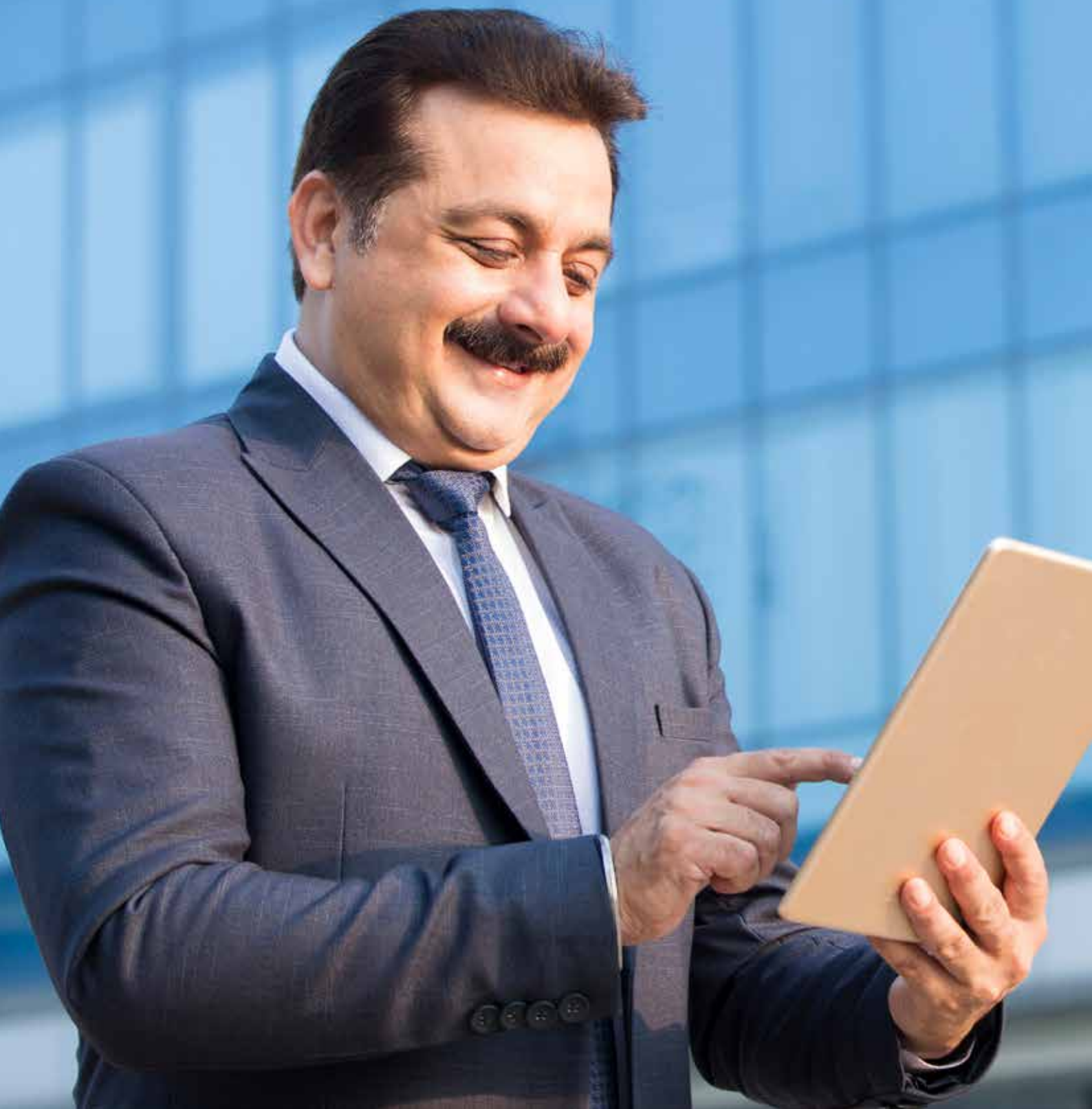
The survey questionnaire, analysis and report output consisted of the following:

- A combination of quantitative (rating scale 1 to 5) and qualitative aspects to get a holistic perspective on the evolving role of CFOs across areas such as risk management,

enterprise transformation, corporate strategy, investor and other stakeholder management, Board engagement, amongst others

- Drawing insights from CFOs and capturing their voices—to the relevant sections of the report

# Analysis of Nifty 250 Companies: Indian CFOs Insights



### Analysis of Nifty 250 Companies: Indian CFO Insights

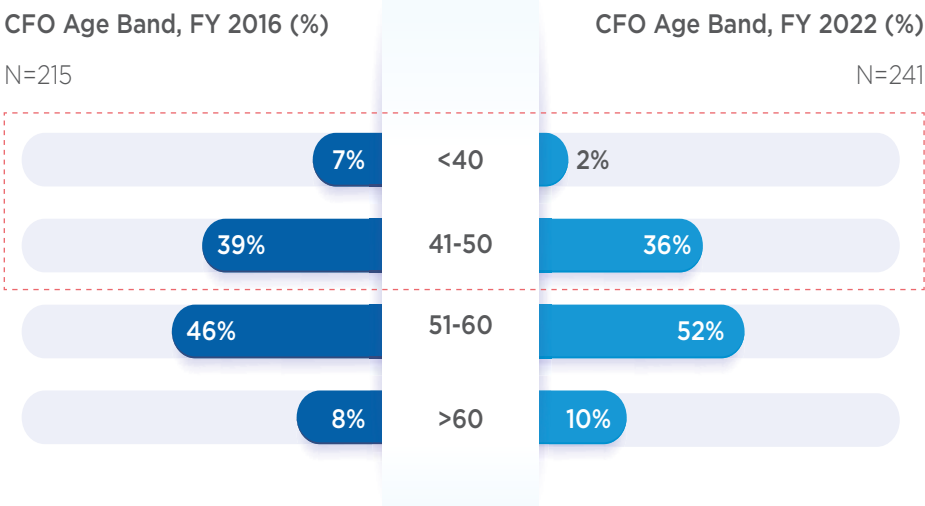
D&B analysed the Nifty 250 companies (Nifty 50, Nifty Next 50 and Nifty Midcap 150 index companies) for FY 2016 and FY 2022 to see how the needle has moved over a five-year period across different facets and mined key insights.

**Nifty 250 companies represent over 70% of sales for FY 2022 of India Inc., and constitute approximately 86% of market capitalization of the listed NSE universe.** Companies were analysed to understand different facets such as:

- Age bracket (a proxy for work experience)
- Gender
- Educational qualification (accounting, MBA and others)
- Age band comparison between MBA and non-MBA CFOs
- Sector dominance by educational qualification

A total of 241 companies were analysed for FY 2022 and 215 companies for FY 2016 among Nifty 250 companies based on data availability.

#### Age bracket



Source: NSE, D&B Analysis

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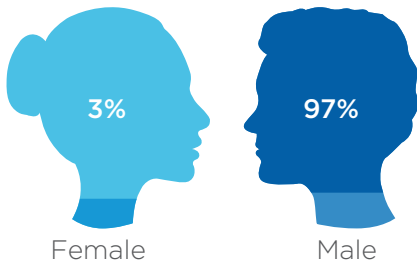
**Increased emphasis on work experience:** Only 38% of the CFOs of Nifty 250 companies are under 50 years in FY 2022 compared to 46% in FY 2016

**”**

**Gender** (Nifty 250 companies)

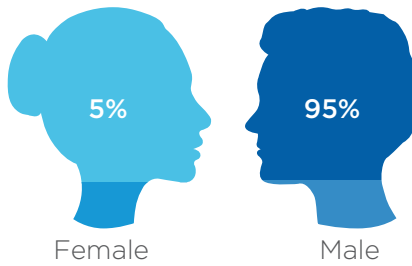
**CFO Gender, FY 2016 (%)**

N=215



**CFO Gender, FY 2022 (%)**

N=241



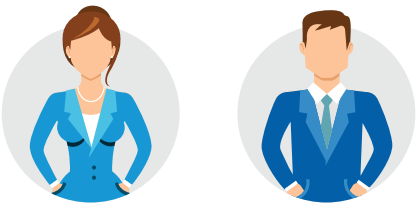
Source: NSE, D&B Analysis

**Gender** (Nifty 50 companies)

**CFO Gender, FY 2016 (%)**

N=50

Female, **4%**      Male, **96%**



**CFO Gender, FY 2022 (%)**

N=50

Female, **0%**      Male, **100%**



Source: NSE, D&B Analysis

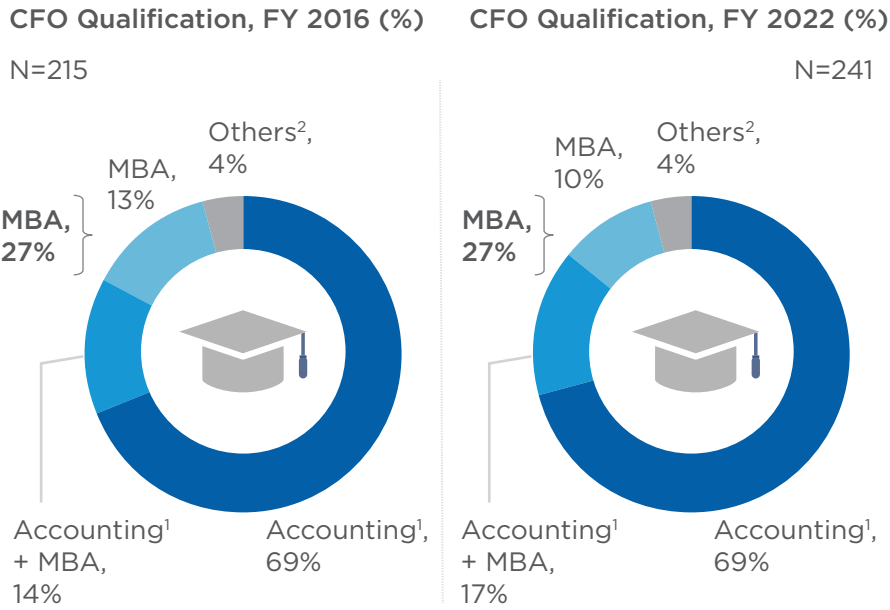
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**Gender disparity:**

There are just a handful of female CFOs in Nifty **250**. Further, there has been limited improvement in the male to female ratio between FY 2016 and FY 2022 despite the avowed commitments of the Board and CXOs to improve diversity and inclusion up the ranks. Surprisingly, we had no woman CFO in the Nifty 50 in FY 2022.

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**Educational Qualification** (accounting, MBA and others)

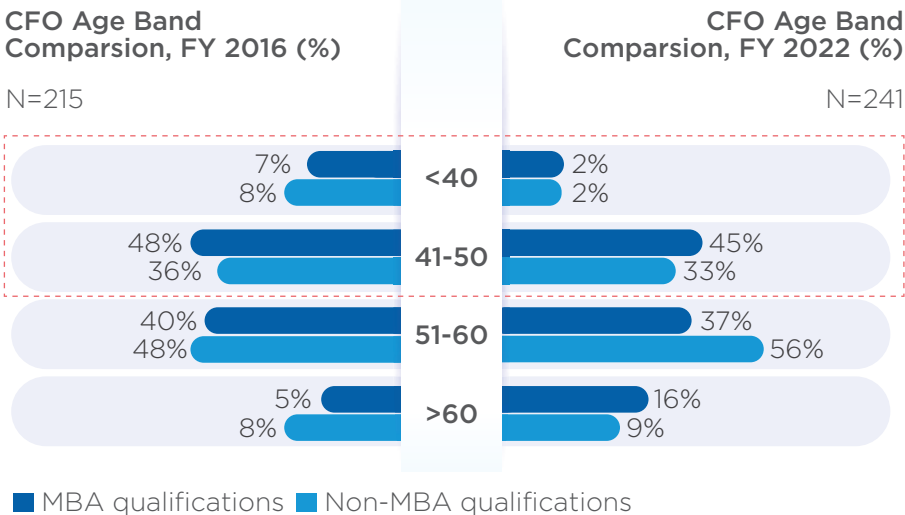


- 1. Includes CA, CS, ICWA, LLB, CMA qualifications
- 2. BE, BTech, Actuary, MTech, IRAS, BCom, MSc qualifications

Source: NSE, D&B Analysis

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**Accounting as a dominant qualification:**  
 ~70% of CFOs of Nifty 250 companies have accounting qualifications. While those with an MBA qualification have grown over the years, the proportion of CFOs with MBA has been flat at about 27% both in FY 2016 and FY 2022. Notably, we see the trend of experienced accountants continuing to pursue an MBA program to get more well-rounded skills with greater understanding of different functional areas.  
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**Age Band Comparison Between MBA and non-MBA CFOs**



Source: NSE, D&B Analysis

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**CFOs with an MBA qualification:**  
 Those with an MBA qualification become CFOs at a relatively young age and have an accelerated career progression. About **47%** of CFOs with an MBA qualification are under 50 years, as compared to 35% of CFOs with non-MBA qualification in the Nifty 250 for FY 2022.  
 ”

### Sector Dominance by MBA CFOs, FY 2016

N=215

Sectors	Sub-Sectors	MBA CFOs	Total CFOs
<b>Services</b> 	BFSI	15	46
	IT/ITeS	5	13
	Services	3	10
	Healthcare services	2	4
	Consumer services	1	7
<b>Industries</b> 	Pharma	7	19
	Consumer goods	5	31
	Industrial manufacturing	4	11
	Building, Construction, Infra	4	13
	Chemicals	3	13
	Automotive	3	19
	Power	2	7
	Oil & Gas	2	12
	Metals	1	10

Source: NSE, D&B Analysis


“  
**Sectors that have a proportionately high number of CFOs with MBA qualification:**  
 Industries account for approximately **58%** of CFOs with MBA qualification. Within services, healthcare, BFSI and consumer services have an outsized proportion of CFOs with MBA qualifications.  
 ”

### Sector Dominance by MBA CFOs, FY 2022

N=241

Sectors	Sub-Sectors	MBA CFOs	Total CFOs
<b>Services</b> 	BFSI	13	50
	Healthcare services	4	5
	Consumer services	4	8
	Services	3	12
	IT/ITeS	3	14
<b>Industries</b> 	Oil & Gas	6	13
	Industrial manufacturing	6	14
	Automotive	5	21
	Chemicals	5	16
	Consumer goods	5	31
	Pharma	4	21
	Power	3	8
	Building, Construction & Infra	2	15
	Metals	1	13

Source: NSE, D&B Analysis

A woman with dark hair, wearing a black blazer over a light blue collared shirt, is seated at a wooden conference table. She is smiling and looking towards the camera. In the background, other people are seated at the table, and there are green office chairs. The setting appears to be a professional meeting or conference.

# Shifting Priorities for CFOs

### Shifting Priorities for CFOs

This study attempts to capture how the engagement levels with both traditional and emerging activities are undergoing a dynamic shift in the life of CFOs, and sheds light on the level of re-prioritization needed in the years

ahead. Against each engagement activity, CFOs have provided their rating based on evolving importance.

Here are the **views of CFOs of nine activities and changes in engagement levels.**

#### CFO engagement levels for different activities

	Rating 2012	Rating 2022	Rating 2027
Risk management <sup>1</sup>	2.4	3.5	4.6
Internal audit, regulatory compliance	3.7	3.2	3.0
Corporate strategy <sup>2</sup>	2.8	4.1	4.8
Enterprise transformation	2.4	4.1	4.4
Pricing of products and/or services	3.1	3.7	3.7
Board engagement	3.3	4.0	4.6
M&A <sup>3</sup>	3.3	4.0	4.6
IT - Digital and cybersecurity	2.6	3.9	4.5
Management of investor community <sup>4</sup>	3.4	4.1	4.7

1. Enterprise-wide and / or operational risks 2. Including portfolio strategy, management and ESG 3. Including transactions, execution and postmerger integration 4. Shareholders, banks, private equity, other financial institutions

Ratings: 1 = Less engagement levels; 5 = High engagement levels

Source: D&B survey analysis

It is evident from the results that corporate strategy, enterprise transformation, risk management, Board engagement, digital and cybersecurity, and investor management have seen a sharp rise in engagement levels of CFOs and will continue to do so in the years ahead. Having said that, the engagement levels in traditional activities such as internal audit, regulatory compliance and product/service pricing have remained at the same level or shown a decline because of technology adoption.

These ever-evolving responsibilities indicate that CFOs need to re-assess their capabilities — as well as that of their teams—and re-orient themselves to the newer needs.

### Insights into Key Areas

#### Risk Management (Enterprise-wide and/or operational risks)

With the business environment turning increasingly complex, CFOs are seeking to mitigate both financial and non-financial risks.

CFOs are expected to manage risks holistically. Traditionally CFOs managed financial and regulatory risks, but with them getting more involved in strategy and business transformation, they are expected to manage or have oversight for risks that are operational, geopolitical, cyber and reputational risks as well as they have a significant bearing on the



financial health of the company. This means that they have to understand the scope of the risks faced by an organisation, evaluate them, create action plans to mitigate them and, finally, develop a process for periodic reporting of risks that can act as early warning signals.

**Survey Outcome**

The survey finds risk management eliciting priority attention with nearly **52%** of the CFOs interviewed giving it the highest engagement rating level of 5.



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With the variety of risks that businesses have been exposed to in the last 10 years, every stakeholder be it bankers, investors, equity investors, and even credit rating agencies have changed the way they look at their own business models. In this context, reviewing quarterly reports is not enough; there needs to be a constant engagement with the credit risk teams to have full visibility of the risk profile they are dealing with.

*Neeraj Basur, CFO,  
Blue Star Ltd.*

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Earlier CFOs were managing financial risks, regulatory risk, compliance and insider trading risks. Now, **CFOs have to manage multiple risks including reputational, geopolitical, technological, economic, delivery-profitability risk, and much more.** Interestingly, when these risks get discussed with investors, they want to see “opportunities” emanating from these risks, and if CFOs are not integral to managing these risks from a business standpoint, they will not be able to manage investor expectations.

*Manish Dugar, CFO,  
Mphasis Ltd.*

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The time interval between Black Swan events has gone down. Time spent on risk management has gone up significantly.

*Sandeep Batra, CFO,  
Crompton Greaves Consumer  
Electricals Ltd.*

”

### Internal Audit and Regulatory Compliance

Internal audit provides critical data points for the management to comprehend risk oversight and regulatory compliance. Internal audit and regulatory compliance today have evolved from being a “fault-finding” mechanism to “identifying and combating risks” through embedded risk intelligence.

The role of CFOs is shifting from being directly involved in the audit process to building process frameworks and methodologies, often driven by technologies that drive intelligence automation, data mining and reporting capabilities. While the importance of audit and compliance remain critical for CFOs these newer technologies and embedded processes are helping drive greater efficiency and effectiveness.

#### Survey Outcome

A majority of CFOs (59%) surveyed, mentioned the average engagement levels (rating scale #3) due to an increased role played by technology for streamlining processes and addressing compliance needs.



### Corporate Strategy (including portfolio strategy, management and ESG)

With structural changes in the marketplace including globalization, digitalization, regulations, ESG and the advent of disruptive born-digital companies, enterprises are re-imagining their business, operating and financial models.

In this context a 360-degree view of the company is an imperative for CFOs. And with the focus on ESG across the value chain taking center stage, CFOs are increasingly becoming co-custodians of the strategic roadmap and implementation programs to meet the SDG goals publicly shared by the organization.

#### Survey Outcome

Nearly 93% of CFOs interviewed have indicated above-average engagement levels (rating >3) in view of the critical role played by them in corporate strategy.



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**The CFOs journey from booking-keeping to value creation for the business has been a long and hard one.**

Today, it is very different and is shifting to a powerful role enabled by digital and data analytics. The CFOs need to partner with the CEO on strategy and jointly set the short-, medium- and long-term vision of the company.

*Sandeep Modi, CFO,  
Hindustan Zinc Ltd.*

”

## Enterprise Transformation

No longer can companies innovate at the edge. With the advent of newer technologies and accelerated velocity of change, organizations need to build the muscle of agility, and often, need to digitally transform themselves.

With CFOs working closely with CEOs, there are more and more key change agents in the organization. That means CFOs need to be conversant with newer technologies to understand how it disrupts the business and how well it can be leveraged to not only drive efficiency and effectiveness, but also innovation in the business.

CFOs will have to dedicate time to understand the holistic benefits of newer technologies, including data analytics, blockchain, cloud and cyber security, among others. As a consequence, a significant level of up-skilling is needed across the office of CFOs as well as the entire Finance team.

## Pricing of Products and Services

Historically, price tracking and reporting, as well as managing expectations and enforcing policies were areas of engagement for CFOs. This has now migrated to more involvement at the strategic level in product/service pricing activities with a deep understanding of the business and attendant risks. The involvement of CFOs has increased in areas such as developing a pricing framework with appropriate guard rails defined.

### Survey Outcome

About **38%** of CFOs have indicated low-to-average engagement levels (rating scale <4) as actual pricing is left to business unit owners. CFOs are responsible for developing pricing frameworks and templates to be used by business units for profitable growth as well as periodic reporting and monitoring.



### Survey Outcome

About **79%** of CFOs have admitted that the new change-agent role played by them resulted in “above high” engagement level (rating scale #4)



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CFOs today play a very big role in enterprise transformation. Let’s look at capital allocation for a company moving from a diesel-operated vehicle to a battery-operated vehicle. Upfront it may look expensive. But in the long term, looking at the total cost of the entire cycle it may look different. These are newer areas where CFOs play a big role.

*Sandeep Modi, CFO,  
Hindustan Zinc Ltd.*

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In the IT industry, pricing of deals is shifting from hourly rates to business outcome-based pricing that’s transparent to the clients. To even structure these deals, CFOs need a complete understanding of the business and the risks involved.

*Vinit Teredesai, CFO,  
Mindtree Ltd.*

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## Board Engagement

The CFO-Board interface has undergone a metamorphosis. The Board expects CFOs to provide an independent view of the business, elaborate the risks involved and sketch out mitigation measures. In terms of risks, the role of CFOs is no longer limited to financial, regulatory and compliance risks. CFOs today have to deal with risks emanating from geopolitical crises, investor activism, cyber security, among other areas.

In this context, CFOs are no longer mere protectors of the financial health of companies but also are custodians of its reputation and larger purpose.

### Survey Outcome

About **93%** of the CFOs interviewed have mentioned above average engagement levels (rating scale >3) in the context of their expanded remit.



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Investors look for three things: good governance, returns and transparency. CFOs are the custodians of all three. A lot depends on the CFO's ability to help the Board and the CEO to set expectations right and drive transparency. **At the end of the day, CFOs are custodians of investors' money.**

*Sanjay Agarwal, CFO,  
Jyothy Labs Ltd.*

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Earlier when CFOs were invited to speak, they would do so looking at the rear-view mirror on aspects such as cost, profitability and output. CFO was not viewed as a co-pilot. Today, **CFOs are expected to have a very independent perspective of the business rather than factually recount of what happened in the past.** This is because of the demands from different stakeholders, including different expectations from the investor community and functional heads as well

*Sandeep Batra, CFO,  
Crompton Greaves Consumer  
Electricals Ltd.*

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### Mergers & Acquisitions (including Transaction, Execution, and Post-merger Integration)

CFOs were and will continue to remain important decision-makers when it comes to M&A transactions. However, over the past few years, there has been a shift from analysing quantitative aspects such as valuation to qualitative aspects including strategic and cultural alignment, execution flexibility, deal synergies and integration challenges.

Today's CFOs are closely involved in target identification, understanding of competitive advantage, capability enhancement,

technology and geography penetration through acquisitions. They are also actively involved in post-merger integration, including understanding the target's business culture, process and installed IT footprint.

#### Survey Outcome

Around **79%** of CFOs mentioned high engagement levels (rating scale #4) for as M&As and strategic corporate venture funding have become key areas for growth, profitability and relevance in the long-term.



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In the past, the CFOs involvement in M&As was largely limited to valuation and financial integration. Today, CFOs look at competitive advantage, capability enhancement, technology alignment, geographic penetration, compliance, post-merger integration, employee financials and retention strategies. From mere financials, it's all about strategic business fit.

*Vinit Teredesai, CFO,  
Mindtree Ltd.*

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## IT - Digital and Cyber Security

From accounting being the language of business, today, technology is increasingly becoming the language of business. In this re-defined context, while CFOs need not be technology experts, they need to have the literacy and fluency to understand how newer technologies can disrupt their businesses and address all aspects of business efficiency, effectiveness and innovation.

Hence, it is very critical for CFOs to understand if the company is making the appropriate levels of funding in technology. This requires CFOs to work closely with the CIO/CTO and tech leaders within the company and

outside and get a handle on the return on investment, but more importantly, the return on competitive differentiation. CFOs need to continuously upskill themselves to understand the implications of technology and its impact on business.

### Survey Outcome

Not surprisingly, about **62%** of CFOs who were interviewed have cited high engagement levels (rating scale #4) and the need to work closely with CTOs/CIOs to drive the digital transformation agenda.



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While CFOs do not need to be a master of digital, they need to see how it threatens their business decisions. Digital has the connotation of being a business disruptor; but it needs to be treated as a means and not an end. CFOs need to understand how digital and IT can improve ways of doing business because digital connects everybody—consumers, vendors and employees.

*Sandeep Batra, CFO,  
Crompton Greaves Consumer  
Electricals Ltd.*

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Cyber security continues to be one of the top 3 risks for us. With higher levels of digital transformation over the years, cyber security risks have become even more important.

*Sandeep Modi, CFO,  
Hindustan Zinc Ltd.*

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### Managing of Investor Community (shareholders, banks, private equity, other financial institutions)

Today, investors and stakeholders aren't satisfied with merely getting to know the financial health of the company in numbers. They look for a holistic sketch of the business, including financial health, digital transformation journey, sustainability roadmap, business resilience, among other things.

Hence, CFOs have to transcend beyond numbers to articulate the short, medium, and long-term growth strategy and tell a story interpreting the numbers, market opportunity

and company positioning. And with the growth in investor activism, CFOs need to also position the company as one that's doing well by doing good and how corporate purpose is at the core of everything they do.

#### Survey Outcome

Nearly **93%** of CFOs have mentioned above average engagement levels (rating scale >3) as they play the crucial bridge between company boards and investors.



# Challenges Faced by CFOs





### Challenges Faced by CFOs

The biggest challenge faced by modern CFOs is how to balance traditional roles with newer responsibilities. A dynamic global business environment, growing regulatory landscape and rapidly evolving technologies have forced CFOs and entire finance teams to re-imagine the way they work.









With huge amounts of historical data and analytical tools made available, stakeholders are expecting CFOs to provide not just hindsight and insight, but foresight into the business at the corporate as well as granular levels. Providing this zoom-in and zoom-out picture is, the real challenge for the CFO.

Further, increasingly, businesses do not want periodic reports on the state of the business to be sent to them; they want to see it for themselves in real time through self-service features. In some sense, they need the Sunday night experience of dealing with technology in their personal lives to roll over to the Monday morning experience in the corporate setting.

To make this possible, CFOs need not just a traditional team of finance professionals but an inter-disciplinary team including accountants, planning and analysis experts, engineers and technologists, visualization experts, sustainability champions, among others to be a part of this team.

### Key Inferences: Outcome of the Quantitative Feedback



Activities	Ratings, 2022
 Managing new-age competencies <sup>1</sup>	
 Dealing with a complex matrix structure <sup>2</sup>	
 Availability of skilled person-power <sup>3</sup>	
 Stakeholder management <sup>4</sup>	

1. Including technology, analytics, ESG 2. Across multiple departments 3. Including talent fit for new-age roles

4. Enlarging boundaries - shareholders to stakeholders

Ratings: 1 = Limited increase in time spent / less impact on CFO responsibilities; 5 = High increase in time spent / high impact on CFO responsibilities

Source: D&B survey analysis



“

**It is not a command culture anymore; we are part of a networking culture.**

This is a very big shift that CFOs need to understand. Today, it is a transparent house. Information can be easily shared with anybody. As a CFO, you must be seen as **tough but accessible and always asking the right but not unreasonable questions.** The whole image of the CFO today has moved from an old chief accountant model. Image and branding are taking huge shifts as far as CFOs are concerned.

*D Sundaram, Ex-CFO,  
Hindustan Unilever Ltd.*

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One big area for CFOs to improve is **the ability to increase the relationship quotient with both internal and external stakeholders. Finance professionals have historically focused more on IQ and less on EQ.** Having been on both sides—business and finance—I think being able to manage relationships with internal and external stakeholders is one of the most important things for CFOs in the years ahead.

*Manish Dugar, CFO,  
Mphasis Ltd.*

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## Insights into Key Areas

### Managing new-age competencies (technology, analytics, ESG)

Digital technologies such as analytics, artificial intelligence, blockchain, Internet of Things (IoT) and cloud-based systems are increasingly deployed to help CFOs transition from “systems of record” to “systems of engagement and intelligence”. This calls for new-age competencies largely driven by new age technologies.

### Survey Outcome

**86%** of respondents gave above average engagement ratings (rating scale >3) as many of these additional competencies needed are outside the CFO and the teams’ traditional expertise.



### Dealing with a Complex Matrix Structure (across multiple departments)

The number of direct reports to CFOs has expanded and a more matrix reporting structure is increasingly the order of the day. The traditional functional areas reporting to CFOs were the controller, financial planning and analysis, procurement, treasurer and investor relations. Today, it has expanded to dotted-line structures with leaders from technology, human resources, risk management and sustainability either directly or on a dotted-line basis reporting to CFOs. This needs a time-talent trade-off for CFOs and also puts greater demand on CFOs to build multi-disciplinary competencies.

#### Survey Outcome

Managing diverse and global teams as well as multiple dotted-line reporting matrix, is seen as a major challenge by **52%** of CFOs interviewed.



#### Survey Outcome

All respondents gave an above-average rating (>3) as multi-disciplinary talent attraction and retention is a big challenge.



### Stakeholder Management (enlarging boundaries - shareholders to stakeholders)

The business of business is no longer just business. With operating a business increasingly being seen as a licence given by communities in which businesses operate, the shift from shareholders to stakeholders is the new norm. The focus is no longer just on revenue profitability and market value, but on larger aspects including:

- Ecology (including water and air, emission and waste, materials and energy, flora and fauna)
- Economics (including production and resourcing, labor and welfare, consumption and use, and accounting, impact and transfer)
- Culture (including equity and learning, health and well-being)
- Politics (organization and governance, ethics and accountability, representation and negotiation, and law and justice).

As such, maximising stakeholder value is an integral responsibility for CFOs.

#### Survey Outcome

This area remains a top focus with **45%** of CFOs mentioning highest rating of #5.



### Availability of Skilled Person-power (including talent fit for new-age roles)

With the role of a CFO broadening and deepening, traditional finance teams are no longer sufficient. CFOs need specialist teams with specialist qualifications across different sub portfolios including technologists, visualizers, sustainability and storyboarding experts. Needless to add that sourcing and retaining such talent is a challenge.

# Essential Traits of New-Age CFOs



### Essential Traits of New-Age CFOs

A CFO today is often seen as a “Deputy CEO”, co-owning the growth and resilience agenda of the company. In addition to the traditional skills of accounting, auditing, financial analysis, procurement and compliance, CFOs today, need to strengthen their interpersonal and relationship management skills, story-telling capabilities by interpreting data and mining insights, have decent levels of technology fluency to ask the right questions and get the right answers, as well as understand the larger

demands of the society to fulfil the larger corporate purpose.

The survey results clearly suggest that CFOs need to get the big picture of the business across different businesses and functions to be a strategic partner; they need to understand the catalytic role technology can play to their business to drive profitable growth, competitive differentiation and enhance shareholder value, as well as manage a new breed of investors including angel investors, venture capitalists, private equity and crowd-funded investors.

### Key Inferences: Outcome of the Quantitative Feedback



Activities	Ratings, 2022
 Envisioning business growth <sup>1</sup>	 4.7
 Advising and spearheading M&A <sup>2</sup>	 3.8
 Management of government regulations <sup>3</sup>	 4.0
 Management of investors community	 4.1
 Understanding the role of technology <sup>4</sup>	 4.5
 Providing holistic view to the CEO <sup>5</sup>	 4.6

1) Co-ordination with stakeholders to chart out strategy 2) Co-ordinate transaction negotiations, deal closure and post merger integration) 3) Incl. CSR, ESG 4) And its impact on business and integrating / budget with business growth 5) On the business and partner in challenging environment

Ratings: 1 = Less critical traits; 5 = High critical traits

Source: D&B survey analysis

Rating-wise, the respondents consider envisioning growth, providing a holistic view of the business to the stakeholders, understanding

the role of technology, managing investors and government regulations to be the five critical traits that are essential for CFOs today.



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The role of CFOs requires for them to play the role of Chief Crisis Managers in addition to the many hats they already wear; this is because CFOs have a deep interface with multiple stakeholders within and outside of an organization.

*Ajay Goel, Group Deputy CFO,  
Vedanta Resources Ltd.*

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As a CFO you should learn how to navigate through a crisis, uncertainty or ambiguity. The new environment is so volatile and uncertain and managing this will be a primary skill for a CFO of the future.

*Neeraj Basur, CFO,  
Blue Star Ltd.*

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One of the most important things for the CFO is to know the business. In other words, to know the whole value chain (who is appropriating what value). I always start from the consumer price. The entire gamut of the cost structure can only be developed if there is intimacy with the business. I expect the CFO to walk the market. I expect the CFO to talk to the customer and to the consumer. In HUL, we used to travel to the interiors of the state to understand the consumers, just to get a better appreciation of the business. Business intimacy is very important for CFOs.

*D Sundaram, ex-CFO,  
Hindustan Unilever Ltd.*

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Today's CFOs are co-pilots or Deputy CEOs. They are seen as strategic advisors who give independent views on various strategic decisions companies take for the business to grow. They are not just a conscious keeper, but demonstrate the hunger for the growth of the business while ensuring that the checks and balances are in place. It's the CFOs who balances growth and risks.

*Sunil Bohra, Executive Director and  
Group CFO,  
Minda Industries Ltd.*

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### Insights on Key Areas

#### Envisioning business growth (co-ordination with stakeholders to chart out strategy)

CFOs need to have a deep understanding of the business and operating models to chalk out the financial model. They need to also have a good understanding of competitive dynamics and new-age technology disruptors to their business, both in the domestic and international markets. Working with different stakeholders, CFOs are expected to co-own the multi-year strategic direction of the company and also implement it.

#### Survey Outcome

About **72%** of CFOs gave the highest rating (rating #5) as they need to have a deep understanding of the business and operating models to participate in the development of multi-year growth strategy, aligning with the purpose and vision of the company.



#### Advising and Spearheading M&A (co-ordinate transaction negotiations, deal closure and post merger integration)

CFOs clearly need to expand their capabilities in managing M&A from traditional areas of financial and tax due diligence to understanding the target culture, transformational opportunities and value creation. Apart from pre-acquisition planning, including due diligence and retention plan for strategic personnel, CFOs need to participate in actionable integration and timelines for realizing business, operational and financial synergies from the transaction.

#### Survey Outcome

About **66%** of CFOs gave an above average rating (rating > 3) with increased traits required for handling non-financial aspects together with providing holistic valuation view of the deal.



### Management of government regulations (incl. CSR, ESG)

The ability of CFOs to maintain a healthy interface with the lawmakers and regulators has emerged as a crucial trait for modern CFOs in the context of constantly evolving changes in regulations, especially taxation. In addition, for businesses that operate in a global context, newer regulations around data privacy and ESG norms have become an integral responsibility of CFOs.

#### Survey Outcome

About **45%** of CFO's gave high rating (rating #4) since a CFO's office has to interact frequently with government authorities for matters related to taxation and emerging regulations on ESG.



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ESG is not old wine in a new bottle; it is much beyond that. It's not merely writing a cheque for a social cause, but generating employment and favourably impacting the lives of people. It's not just about a binary gender diversity, but includes LGBTQ, nationalities, generations, etc. Likewise, it's all about embedding de-carbonation in your strategy and mapping your long-term ESG strategy over 5-10 years and measuring continuous progress.

*Vinit Teredesai, CFO,  
Mindtree Ltd.*

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Investors are interested in ESG and good ESG is good for business. **ESG will drive future capital allocations.**

*Sandeep Batra, CFO,  
Crompton Greaves Consumer  
Electricals Ltd.*

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## Management of investors

The Investor Relations' function has seen significant shifts with increased investor engagement and enhanced participation by shareholders and proxy advisory firms. CFOs need to be consistent in their messaging and go beyond what is being reported in annual reports and quarterly presentations. They need to be storytellers of the business using data and insights, while at the same time, be able to talk the big picture of how macro developments impact their businesses, positively or otherwise.

### Survey Outcome

About **90%** of CFOs gave above average rating (rating > 3) with emerging traits required being the ability to present the big picture and tell a story using data and insights and be consistent in their communication.



## Understanding the role of technology (and its impact on business and integrating / budget with business growth)

Today's CFOs need to shed their image of the ones that count the beans to one that grow the beans. They should understand how technology impacts their entire business as well as their function, and have the know-how or literacy to understand the recommendations of the CTOs/CIOs.

### Survey Outcome

**100%** of CFOs gave an above average rating (rating > 3) with CFOs expected to deeply understand and appreciate how technology provides digital leadership to grow the businesses and pick up new-age tech skills at a desired level.



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CFOs are the face for the investors. In every session with investors, CFOs talk about the strategy of the company and not always the P & L or the balance sheet of the company. When you become the face, you become the interpreter of the company, and the advocacy to the outside world is done by the CEO and the CFO in collaboration.

*S Mahalingam, ex-CFO,  
Tata Consultancy Services Ltd.*

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Technology is rapidly driving transformations. CFOs now need to learn more to participate in these technology digital discussions and its impact on business. CEOs are learning faster; **CFOs are not learning fast enough.**

*S Mahalingam, ex-CFO,  
Tata Consultancy Services Ltd.*

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## Views on Educational Qualification and Gender Diversity: CFO's Perspectives

In Western markets such as the USA, MBAs clearly dominate the CFO's role, with many growing into CEOs. In the Indian context, however, accountants (largely Chartered Accountants) continue to dominate this space.

In a recent study of 682 companies in the USA—Fortune 500 and S&P 500 companies—by executive recruiting firm, Crist Kolder

Associates reveals that MBAs make up 60.5% of the CFOs population, 44% are CPAs and 10.5% are both CPAs and MBAs. Interestingly, 101 of them have a woman CFO, steadily increasing from 62 ten years back.

However, in the Indian context, we are still a long way off in being truly diverse and inclusive. Less than 5% of the companies surveyed in the Nifty 250 for FY 2022 were women and surprisingly, we have no woman CFO in the financial year FY 2022.



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Qualification, inclination and ability are important. If you are in a position to understand the ramifications either by training or experience, you can definitely fit into the role. I don't believe that to be a CFO, you need to be a Chartered Accountant or a Cost Accountant. In my days at HUL, there were MBAs in Finance, who were able to handle this role.

*D Sundaram, ex-CFO,  
Hindustan Unilever Ltd.*

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We usually do not see women in many top positions, and this is a major problem. It is not that women lag in finance. Companies have not done a great job in creating women CFOs but it should happen in the future with greater emphasis on diversity and inclusion.

*S Mahalingam, Ex-CFO,  
Tata Consultancy Services Ltd.*

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The selection of CFOs in a company depend on what skills you are looking for in that person. If you are looking at an accountant, you will only get an accountant. If you are looking for a pure-play CFO, then you will find the right person. My successor at TCS was someone with an engineering and MBA qualification. He was in charge of Business Finance, a role that supports Business Units in planning, monitoring and managing its performance, before becoming a CFO, and later as CEO. He had a strategic orientation with a very good understanding of accounting, taxation and finance—qualities that boards today are looking for. This combination is very critical.

*S Mahalingam, ex-CFO,  
Tata Consultancy Services Ltd.*

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Traditional Chartered Accountants or Cost Accountants are not needed anymore for the position of a CFO; today, we see people from diverse backgrounds such as MBA, engineering or even technology as CFOs. The crucial part here is to understand that smaller organizations need to think about the career path they can pave for these individuals. Companies need to be committed to giving career growth to such individuals, or else, you lose them in a couple of years and go back to square one.

*Sandeep Batra, CFO,  
Crompton Greaves Consumer Electricals  
Ltd.*

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# Additional Voices of CFOs



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The role of a CFO has evolved to a qualitative rather than a quantitative one. Organizations today are highly focused on following ESG and Sustainability practices when making decisions about sourcing raw materials, governance or managing customers and compliances. These are contemporary challenges that CFOs have to consider as part of their new responsibilities.

*Saumil Daru, CFO,  
Oberoi Realty Ltd.*

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Typically, in a crisis, CFOs don't cut their way out, they help an organization to grow a way out of the crisis” or “In times of global uncertainties, CFOs play a tremendous role in driving the organization towards its core business purpose.

*Ajay Goel, Group Deputy CFO,  
Vedanta Resources Ltd.*

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I always say that there are two types of accountants. Accountants who see the numbers and the accountants who smell the numbers. I always wanted people who smell the numbers; these folks understand the underlying direction, and the difference between a leading indicator and a lagging one. People need to understand this difference and not rely on what has happened.

*D Sundaram, ex-CFO,  
Hindustan Unilever Ltd.*

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CFOs have the best view of the entire cricket pitch; they almost act like the organisation's wicket-keepers. They have a clear vision of where the organization is headed, be it on hiring, technology investments or business decisions. They are - in today's scenario - strategic advisors not just to the CEO on business decisions but also to the CTO and CPO on hiring and technology decisions.

*Sanjay Agarwal, CFO,  
Jyothy Labs Ltd.*

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CFOs are spending more time on analytics, strategy, automation and technology than ever before, today's CFO is much more than a number cruncher, new skills are extremely critical for future of CFO.

*Jiten Chopra, CFO,  
Interglobe Aviation Ltd.*

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Diversity in a CFOs team is inevitable! Given that analytics and data led decision making is the way forward, CFOs will increasingly rely on a cross functional team with background of finance and technology.

*Aravind Viswanathan, CFO,  
Tanla Platforms Ltd.*

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Today's CFO, along with articulation of vision and mission of the company, needs to have utmost clarity on where they would like to take organization 10-15 years hence.

*Vineet Ganeriwala, CFO,  
Vaibhav Global Ltd.*

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Geopolitical scenarios are making risk management challenging. Because of which, business sustainability, business continuity and digitization have been a priority for the CFOs today.

*Anel Gambhir, CFO,  
Blue Dart Express Ltd.*

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The know-how of ESG, technology and analytics is extremely important and are three future pillars for CFO to succeed in coming times.

*Parag Parikh, CFO,  
Adani Total Gas Ltd.*

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# Key Takeaways



Here are some key takeaways from the report:



CFOs need newer skills to address newer demands of the market—including digitization, sustainability and risk management—to be true, trusted partners to CEOs



CFOs need to become more sociable and people-oriented and need to strengthen their skills in communication, collaboration and storytelling



CFOs are no longer those who count the beans, they grow the beans by digitally transforming the organization, driving M&As right from pre-qualification to integration and realizing those synergies, among other areas



CFOs need to manage the different stakeholders with multi-disciplinary skills to build greater trust. They also need to build teams that are multi-disciplinary—accountants, risk analysts, technologists, sustainability experts, investment experts—to rise to new challenges



Leaders need to walk the talk. For example, all the avowed commitment to increase diversity and inclusion does not reflect in the number of CFOs in the Nifty 250. Under 5% of women CFOs in the Nifty 250 and no one in the Nifty 50 in the financial year FY 2022 is not something we can be proud of



Educational institutions and bodies that are responsible for equipping potential and existing CFOs need to curate new-age programs across digital technologies, sustainability, risk management, among other life skills such as storytelling, collaboration and people management, to enrich the ecosystem



Government bodies and Chambers of Commerce need to understand the larger role that CFOs play today and ensure that they are at the table when discussions on strategy, transformation and policy formulation are made

# ■ Acknowledgement





## Acknowledgement

Krea University and D&B gratefully acknowledge the support provided by dozens of CFOs in responding to the survey and doing comprehensive interviews. The interviews were

conducted between January and March 2022 and garnered responses from 31 CFOs, of which 18 companies are part of the Nifty 250, 6 listed companies outside Nifty 250 and 7 unlisted companies.

Sr. No	CFO Name	Company Name
1	Aditya Agarwal	Cleartrip Travel Services Pvt. Ltd.
2	Ajay Goel	Vedanta Resources Ltd.
3	Aneel Gambhir	Blue Dart Express Ltd.
4	Anish Shah	Zee Learn Ltd.
5	Aravind Viswanathan	Tanla Platforms Ltd.
6	Arun Ganapathy	House of Anita Dongre Ltd.
7	D Sundaram (ex-CFO)	Hindustan Uniliver Ltd.
8	Dinesh Modi	Cactus Communications Pvt. Ltd.
9	Gambhir Gupta	Viega India Pvt. Ltd.
10	Harvinder Kaur	Rajasthan Royals
11	Jatin Dalal	Wipro Ltd.
12	Jiten Chopra	Interglobe Aviation Ltd.
13	Manish Dugar	Mphasis Ltd.
14	Mukesh Surana	Garware Technical Fibres Ltd.
15	Nandakumar Tirumalai	Tata Chemicals Ltd.
16	Neeraj Basur	Blue Star Ltd.
17	Parag Parikh	Adani Total Gas Ltd.
18	Rajan Bala Venkatesan	Latent View Analytics Ltd.
19	Rajeev Goyal	Mahindra & Mahindra Ltd.
20	Rajnish Magan	Beumer India Pvt. Ltd.
21	S Mahalingam (ex-CFO)	Tata Consultancy Services Ltd.
22	Sandeep Batra	Crompton Greaves Consumer Electricals Ltd.
23	Sandeep Modi	Hindustan Zinc Ltd.
24	Sanjay Agarwal	Jyothy Labs Ltd.
25	Sanjay Upadhyay	Deepak Nitrite Ltd.
26	Saumil Daru	Oberoi Realty Ltd.
27	Saurabh Gupta	Dixon Technologies (India) Ltd.
28	Saurabh Shah	Dun & Bradstreet Information Services India Pvt. Ltd.
29	Sunil Bohra	Minda Industries Ltd.
30	Vineet Ganeriwala	Vaibhav Global Ltd.
31	Vinit Teredesai	Mindtree Ltd.



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