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WHITE PAPER

THE ROLE OF THE CFO IN ORGANIZATIONAL TRANSFORMATION

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Executive Summary

Organizations everywhere need to find ways to transform themselves. This has usually been seen as the role of the CEO. But **generally the CFO has not been seen as playing a role in organizational transformation**, instead being viewed as mainly a technical player.

This White Paper argues that **CFOs need to take a broader role in this process by transforming their organizations into more profitable financial cultures**. They can do this by implementing programs which link behavior and culture directly with improved financial and valuation outcomes. **In particular they must play an active role in driving the improvement of business acumen in the overall organization.**

Organizational transformation can only occur through changing behavior. **CFOs need to become key drivers and shapers of the financial culture of the organization to make it more profitable.** To achieve this they should aim to become key influencers of talent management and development programs that aim to increase business acumen at all levels. This will also transform their own role so that it becomes more strategic. In the process they themselves need to experience these programs so that they can improve the linkage between their own behavior and its financial and valuation impact.

CFOs also need to integrate the financial styles approach into the following programs in their organization to broaden its transformational impact:

- Business acumen programs at more senior levels of management.
- C-level development.
- Financial impact programs for company teams and execution units.
- Mergers and Acquisitions: to improve their outcome and impact.
- Investor relations: to enhance the valuation signals they send to investors, shareholders and analysts.

By doing they will increase the financial performance and valuation of the company from the ground up, through changing behavior and culture, as distinct from effecting change just by re-engineering financial structures and metrics.

This paper was written by Dr. E. Ted Prince, the founder of the Perth Leadership Institute. Dr. Prince has had a distinguished record in both running companies as CEO and as a thought leader in the area of management and leadership. His book "The Three Financial Styles of Very Successful Leaders" (McGraw-Hill 2005) has been published in both the US and China and is sold worldwide. He is a frequent speaker at industry conferences. His work has been published in and reviewed by prestigious publication such as Harvard Business School, MIT Sloan Management Review, CFO Magazine and numerous others.

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THE ROLE OF THE CFO IN ORGANIZATIONAL TRANSFORMATION

CFOs Need to Evolve to a More Strategic Focus

There has been extensive debate over the past years over the role of the CFO and its need to evolve to a more strategic conception. However this debate has generally not touched on how the CFO's role should encompass, if at all, human resources and organizational change and transformation. The literature and the practice have tended to see the CEO as having the role of dealing with strategic human resources and cultural change, assisted by the human resource function. The discussion has avoided the issue of how the CFO is involved in this area.

This White Paper questions the assumption that the CFO has no legitimate role in organizational transformation and in developing human resources in the organization. Indeed it argues that the CFO has a vital role in these areas and that if the CFO does not fulfill it, then a vital gap in the human resources of the organization and the development of its culture will occur. The White Paper shows that human resources and the financial culture are as much a part of the capital and financial structure as purely financial, physical and monetary assets and that, in ignoring them, the CFO also ignores a crucial part of the profit structure of the organization.

This article shows how a new innovation in management – assessment and development of business acumen in managers - promises to revolutionize selection and development of managers who can have a disproportionate impact on increasing the market value of the companies they work for, and in this process, lead to new ways of managing and making profits for them. The CFO must play a crucial part in developing this program and function in order to optimize his or her own impact on the development of the financial performance of the company. As such, the role of the CFO will need to include not only strategy, consistent with the emerging consensus, but also the strategic talent management and development functions, from their financial and capital perspectives.

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In Order to Meet the Challenges of an Evolving Global Market

Companies worldwide are moving from strength to strength. But competition is growing, forcing companies everywhere to become more creative in how they use their assets – financial, human and physical. CFOs are under pressure to become more strategic and creative in order to help their companies in this relentless drive.

In the earlier stages of economic growth, the challenge for CFOs was primarily technical, namely how to use financial assets to the best advantage for their companies and shareholders. However as organizations have become ever more sophisticated in their use of financial structuring and engineering techniques and as they have become more expert in their use of leverage and other organization building techniques such as mergers and acquisitions, the bar has been lifted substantially. Today CFOs are expected to be expert in these areas and to be still taking the lead in yet other areas which can provide competitive advantage from the financial perspective.

Some of these new challenges include:

- Pressure to adopt different and more flexible organizational, financial and capital structures in order to compete with new financial approaches from hedge funds and other global sources of capital.
- The move to private equity and away from public ownership.
- Integrating human and financial resources so that the concept of financial leverage can be enhanced using human resources and talent management as strategic valuation-enhancement techniques.

In order to sustain the economic momentum of the last few golden years, CFOs need to rethink how to manage, organize and, in particular how to use their human resources in order to meet the next major challenge – propelling their companies to become ever more competitive and for CFOs to be seen as organizational innovators in their own right.

CFOs Have Not Focused on the Human and Cultural Issues

The central challenge of the CFOs has been to move up from a purely financial view of their role to a more encompassing view. This must take into account strategic, execution and talent issues. Only in this way can the CFO be seen as a strategic rather than as a technical resource.

However CFOs and financial management have not traditionally been seen as having this broader view. Where CFOs have gained such a reputation it has been in the strategic area. But the image of CFOs and financial management is that they are generally divorced from human resource and talent management issues. As competitive factors increase in strength, the global war for talent and its leveraging for valuation enhancement purposes has become very much more important. It is in this area that CFOs and financial managers face some of their largest challenges.

The critical driver of excellent financial performance and competitive superiority is, at the end of the day, not just financial sophistication, bur rather the level of business acumen possessed by all managers and staff of a corporation. This is not just a matter of education and experience but also a matter of financial personality.

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Most people do not naturally possess financial or business acumen. However the good news is that business acumen can be developed and improved. If this is not done, financial structuring and engineering techniques by themselves may not help much and in some cases can even act to retard the financial performance of managers by allowing them to relax and to erroneously believe that valuation improvement is a technical rather than a strategic and behavioral issue.

> ***… financial structuring and engineering techniques… can even act to retard the financial performance of managers by allowing them to relax and to erroneously believe that valuation improvement is a technical rather than a strategic and behavioral issue.***

CFOs and financial management need to focus more on the areas of human resources, talent management and executive development in order to gain leadership over the next major phase of competitive evolution., Otherwise they will be seen as technical experts who are necessary for good financial management but not be seen as part of the solution in the talent management and development side of the strategic valuation equation.

But New Research is Revealing How Culture and Financial Outcome Are Linked

Traditionally there has been little or no research that is focused specifically on the linkage between behavior and financial outcome. Current leadership approaches are based on personality and competency approaches. While these can result in significant insights for leaders, they were never designed to provide insights into their financial behavior and impact. This has resulted in CFOs and financial management having little to do with leadership assessment and organizational transformation from a financial perspective since there were no models or approaches that showed how this could be achieved.

That situation is now changing. The Perth Leadership Institute has conducted research into the linkages between behavior and financial performance (see the book by Dr. E. Ted Prince, "The Three Financial Styles of Very Successful Leaders", McGraw-Hill, 2005). This has led to the development by Perth of business acumen assessments and approaches for improving it. These assessments can be quickly completed online and can show a manager their level of business acumen and how it can be improved. This innovative new approach is starting to be used by some of the largest companies in the US.

The approach is based on a model of behavioral finance. Behavioral finance is the new science which integrates personality with financial analysis and planning. Until now there was no such method – either you adopted a personality approach with no financial linkage, or a financial approach with no behavioral underpinnings.

The Perth model links managerial behavior with financial performance and company valuation. It identifies the Financial Signature® of a manager and shows what the impact of that will be on the financial performance and valuation of an organization – and on that

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manager's own potential to achieve personal wealth – and then shows the manager what he or she needs to do to impose that valuation and wealth creation outcome. It is an intriguing and innovative new approach that is transforming the way that we achieve superior competitive and valuation outcomes.

The Financial Signatures® of Managers are a Key Factor in Financial Outcome

What the research by the Perth Leadership Institute shows is that we all have a characteristic approach, personal to us all, that determines how we make financial decisions. These decisions are driven by a set of innate personal financial traits, of which we are usually unaware. These financial traits lead us to make financial decisions in a particular way. Once we understand that particular way, or style, it is possible that we can predict how a particular executive, or individual, will make financial decisions. This, in turn, allows us to predict the financial performance of that executive team.

Perth calls these personal financial traits, the Financial Signature of an individual. We discovered nine Financial Signatures in the research. Each of these was linked with a characteristic impact on corporate financial performance and valuation. Of course, in most cases, the executive or team was totally unaware of this so they themselves could not predict how they would perform from a financial perspective. But an observer who understood the Financial Signature model would be able to predict their financial performance if he knew their Financial Signatures.

Unfortunately not all Financial Signatures are linked with profitable performance. In fact, the reverse is the case. What the research discovered is that the majority of individual executives will have personal financial traits that do not lead, on their own, to profitable financial performance and a valuation increase. In fact the majority of executives Perth have tested using its proprietary instruments for assessing Financial Signature will have one that will lead either to unprofitable performance, or to no profits.

This research therefore categorizes the nine Financial Signatures into three financial styles, the Value-Centric, Balanced and Resource Centric styles. Executives with a Value-Centric style will have profitable performance over the longer-term, even though in the short-term, on occasion they may make losses. Executives with Resource-Centric styles will make losses over the longer-term, even though in the short-term, they may well make profits. And executives with Balanced styles will, over the longer-term, never make money, or lose much money either.

The research and resulting approach is bottom-line oriented and focused on organizational value creation. It recognizes that many leaders who would not rank highly on traditional personality and competency-based leadership ratings are often highly

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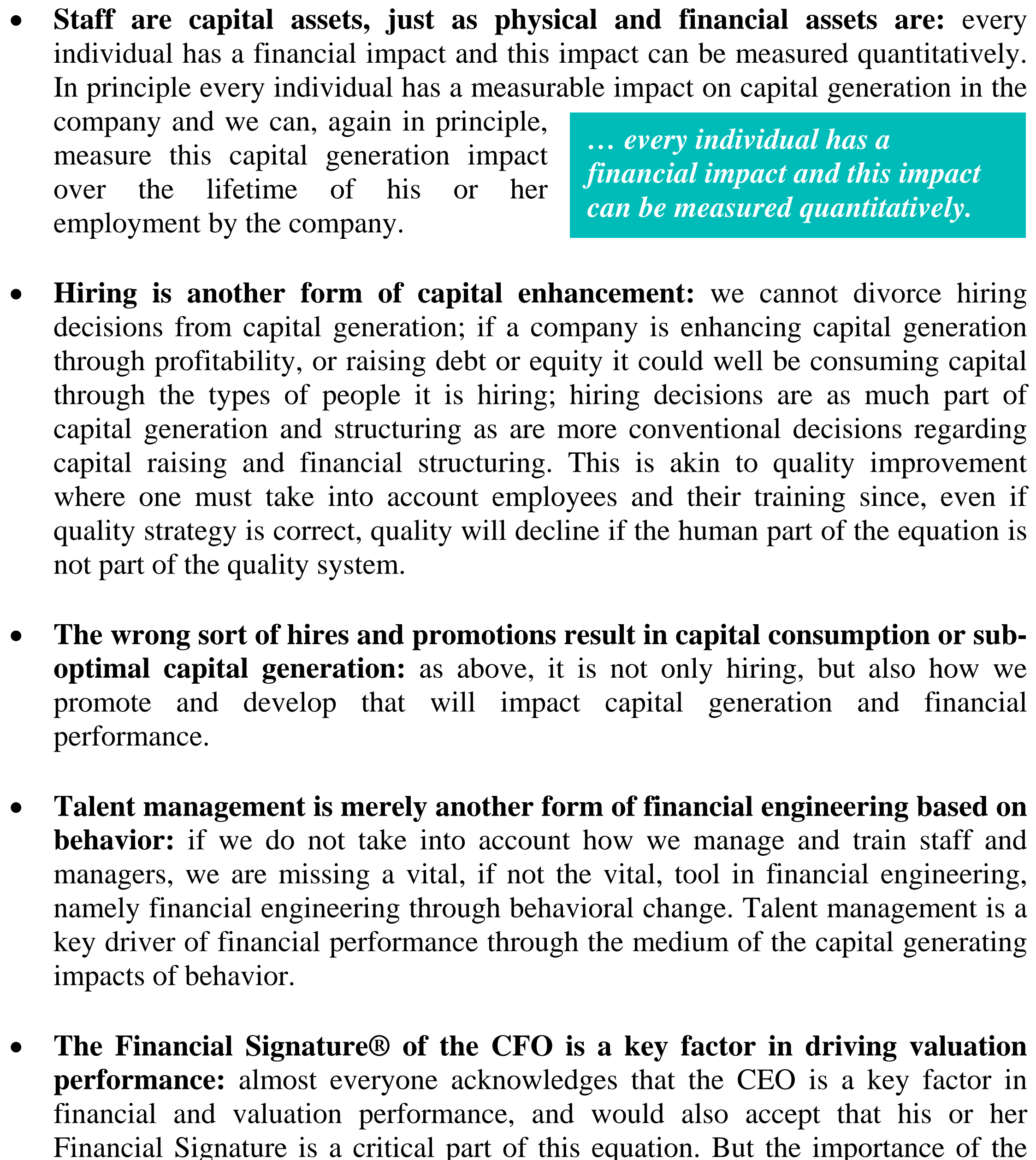
successful leaders who create outstanding products, profitability and value for their stakeholders.

Humans Need to be Viewed as a Particularly Important Form of Capital Asset

There are a number of key implications for CFOs and the financial management of companies stemming from this research. These include:



- **Staff are capital assets, just as physical and financial assets are:** every individual has a financial impact and this impact can be measured quantitatively. In principle every individual has a measurable impact on capital generation in the company and we can, again in principle, measure this capital generation impact over the lifetime of his or her employment by the company.

> ***… every individual has a financial impact and this impact can be measured quantitatively.***

- **Hiring is another form of capital enhancement:** we cannot divorce hiring decisions from capital generation; if a company is enhancing capital generation through profitability, or raising debt or equity it could well be consuming capital through the types of people it is hiring; hiring decisions are as much part of capital generation and structuring as are more conventional decisions regarding capital raising and financial structuring. This is akin to quality improvement where one must take into account employees and their training since, even if quality strategy is correct, quality will decline if the human part of the equation is not part of the quality system.

- **The wrong sort of hires and promotions result in capital consumption or sub-optimal capital generation:** as above, it is not only hiring, but also how we promote and develop that will impact capital generation and financial performance.

- **Talent management is merely another form of financial engineering based on behavior:** if we do not take into account how we manage and train staff and managers, we are missing a vital, if not the vital, tool in financial engineering, namely financial engineering through behavioral change. Talent management is a key driver of financial performance through the medium of the capital generating impacts of behavior.

- **The Financial Signature® of the CFO is a key factor in driving valuation performance:** almost everyone acknowledges that the CEO is a key factor in financial and valuation performance, and would also accept that his or her Financial Signature is a critical part of this equation. But the importance of the

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> CFO and their Financial Signature is rarely acknowledged in this context. Not only does the CFO drive financial performance in how they approach their strictly financial tasks, but their own behavior is also a critical element. Few CFOs understand this, and therefore are lacking a key tool for driving the financial performance of their company – their own financial behavior.

Taking the financial style and behavior of managers and staff into account requires that CFOs take a more holistic perspective on their role. This is precisely what they need to do to assume a more strategic role. A strategic financial function must take strategic talent management into integral account. CFOs who do not realize this are missing invaluable opportunities to improve the financial performance and valuation of their companies.

Such a view requires that CFOs assume a key role in building the organization generally from a strictly financial and valuation perspective. The only other officer who is charged with doing this is the CEO, but even a CEO will rarely take on the responsibility for integrating talent management with financial and valuation performance. This is the unique function of the CFO. CFOs need to become key managerial drivers in building the financial culture of the company in order to build a more profitable financial culture and to improve the valuation outcome of its operations.

Finally, the behavior of the CFO himself is a vitally important factor in financial and valuation performance. For many CFOs, their lack of understanding of talent management for others also transfers into lack of awareness of their own behaviors and their impact. Of all the managers in a company, the CFO needs to understand the financial and valuation impact of their own behaviors, both so that they can improve their own impact, as well as that of others in the company.

Providing a New Basis for the Transformative Role of the CFO

For most CFOs, their "day job" is the routine process of preparing the financials and the reporting, overseeing compliance, managing the debt and equity and handling the physical issues involved in these tasks. Granted, these are important tasks, and if they are not done well, the company and its financial reporting and management will suffer. However whether financial performance in the core of the business would suffer is another issue.

Much of the CFO's job is involved with financial housekeeping but does not involve itself with the financial behaviors of the core business. Most CFOs see themselves as having a hands-off role in respect of the operational and particularly the human and cultural side of the business and in the financial behaviors (as distinct from the financial decisions) of the core execution units. It is a rare CFO who views themselves as having a transformative role in the sense that a CEO clearly may have one.

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All too often, to the extent that a CFO is seen as having a significant role in changing a company, it is through the techniques of financial engineering rather than changing behavior or culture. Yet what we have been discussing in this White Paper involves behavioral transformation, not just financial housekeeping. Financial engineering and restructuring is not, by itself, transformative. Ultimately the CFO can have a transformative impact only by changing behaviors and culture.

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CFOs have the awesome responsibility of yet another transformation in their ways of working and creating value to move their companies into the next stage of economic growth. To do this they need to change behaviors and cultures. This means linking the personal and team behavior of their managers and management – not to mention their own behavior – to market value creation outcomes.

There are Quick and Effective Ways to Launch Transformation Programs

Where should a CFO start and what areas should they tackle in building a program of organizational transformation? The following are the basic building blocks:

1. Individual financial impact programs for the CFO and financial management.
2. Team financial impact programs for the C-levels and senior operating management.
3. Building a profitable financial culture through talent management and development.
4. Integrating these approaches in mergers and acquisitions.
5. Adopting these approaches in investor relations programs.

Individual financial impact programs for the CFO and financial management

CFOs should launch a program focusing on themselves and their financial management team. This will train them in the approach and function as a learning opportunity for themselves and their management team in rolling out the program to other parts of the organization.

For many CFOs and financial managers this may be their first real opportunity to examine in detail the precise links between behavior and financial outcome. They may be working with the HR function for which this will also be a learning opportunity for the

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same reasons. In addition, such an opportunity will engage the HR and leadership development functions from a financial perspective, something that is relatively new for HR but yet is important for that organization also.

Team financial impact programs for the C-levels and senior operating management

The CFO usually has a close working relationship with the operating management at the C-level. However this does not necessarily mean that he or she believes that they are on the same wavelength. Rather, it is more frequently the case that the CFO feels somewhat besieged, and feels that the operating managers do not take into account financial considerations which are left purely to the CFO to deal with.

The CFO has a vested interest in bringing about more understanding of financial issues and transformation possibilities for the C-level of management. By making them aware of their own financial traits and the linkages between their own behavior and company financial outcomes, he can provide the behavioral base for true change at the top levels of management without being seen to impose on it financial approaches with which they are not in agreement or which they see as being ponderous, onerous, or even worse.

Organizational transformation must take place by involving the whole organization. The CFO must view this at the very least as involving the top level of management. Programs such as this are vital in organizational transformation.

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Building a profitable financial culture through talent management and development

This is the core of an organizational transformation program. The CFO must accept that financial change through behavior must mean that he has to impact human resources and talent management decisions. This does not mean that he has to implement them; this is a matter for HR. But the CFO must make his or her perspective clear to HR so that the latter can take his views and needs into account in HR and talent management and development programs. Unless the CFO does this, HR is unlikely to make the explicit connection between HR decisions and programs and financial outcomes, including those desired by the CFO.

This means adopting the Financial Signature® approach in recruiting, promotion and development of staff. This includes the following:

a. Executive development programs.
b. Programs for high potential emerging managers and leaders.
c. Succession planning programs.

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d. Business acumen programs for all managers and including managers of cost centers, managers of technical units and managers in sales and marketing functions.

Unless the CFO is actively involved with HR in designing these programs and this approach, their role is unlikely ever to be transformative since they are not impacting organizational culture and behaviors.

The vital role of the CFO is in building a profitable financial culture. This is change from the ground up rather than from the income statement down. It explicitly acknowledges that the basis of a profitable financial culture stems from people and that, if this side is looked after well, profits and the correct valuation outcomes will follow.

Mergers and Acquisitions

CFOs are always involved in M&A. While the conventional wisdom is that the cultures of the two organizations in a transaction must be looked to and taken into account, there has not been a model that would allow this to be done in the strictly financial area.

We believe that transactions that do not meet their original targets often fail to do so because the Financial Signatures of the two organizations are not aligned and that the two organizations are unaware of this fact. In our view, Financial Signatures of the two organizations must be taken explicitly into account for the outcome to be optimal. In our view this is the function of the CFO because the HR function, while aware of some of the HR issues, will rarely be aware of the financial issues, and particularly the strategic valuation objectives of the organizations and how this translates into behavior.

CFOs involved in mergers and acquisitions – and indeed, any other form of business combination or structure - need to quickly introduce programs in improving financial impact and in business acumen for a number of reasons:

a) To make the initiative more commercially successful than it might otherwise have been.
b) To ensure that the right managers are selected, recruited, promoted or assigned to the right jobs.
c) To ensure that the right development programs are launched for managers in the new, merged or divested enterprise.

This also involves working with HR on assessment and development programs for Financial Signature that seek to identify the following, as a basis for actions to improve the financial and valuation outcome of the transaction>

- The financial styles of the two management teams

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- The financial cultures of the two organizations
- The extent of alignment or otherwise
- The behavioral financial traits required to make the combination most effective
- Where these traits will be best utilized given the type of market, the stage of company evolution and the strategic valuation objectives of the players
- What types of developmental interventions are required at the individual, team and corporate levels to improve the valuation outcome of the combination
- The timing and scheduling of these interventions.
- The financial and valuation implication and how to ensure that the valuation imperatives are linked to behavioral interventions so that they are achieved in a timeframe that works for all stakeholders.

This will involve working with HR in a planned program from the beginning to the end of the M&A process including:

1. Target screening.
2. Composition of the M&A team.
3. Due diligence.
4. Integration planning.
5. Implementation.
6. Post-integration review.

M&A by its nature is a transformative process. All too often the transformation has adverse impacts which show up in sub-optimal valuation outcomes. The role of the CFO in M&A transactions is to become an agent of positive financial transformation by explicitly taking into account financial behaviors and cultures to mould these and people appropriately so that the best financial outcome occurs.

Investor Relations

CFOs generally are not selected for their expertise in communications yet their role in investor relations is crucial. They, together with the CEO, are usually the spokesman for the company. Often they and the CEO will assume complementary roles in speaking to analysts and the media. What they say and how they say it is crucial to the company's valuation because it will affect facets such as media buzz, stock liquidity, optimism about the company or otherwise, the consensus and decisions of analysts and the tone of the analysis.

Financial Signature is unconscious and it results in CFOs often sending out valuation signals that they may not intend.

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Financial Signature is unconscious and it results in CFOs often sending out valuation signals that they may not intend. Again CFOs are rarely aware of this. They have been trained in objective and financial realities and tend to be data rather than feelings driven.

Yet the Financial Signature of CFOs will stamp itself on their conversations and will send certain messages to its recipients as surely as if they had broadcast their actual Financial Signature in writing. CFOs have an oral body language but they rarely understand this and often pay the price in response from investors and analysts that they find unfavorable. Often this is ascribed to the analysts and media not understanding the company.

Our take is that the reverse is often the case. Usually the analysts are accurately picking up a message which the CFO and CEO did not realize they were sending and is actually a reflection of the Financial Signature that they are presenting to them. They need to become aware of what signals they are sending and their valuation impact and then craft their messaging and IR program accordingly.

CFOs should integrate techniques from business acumen training to send the right valuation signals to potential shareholders and investors. That is, their Financial Signature will have impacts well beyond the interior of their company. In a large company their Financial Signature and its message will have a global impact.

Valuation is too important for the CFO not to become aware of this fact and to take action to change behavior and hone their signals to the valuation message they actually want to transmit. These signals should be carefully tuned to the valuation objectives of the company and should demonstrate alignment between the CFO's Financial Signature and that of the company – and the investors.

Investor relations does not start or end with the CFO and the CEO. Other players who work in the IR program, such as the IR manager and any other players, should also be aware of their own Financial Signatures, that of the organization and the image of the financial culture that they wish to send to IR program targets. In so doing they will raise the sophistication and effectiveness of the IR program to new levels, in the process positively impacting the company's perceived valuation.

Other Transformation Program Components

There are numerous other areas which are impacted by Financial Signature and which are thus part of the transformation process. These include:

- Corporate governance.
- Capital structure.
- Budgeting and forecasting.

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The relationships between these areas, financial traits and organizational transformation are clear but complex and depend heavily on behavioral factors of which most CFOs – and other top managers - are not aware. The Financial Signature approach sheds new light on these issues and can open up new avenues for CFOs to have a major impact on company strategy and management in areas which are rarely targeted by other major players in a company, including its CEO.

The Financial Signature approach …can open up new avenues for CFOs to have a major impact on company strategy and management in areas which are rarely targeted by other major players in a company…

This is to underscore the vital role of the CFO in effecting organizational transformation by working in all of these areas. Rather than stepping on toes, he or she will be stepping into new and untapped areas which have the potential to transform the financial culture and valuation of the company in ways that will lead to cascading and positive changes in all aspects of the company's financial and valuation performance.

Some CFO Case Studies

Following are some case studies of CFOs who have worked with Perth based on the approach set out above.

- The CFO of a Fortune 500 company undergoes assessment and development of his financial traits and uses this to leverage his own behavior in the company's investor relations program. The result is a fast increase in stock price as he transmits better to analysts the financial signals that he really wishes to transmit on behalf of his company.

- The CFO and CEO of another Fortune 500 company undergo a joint financial impact program; one of their motives is their lagging stock price. Another is the desire by management to attract a private equity investor. Both recognize that they can improve their valuation through behavioral change starting with themselves. The profitability of the company rises as both change their financial behavior and decisions.

- The CFO of a mid-market company has not been involved in company strategic decision-making because the CEO and the top operational managers regard her as being too "technical" in approach. She undergoes an assessment and coaching program and her financial behavior immediately changes to become significantly more aligned with the financial and valuation objectives of the company. In particular costs drop to the levels desired by the CEO. Overall profitability increases as a result.

What these case studies clearly demonstrate is that there is much that the CFO can do themselves with their own behavior to improve the financial outcomes of their own organization without even attempting organizational transformation. However such a start

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is a prerequisite to launching organizational transformation based on similar programs for the rest of the organization. By understanding how behavioral transformation works at their own level, they are able to understand how to implement an organizational transformation program more widely in the organization.

New Tools for Financial Transformation Now Exist

Transformation of organizations and cultures is in many ways the Holy Grail of management and managers. But it is hard to do. There are numerous tools and approaches on the market and the management literature is replete with them. Many of these are very valuable.

But, valuable as they are, most embody a basic problem. That is that they do not formally focus on financial behavior and on financial culture with a view to directly impacting financial and valuation outcome. This is a problem which has bedeviled efforts to involve CFOs in the transformation process. Put simply, the tools to allow them to participate have not existed, at least until now.

CFOs and financial managers, as well as other corporate managers, need to leverage their staff more to increase financial performance and market value creation and have the same need for a different type of model that focuses specifically on this issue.

The Perth approach provides the necessary linkage between behavior, culture and financial outcome to allow this to happen. It provides a set of sophisticated and highly accurate assessments and tools for CFOs and other financial managers at all levels to assess the financial performance abilities of their managers and teams, not only how much money they use or consume – even waste in some cases - but how much market and financial value they can create. The approach can be used up to and even including their CEO, CFO and other senior executives.

The Perth model can help them assess their situation and most important, make some very simple changes necessary to take the first steps into the right direction. This is done through consulting after the assessments, with experienced consultants. After that stage, additional steps can be taken to broaden the process from individual to cultural transformation.

We are not suggesting that the Perth approach is the only or even the best approach for cultural transformation. Organizations have access to a variety of creative tools that can assist enormously in this process.

However we are suggesting that, in order to focus on the strictly financial and valuation side of the transformation, the Perth approach provides a unique approach which can be used in this process in conjunction with other tools that focus more on the non-financial dimensions of organizational transformation. However for CFOs who have a particular

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focus on financial transformation, the Perth approach provides a set of instruments and approaches which will allow CFOs to put their particular abilities to best use in this process and to confer upon them a unique and distinct role in cultural transformation which hitherto has not been identified and defined.

CFOs Must Run with Them to Achieve Their True Professional Potential

CFOs, like all other top managers, cannot rest on their past achievements. The nature of competition dictates that they must constantly improve themselves and their strategies to increase financial performance. Being a good technical CFO is no longer enough to meet the competitive requirements of innovation for valuation enhancement. In order to keep pace, CFOs must identify new ways in which to drive the process of organizational transformation so that they continue to be seen as value-added players in this area.

Ultimately CFOs must drive towards the achievement of a more profitable financial culture, starting with themselves and their financial managers and continuing to the rest of the organization, both the top and the less senior levels. To do this they must become more involved in integrating human resources and talent management strategies into their work for the purposes of increasing financial and valuation performance of their companies and themselves.

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