

Becoming A Full Stack CFO

A MineralTree Topic Paper



Today's businesses constantly face emerging marketplace technologies. In the past, adapting to and utilizing these changes was the work of front-line business operations strategy. Now, however, pervasive technology and rapidly evolving competition require organizations to fully absorb these benefits and execute strategy cohesively.

CFOs are increasingly leading the charge on this front. Their role has been reshaped into that of a **"full stack" CFO**, incorporating technology, innovation and strategy into the traditional duties of stewardship and financial operations. Through this "full stack," finance organizations can balance control and transformation to achieve sustainable innovation.

Here is a look at the modern CFO's roles, the skills necessary to effectively fulfill them and how to prepare to be a full stack CFO.

CFO As Steward

One of a CFO's traditional roles in an organization is to protect and preserve its assets. Stewardship could be referred to as the "bookkeeping" function of a CFO, but a full stack CFO goes far beyond this restricted definition. The stewardship role requires the CFO to help run the organization with maximum efficiency while strictly adhering to accounting and reporting rules.



Roles

Capital Manager

As a steward for the organization, the primary responsibility of a CFO is to invest for profitable growth in order to return capital to shareholders. Management are simply stewards of shareholders' capital, and as such the goal is to invest in the profitability of the business to ensure a return on that capital. These investments must be balanced with regard to risk and made in accordance with market and industry trends.

Financial Reporter

Regardless of profitability, the CFO must deliver complete financial reporting. Investors cannot gauge investment performance without data, which is why monthly, quarterly and annual financial statements are crucial. The CFO is responsible for ensuring these reports are published accurately and in a timely manner, and it is important for the CFO to highlight information that is important for management and investors.

Compliance

The least glamorous part of the full stack CFO's role as steward is compliance with control requirements. While compliance is the domain of an organization's controller, and the controller and CFO

are separate management team members in larger organizations, a CFO is ultimately responsible for guiding compliance efforts.

Skills

The skills a steward CFO needs are closely aligned with his or her roles. In order to provide profitable growth and proper reporting, a CFO must possess **high-level accounting skills**. Years of corporate accounting provide the bedrock for understanding the complex rules and guidelines of corporate governance and finance.

But guiding the company through risks and making decisions about market and industry trends requires more than just academic knowledge: It requires **good judgment**. CFOs have to make major financial decisions for the organization that can impact its profitability and overall financial health. And they need to make these decisions against the volatility of the market and trends in the economy.

Finally, a CFO needs to **understand the internal controls of the business** and develop new ones when necessary. These controls should be clear in their objectives and backed up by processes for implementation, accountability and assurance.

How To

Certification in COSO and COBIT can help a CFO prepare for his or her role as steward. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) and Control Objectives for

Information and Related Technologies (COBIT) are frameworks for businesses to structure and implement internal control. COBIT focuses on governance and management of technology. Beyond certification, a CFO needs control knowledge. It is crucial for a CFO to be able to identify and frame issues regarding stewardship and control, and also to be able to integrate stakeholders and the entire management team.

CFO As Strategist

As a strategist, a full stack CFO moves beyond the traditional roles of scorekeeper and number cruncher to direct the company's future.



This requires business vision that combines responding to the current climate and events, challenging decisions of other management team members, working with leadership to architect innovation and partnering with the CEO to transform the business for future challenges.

Roles

Growth Strategist

At its core, the role of CFO as strategist is one of analyzing the financial implications of strategic decisions, then using that analysis to shape and execute strategy. The CFO augments proposed strategic moves with both key information and financial

discipline. The strategist CFO also proactively engages to guide future performance. For example, this may be accomplished through careful structuring of financing and leasing models that take into account the company's current and future needs.

Risk Assessor

The CFO also examines the risks and returns of strategies in order to maximize the value of the strategy that is chosen. He or she inquires if goals are viable, then uses financial reporting to determine which strategy delivers the best opportunities for profit. Once a strategy has been selected, a strategist CFO looks for competitive advantages that might be derived from it using the financial tools at his disposal.

Skills

In order to accomplish this role, the CFO must have a **deep understanding of principle business components**, including capital formation, structuring, due diligence and M&A. Mastering creative financing structures - for transacting business today and with an eye toward the company's future growth - will help the company maximize profitability as well as plan and execute corporate strategy. A CFO should understand each of the possible ways the business could be structured, as well as the individual legal and financial ramifications of each possibility.

Strategy at a large company often involves **acquiring new businesses** in order to obtain a competitive edge. Experience in these matters is crucial to the ability to strategize. Mergers and acquisitions can

carry substantial risks if proper due diligence is not exercised. Complementing these practical skills are **simple critical thinking skills**. A strategist should be able to make sharp decisions by considering all of the available information and processing it through an experienced, critical mind.

How To

Many of the skills required to be a strategist CFO can only be acquired by putting in the hours.

Mergers and acquisitions, for instance, cannot be adequately grasped in a vacuum or in theory.

They must be experienced, both tangentially and first-hand, in order for the CFO to really grasp how they should be handled.

That is not to say that the only way a CFO can prepare for their role as strategist is to show up every day.

Targeted executive education can also prepare him well for this role. Top business schools, such as Wharton, provide executive education in many of these areas, including strategy, innovation and leadership.

After achieving that education and putting in the hours, the CFO should earn a seat at the executive strategy table. A CFO can effectively become a strategist through stepping up and incorporating financial guidance in a company's planning. Once the CFO has a voice in strategy, they should develop an effective finance team to be his eyes and ears. No CFO can do everything that is required, but the strategist CFO with a proficient team can take the helm and guide an organization to profitability.

CFO As Technologist

The new role of CFO as technologist was spurred by the need for a balance of control and innovation that followed the economic downturn, but it also arose from the rate of change and interconnectedness of all business. Technology is powerful, and those who know how to harness the right products and solutions can gain advantages over those who do not. The technologist keeps an eye on advances and applies expertise and guidance across all of the other roles in choosing the organization's technologies. The aim is for overall operational efficiency.



Role

Technology Expert

As technologist, the CFO's role is to integrate novel technology such as mobility, globalization and the cloud into all other roles. Today's CFOs must find new ways to sustain and improve organizational performance. In order to effectively do this, the CFO must be able to identify advantages in tools and products such as big data analytics, the cloud, mobile and social media.

Skills

Keen grasp of current technology. This requires **full engagement in both finance and the operations of the business**. The CFO should know current

technology trends, as well as how competitors are leveraging new technology in their operations.

Ability to **apply new technology in an organization**.

As much as knowledge of technology is important, it is also crucial to know what will not work for a particular organization. Technology is rarely a godsend on its own. It must complement an organization and be used efficiently and effectively.

How To

The CFO as technologist role starts from the inside: He or she must use technology as a lens through which to see every other role. To do this requires a critical assessment of technology, examining how it can help automate processes and eliminate waste. It may also be helpful to engage with technology leaders to stay abreast of current trends.

This technology assessment has to consider the entire company, and be implemented across each department, not just finance. Today, new investments in all departments - across sales, marketing, engineering and customer success - can improve efficiency and increase profit.

The CFO cannot use this expertise without instilling a culture of change. That way, every employee will be eager to change and looking for ways to improve. Change can be scary, especially for those locked into the stewardship role, but adaptability is vital.

CFO As Catalyst

Technological innovations and strategy require leadership that drives adoption and creates a culture of intelligent risk-taking. The full stack CFO catalyzes responsible change through strong leadership that steers the company with confidence. As catalyst, the CFO does not just announce changes. Rather, he or she motivates employees to effect positive change and sees the change through to completion.



Roles

Change Agent

The CFO bears the responsibility for driving transformative change within a company. As the executive responsible for the finances of the business, the CFO's ability to take a broad view of the organization's health and current strategy leaves them uniquely qualified to sustain and strengthen the structure of the business as a whole.

Vision Executor

Collaboration with other C-level executives is a key part of the CFO's role, managing the day-to-day operations of a business while keeping the overarching goals of the company in view. By combining working knowledge of the company's finances with long-term vision, strategy and the support of his C-level colleagues, the CFO can [drive company-wide progress](#).

Skills

Charisma and leadership, while central to the success of all managers, are a key part of the successful CFO's approach to managing the company's finances. Tasked with motivating and informing both direct reports and fellow executives, the CFO's ability to [relate their strong vision to a diverse audience](#) is paramount to managing the business and enacting transformative action.

By partnering with the rest of the organization's leaders and taking advantage of the myriad skills each department has to offer, the CFO can unite the company under a common goal. Keeping that goal in mind and combining it with a detailed view of the company's finances and current position will allow the CFO to **utilize relevant information to advise key stakeholders** as to the risk involved with crucial business decisions.

How To

[Key performance indicators](#) are a viable way to assess the health and performance of a division. By setting ambitious, achievable goals for each department that has an impact on finances, the CFO can relate the company's success and failings to quantifiable metrics and continue to move toward maximizing revenue.

The CFO can use their knowledge of financial strategy to assume a broader role as a unifier and leader within the company. Establishing oneself as an authority on both financial health and business strategy among other C-level executives will also enable the CFO to

take the lead when necessary and to hold all levels of the business accountable while working to bring a company's fiscal plans to fruition. From regular evaluation of key performance indicators to open communication with leadership to discuss and reinforce strategy, the CFO's nuanced expertise extends far beyond financial planning - leaving them equipped to guide the direction of the organization in its entirety.

CFO As Operator

The varied roles of a full stack CFO do not replace the required oversight of a company's financial operations. In many respects, the traditional operator role is augmented with new requirements and challenges. Project management principles are key to controlling the financial functions of a company as well as balancing that objective against those of the other full stack roles.



Role

Operations Officer

As operator, the full stack CFO bears the responsibility for ensuring an organization's efficient and effective service levels. In that role, the CFO has [three key objectives](#):

- Maintain the intricate balance of costs, risks and service levels across the organization.

- Constantly define and adapt the organization's financial operating model to be current with internal and external changes to the business.
- Hire and develop strong financial talent at all levels within the organization.

Skills

More than 95 percent of current CFOs say that their overall level of operational influence has increased. Operator CFOs should be prepared to play an active role in [developing the overall strategy](#) of the business. The foundation for this role is developing a strong understanding of the company's business model and the industry the company operates within. Tracing the history of the competitive dynamics of the industry will yield clarity regarding its trajectory, and will help the CFO position the organization for future success.

Developing program and project management skills

at the lower levels of the business will help prepare the CFO to lead and manage [larger initiatives](#) in updating the operating model later on. A keen understanding of the intricacies of project management will help him achieve an optimal balance between costs, risks and service levels within the company.

Finally, in order to ensure the talent pipeline remains full, the CFO must develop **leadership skills**, including a keen understanding of human resources issues. Salaries will likely be the largest overhead cost for the company, and all hiring must be approved by the CFO. As such, developing an early understanding

of the human resources needs of the business is necessary for the CFO to operate effectively.

How To

Becoming a CFO as operator does not lie exclusively in attaining skills. The CFO must also exercise relational ability, developing a relationship with the CEO in order to better understand the company's history, structure and sector.

Relational abilities will also come into play as the CFO learns to tell the company's story. As he dedicates himself to bringing talent into the company, he must be able to accurately convey where the company is currently and the direction in which it is headed.

Finally, the CFO can gain additional education in the form of a Project Management Professional certification, which will equip him for running large-scale programs within the company. He should also become familiar with International Financial Reporting Standards in order to understand how global external forces might impact the organization's financial operations.

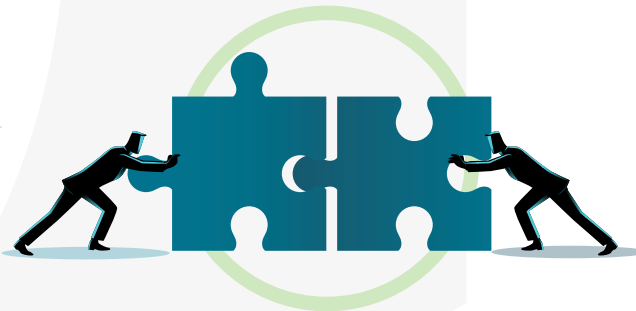
Putting All The CFO Pieces Together

A well-rounded full stack CFO is capable of driving the kind of responsible innovation

that investors are looking for today.

Such a CFO can help an organization gain competitive advantages in many more ways than just decreasing spending or increasing prices.

Through partnership with the rest of management, innovations can thrive with leadership from a full stack CFO.



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