



FINANCE 2020

Finance 2020 Closer than you think

The future is here

The finance function is facing what is possibly the biggest era of transformation in its history. Process automation, the corporate digitisation agenda and an ongoing need to protect assets and manage costs, are conspiring to put significant pressure on finance professionals. It's time for Chief Financial Officers (CFOs) and finance leaders across the world to consider how they should be planning for the future of the finance function.

Business' expectations are rising. Aside from meeting operational finance objectives and maintaining the company's bottom line, CFOs are under constant pressure to provide strategic direction to the business to help make better informed decisions. How must the finance function adapt to deliver on rising expectations?

The finance function needs to evolve to a strategic, analytical, data-driven powerhouse that embraces digitisation and drives performance, thereby adding value throughout the business. In order to successfully adapt to the finance function of the future, CFOs need to have an efficient finance model, technologies, and not least, highly skilled people.

Contents

Connecting strategy with operations	2
Driving financial digitisation	4
Case study: Digitisation drives transparency and outcomes	6
CFOs: the new Chief Performance Officers	7
Managing increased business expectations	8
Building the finance dream team	12
Preparing for the future	15
Conclusion	17

Connecting strategy with operations

While managing the company's bottom line and meeting operational finance objectives remain critical business priorities, as companies begin to operate more often in complex, real-time markets, the value of the insights that the finance function can provide to the business is increasing.

Faced with an uncertain, complex and ever-evolving world, including technology advances and developing markets, strategic planning requires careful consideration of the financial risks alongside the opportunities.

"Today, finance is about understanding and checking the hypotheses behind management's views, and ensuring the goals being pursued are aligned with the company strategy."

David Jones, Senior Managing Director at Robert Half Asia Pacific

Big Data, forecasting and analytics are providing the business with actionable insights to support decision-making; but given these changes are happening quickly, how will finance teams need to adapt? Let's start with some key questions that CFOs need to ask themselves.

What is the business looking for from the finance function of the future?

CFOs increasingly need to find equilibrium between balancing the books, managing disruptions and helping the business forecast and analyse trends to reach profitable growth goals. The focus of the CFO is changing still further, as compliance requirements need to be balanced with increased expectations of the business that the CFO should provide strategic advice and drive performance.

What do CFOs need to pay extra attention to?

While corporate governance, risk management and regulatory compliance will still be important expectations from the business, other important factors for the finance function of the future include keeping pace with technology change, leveraging Big Data and managing automation.

TOP 5 INITIATIVES THAT THE ACCOUNTING AND FINANCE FUNCTION WILL BE FACING BY 2020

1		Meeting regulatory compliance mandates
2		Keeping pace with changing technology
3		Harnessing/managing Big Data
4		Meeting accounting and financial reporting standards
5		(De)centralisation of accounting operations

Source: Independent survey commissioned by Robert Half among 100 CFOs in China (Shanghai).

Driving financial digitisation

Automation is dictating

Ever since the introduction of the calculator, automation has played a huge part in improving the efficiency and effectiveness of financial processes. The transactional aspect of finance and accounting has been automated still further to achieve huge gains in business efficiency and customer service quality.

According to research carried out by the Association of Chartered Certified Accountants (ACCA)¹, a global body for professional accountants and affiliate of the Chinese Institute of Certified Public Accountants, “the development of intelligent automated accounting systems” was identified as the top issue set to impact accountancy over the next three to ten years.

“Automation is key to the finance team being able to deliver as a business partner.”

Bernhard Schmitt, Chief Financial Officer at DKSH

Companies are exploring automation to reduce or remove high margin processes, such as procurement and accounts payable. To keep up with the unique demands of their business, they are looking for software platforms that enable customisation and development to facilitate company growth. The software needs to be able to adapt to the changing needs of the business, just as the finance professional does.

Automation: Opportunity or threat?

An emerging issue is whether automation is an opportunity or a threat for finance teams. For **Schmitt**, automation is an inevitability that has many opportunities. *“We are using one IT system worldwide, which services all the accountants within our firm globally. Everyone has the same structure, the same processes and the same data. And it’s available instantly. What’s more, everything is consistent and transparent. We can now have better discussions about the business elements that really matter.”*

¹ ACCA, [Professionals Accountants – the future](#)

Is automation the only (technological) consideration?

Big Data and analytics are key to gaining competitive advantage. Organisations may be doing a great job of data analytics, but are often still working with legacy systems based on spreadsheets that take too much time to complete. Companies need to review their data management and analysis processes in order to maximise the time spent on delivering insights to the business.

David Jones, Senior Managing Director at Robert Half Asia Pacific acknowledges that technology is one of the fastest-growing industries, with companies racing to capitalise on its potential. *“IT isn’t alone in the push for digital investments and drive to capitalise on new technologies. Increasingly, finance teams are also looking at investing in technological solutions that will streamline and optimise accounting processes and financial reporting, as well as leverage the potential of Big Data. There is a strong demand for finance experts to tap into their company’s information for insights and to develop actionable strategies. However, a digital investment is only truly useful for the finance team when people have the right job skills to harness its potential.”*



Most common areas of investment in the digitisation of the finance function:

- Data analytics
- Compliance and regulation
- Fraud detection and risk management
- Accounting processes
- Financial reporting



In the news...

“The Modern CFO: From Storytellers To Data Experts” – Forbes²

² Forbes, [The Modern CFO: From Storytellers To Data Experts](#)



Case study: Digitisation drives transparency and outcomes

The finance function at DKSH underwent a global transformation under the leadership of its **CFO Bernhard Schmitt**. The company's vision was that the finance function should be a strategic, performance-driving function and true business partner. For DKSH, the key way to achieve that was through transparency and automation.

"It was a big decision for the business to say, 'I'm cutting off all the old systems and going to a new one,'" reflects Schmitt, who began his role at DKSH part-way through the transition. *"The implementation took four years in total."*

Schmitt identified that it was critical to align processes to facilitate the introduction of the technology. *"There was a clear blue-printing exercise across the global business to define current processes. This was not only in the finance function, but across all the departments. There was nearly complete standardisation, followed by rigorous testing."*

Once the technology was implemented, the benefits were quickly seen. *"Suddenly, you have complete consistency. Smoke screens come down and there is transparency across reports, across the business and across the globe. And on top of that, the technology enables high speed. We are now one of the fastest reporting companies in Switzerland; we are closing the half year ten days after the half year finishes – bearing in mind that our operations are nearly all in Asia. All this, without a significant increase to the normal working hours for our staff."*

CFOs: the new Chief Performance Officers

The role of the CFO is increasingly evolving from advising the business on financial aspects, to driving and growing performance across the organisation; thereby extending the remit of the CFO role to that of Chief Performance Officer (CPO).

“CFOs have an intricate understanding of the organisation’s financial framework, an informed view of the broader financial environment and influence over other business departments, making CFOs perfectly positioned to drive performance.”

David Jones, Senior Managing Director Robert Half Asia Pacific

PwC³ asserts this new approach “demands a readiness from CFOs and their teams to orchestrate different areas of the business rather than an advisory or oversight role within strategic decision-making”. Due to volatile market conditions, the finance function is expected to be more flexible. It’s more important than ever to ensure the finance function has both the resources and the mindset to help grow the business.

Schmitt sees performance driving as a critical function for the finance team and has assigned direct responsibility within his own team to this important task. “At DKSH, we have a small team of people within the finance function who track and communicate the performance of every Business Unit in every country to the respective managers. It’s the role of our team to track Key Performance Indicators (KPIs) and drive performance by pointing out where there are issues or when targets are being exceeded.”



In the news...

“CFOs are devoting serious time to corporate performance” – CFO Innovation.com⁴

³ PwC, [Finance Matters: Finance Function of the Future](#)

⁴ CFO Innovation, [“What’s Keeping CFOs Awake?”](#)

Managing increased business expectations

The expanding role of the CFO does not go without new expectations from the business. Looking forward, CFOs will be expected to simultaneously broaden and deepen their roles. They will be expected to facilitate internal and external stakeholder communication, proactively identify and navigate commercial business opportunities and be masters of time management as higher work volumes inevitably ensue. In essence, the CFO role becomes simultaneously expansive and amorphous, as it stretches across all areas of the business. The opportunity is to re-define the role as well as the goals of the CFO and the overall finance function for the future.

With added responsibilities comes the challenge of managing increased expectations. How should the finance function convey the effect of new initiatives on the development of the company? This is where financial business partnering – that is, working alongside the business to find efficiencies and to support profitable growth – becomes a key part of the finance mission. Stakeholders, including the CEO, the board, department heads and shareholders, are increasingly looking to the CFO to communicate strategic advice that supports the business vision.

Jones explains that the finance function is evolving to meet growing demands from the business as they are increasingly expected to take on a value-added, 'business partnering' role. *"In order to be a successful business partner, a CFO needs to be able to provide a pragmatic financial overview while fully understanding the management and operational needs of a business unit. Key communication skills, together with a clear understanding of budgets and KPIs are essential skills for any finance professional wanting to progress in their career."*

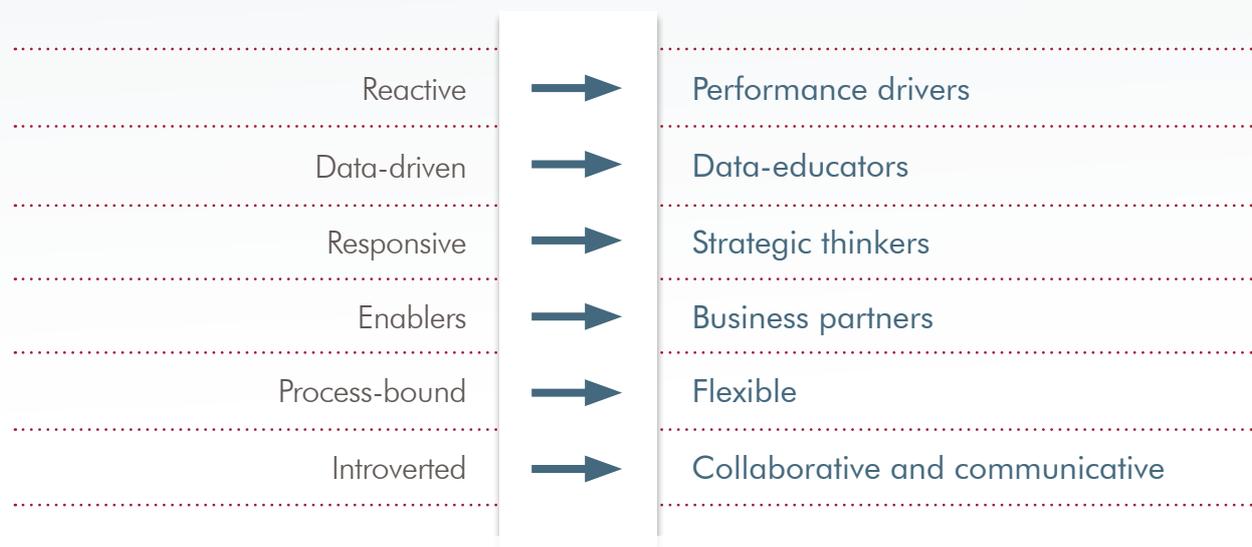
EXPECTATIONS OF THE FINANCE FUNCTION BY 2020



Source: Independent survey commissioned by Robert Half among 100 CFOs in China (Shanghai).

For **Schmitt**, the key to delivering against the expectations of the business is through automation. *“If you want to invest money, time and people in business partnering - without expanding your budget - you need to use automation to drive efficiencies. The service that you can give to the user radically changes.”*

THE EVOLUTION OF THE FINANCE FUNCTION



“Today’s CFO is a business partner. CFOs increasingly need to help optimise business performance and make smart, strategic decisions to ensure companies are allocating resources in the right way, and making the right calls in terms of strategy and the overall direction of the business.”

David Jones, Senior Managing Director at Robert Half Asia Pacific

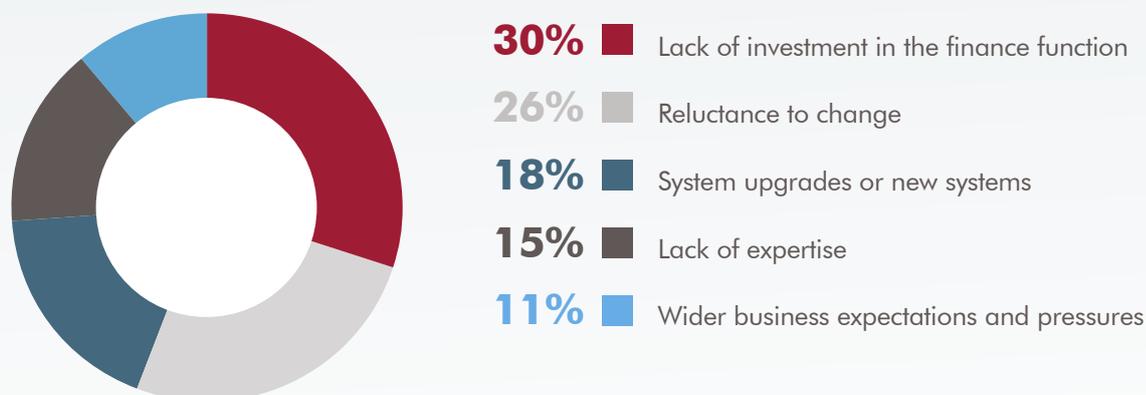
Examples of successful business partnering behaviours:

- Collaborating with business unit heads to help clarify how particular key performance indicators are calculated.
- Working closely with human resources to help calculate compensation packages across the business – using comparable data, correcting for inflation, reviewing forecasts to be realistic and minimising risk.
- Partnering with sales to help circumnavigate financial impacts of sales decisions.
- Working with the research and development department to help provide structure and evaluation processes for business-critical research projects.

A key barrier to a successful business partnering relationship is the presence of silos in the business, which can get in the way of collaboration between different teams. As a result, communication skills will become increasingly important for top finance professionals over the next few years. CFOs need to ask the right questions and understand the individual goals of different teams, as well as be able to distil insights to the business in a way others can understand and action.

CFOs already have respect from the business as holders of the purse strings and guardians of compliance, and they are uniquely positioned as leaders who can act with professional objectivity to assess the cost, risk and value of particular courses of action. However, they will also need to ensure that they and their teams continue to develop professionally in order to meet new expectations and grow with the business.

THE BIGGEST HURDLES FOR THE FINANCE FUNCTION TO ACHIEVE GOALS BY 2020



Source: Independent research commissioned by Robert Half among 100 CFOs in China (Shanghai).

As companies transform for the digital age, the finance function is ideally placed and expected to lead this change. The CFO - ultimately being responsible for digital investments - is not only equipped to harness the potential of digital developments to improve efficiency, optimise resources and hone strategic insights; they are also expected to lead this change throughout the business. Faced with the challenge of reluctance to change, CFOs and their teams need to simultaneously drive a company's response to the ever-evolving business world and navigate their organisations through the changes that strategy execution requires.

How can the finance function lead change?

- **Business partnering:** Partner with the business. Spend time with other departments to help them navigate their business challenges.
- **Communication:** Invest time to make staff aware of what is happening and why. Getting your staff's buy-in is critical for successful change management.
- **Analytics:** It's more than just knowing the numbers. Finance teams need to first understand what the right information is that will drive behavioural change, and then they need to clearly communicate those insights throughout the business.
- **Resources:** Make sure the finance function has the necessary technical and human resources. Invest in staff training so staff become agents of change.
- **Keep everyone's eyes on the end goal:** Highlight the benefits and the profits and make everyone see the bigger picture.
- **Awareness:** Be aware of the challenges, resistance and obstacles. Understand them, acknowledge them, and work collaboratively to overcome them.

Building the finance dream team

To effectively leverage the potential of emerging technologies, develop and implement innovative projects and drive performance, the finance function needs to have the necessary specialised skills.

According to **Jones**: *“The growing internationalisation of accounting standards, financial regulations, and the increased digitisation of financial information are generating greater demand for specialised finance professionals. Companies are looking for financial employees with highly developed IT and analytical skills, as well as experienced interim managers with specific expertise for managing system implementations and business transformation projects.”*

Finance and accounting professionals with niche skills are in high demand, but at the same time, challenging to find. The skills shortage is set to continue, with 96% of Chinese CFOs saying they find it very or somewhat challenging to source and attract the skilled finance professionals they need, citing a lack of technical niche experts as the primary reason.

TOP 6 ACCOUNTING AND FINANCE FUNCTIONS FACING SKILLED LABOUR SHORTAGES



Source: Independent survey commissioned by Robert Half among 100 CFOs in China (Shanghai) - multiple answers allowed.

Resource and succession planning are important elements for any CFO looking at the future of the finance function, says **Jones**. *“In order to be as prepared for the future as possible, CFOs need to identify the skills they are going to need in the future, find out where the gaps are likely to be and create a talent management plan.”*

At DKSH, an academy was established to hone the necessarily skills required for future success with finance training being an integral part. Reflects **Schmitt**: *“Our Fantree Academy has manifold benefits. First of all, you train the new people, so they develop their skills. In addition, our own people are the trainers, which means they are perceived as a competent partner to connect with, resulting in a natural entry point for business partnering. People within the business are already connecting and learning from one another within the academy, which helps to establish a collaborative, business partnering relationship in their day-to-day roles.”*

Important skills for finance professionals to develop in the next five years

As many tasks that were previously the mainstay of finance professionals become increasingly automated, finance professionals will need to develop other skills in order to stay relevant and in-demand.

TECHNICAL SKILLS



53%

Financial software packages



22%

Accounting and financial reporting standards



19%

Regulations/risk management/compliance



6%

Analytical skills

Source: Independent research commissioned by Robert Half among 100 CFOs in China (Shanghai).

Due to ever-changing technology developments, finance professionals need to upskill their technical abilities. As more new software programs are implemented into companies, finance professionals will need to continually invest their time in training to keep up-to-date with these new financial software packages. Data mining, extraction and faster interpretation of Big Data will be critical skills to hone. Statistical modelling and data analysis, financial analysis and planning, budgeting, forecasting and operational analysis will be key areas of focus for the ambitious finance professional to offer real value to any organisation.

For **Schmitt**, technical training starts with on-the-job training: *“You have to understand the business inside out. If you don’t understand the business, there’s no way a Business Unit Head will take you seriously.”* After on-the-job training, Schmitt asserts that analytical skills are critical to becoming a business partner. *“Instead of ‘Where is that report?’, the questions become, ‘What’s going on here? Can you explain this?’ It’s a radically different proposition.”*

Looking further ahead, finance professionals will need to continually develop their technical skills and knowledge base as the landscape continues to change. Says the ACCA in a recent report⁵, “Over the years to 2025, some technical knowledge and skills will increase in value, others will decrease, and new knowledge and skills will be required, which will vary across specialist areas.”

SOFT SKILLS



37%

Leadership



25%

Commercial
acumen



24%

Communication



12%

Flexibility/open
to change



2%

Strategic
vision

Source: Independent research commissioned by Robert Half among 100 CFOs in China (Shanghai).

However, it is not just the technical skills that finance professionals need to display, but the softer skills required to collaborate effectively with the business. The ability to analyse data and provide insights in line with company strategy, as well as strong business acumen and communication skills, have developed into essential core skills for finance and accounting professionals.

In an environment where change is constant, **Jones** recognises that well-developed soft skills are in greater demand. “As finance professionals engage more with the business, they will need to demonstrate their leadership skills. It’s not just about people management anymore – finance professionals will need to show their ability to steer and guide decision-making with confidence.”

Schmitt identifies that finance professionals need to develop their soft skills in order to be successful business partners. “A lot of people who choose corporate finance as a career tend to be more on the introverted side. To be an effective business partner, you have to be able to go out of your comfort zone, you have to be able to make your point and you have to be able to convince your audience. Therefore, it’s critical to invest the time in training on communication and presentation skills.”

It is a balance of technical and soft skills that will stand the finance professional in good stead in the future.

⁵ ACCA, [Professionals Accountants – the future](#)

Preparing for the future

CFOs are operating in an uncertain world and need to succeed despite a series of external factors over which they have no control, including currency fluctuations and political instability. What they do have control over, is the ability to plan for the future shape of their finance team.

David Jones, Senior Managing Director at Robert Half Asia Pacific explains: “Every CFO knows that a core priority for them is future-proofing their business. In focusing on building a finance function fit for 2020, they will be setting their business up for success. We have identified eight key steps for CFOs to focus on in the coming years.”

1

Identify areas for digitisation and automation. Assess which of your current processes or operational finance actions can be automated to create efficiencies and enable the team to add more value to the business.

2

Maximise digital investment. Make sure you have a thorough understanding of digital technologies and sophisticated data analytics in order to deliver on strategic priorities and overall business performance.

3

Optimise collaboration with the wider business. Collaborate extensively with internal departments and stakeholders, thereby positioning the finance function as a business partner that adds value across the business.

4

Embrace change. Change will continue to happen. Don't just be part of that change, but drive it throughout the organisation. Embracing change will enable you to broaden your experience and get more involved in the business.

5

5

Create a competency framework. Make sure you have a clear idea of how digitisation and automation are impacting the required skillsets in your finance team. Ensure your team can support operational finance needs and changing expectations from the business.

6

Perform a gap analysis. Audit current resources, including technology, skills, headcount and expertise, and anticipate any changes. Ensure you have the technical and human resources to meet the needs of the business and drive business performance.

7

Create a talent pipeline and invest in professional development. Consider which of your team members could be potential future business partners and which are more suited to operational roles. It's important you identify and optimise every employee's skillset to ensure you have the necessary expertise across the finance function.

8

Establish attraction and retention strategies. As demand for skilled finance and accounting professionals is outstripping supply in many functional areas, plan now to ensure your finance function has the talented professionals required for success in the future.

Conclusion

The future is here. Finance teams are already amorphous functions as they shift and respond to new demands of the business. As expectations heighten, the individual demands on finance professionals are growing as they position themselves as strategic leaders who will navigate their business to growth. With automation becoming more prevalent, the notion of what a finance professional should deliver is being challenged, and new opportunities are being presented as the finance professional invests more time deciphering and disseminating information, and becoming a champion of change.

Jones explains: *“Many CFOs are already taking action to future-proof the finance function; planning for resource allocation, additional training and development, sourcing specialised skills, exploring new technologies and nourishing innovation.”*

“It’s not an easy battle, but it’s one that can be won in time with a carefully considered plan of transformation that combines the right mix of people, processes and technology.”

Research methodology

The annual study was developed by Robert Half China and is conducted by an independent research firm. The study is based on 100 interviews with senior finance executives from companies in Shanghai, with the results segmented by company size and sector.

Acknowledgements

We would like to thank the following interviewees for their participation and contributions to this report:



Bernhard Schmitt
CFO at DKSH

DKSH is the leading Market Expansion Services provider with a focus on Asia. They help companies who are looking for a reliable outsourcing partner to grow their business in new or existing markets.



David Jones
Senior Managing Director at
Robert Half Asia Pacific

Robert Half is the world's first and largest specialised recruitment consultancy and a member of the S&P 500. Founded in 1948, the company has over 325 offices worldwide providing temporary, interim and permanent recruitment solutions for accounting, finance and technology professionals.

About Robert Half

Robert Half is the world's first and largest specialised recruitment consultancy and a member of the S&P 500. Founded in 1948, the company has over 325 offices worldwide providing temporary, interim and permanent recruitment solutions for accounting, finance and technology professionals.