

*As the business world has changed, so has the role of the CFO. Once considered just a "bean-counter" charged with keeping the books, today's CFO is financial guru, strategist, critical board liaison, internal and external communicator. The challenge is balancing all those responsibilities in a job that has little room for error.*

## Demands on CFOs Increase as Duties Expand

Today's CFOs are in an unprecedented position. While fulfilling all the traditional accounting and finance duties, they also have new responsibilities for their organization's strategic direction and performance. Add in IT management and compliance duties and it's easy to see why the CFO position is more challenging than ever.

It wasn't always this way. Before the first major financial scandals - Enron, Tyco and Worldcom - and Sarbanes-Oxley, the CFO had a much lower profile. To be sure, CFOs have always filled an important role but the job was traditionally much less proactive.

That has changed dramatically at many organizations. More and more, CEOs and other company leadership view the CFO as a partner. The thinking is that the CFO is in a unique position, with a singular ability to link financial performance and overall strategy.

### *Broader background, wider experience*

This shift is evident in the backgrounds of contemporary CFOs. Once drawn primarily from finance and accounting, a 2009 study by KPMG's 404 Institute found CFOs now have experience in operations, risk management, corporate strategy, marketing and other areas. A huge percentage - 96 percent - has "experience that extends well beyond the traditional finance function," the study found.

In addition, once seen as a career pinnacle, the CFO post has become a possible stepping stone to CEO, COO or other executive position. In another major transition, CFOs work much more closely and are much more accountable to boards and their audit committees, as well as outside auditors.

While the CFO has added new responsibilities, the foundation is still accurate reporting of financial data. Getting it right is critical. Adhering to compliance measures is also crucial. The point is that the core CFO functions must be executed flawlessly, in addition to meeting all the new expectations.

### *Shorter tenures, more job-hopping*

This layering on of responsibility appears to come at a cost, however. CFOs are leaving or being replaced at a rapid pace. As many as 20 percent of Fortune 1000 CFOs were replaced in the 12-month period ending June 30, 2008, according to the KPMG study. In a two-year period (2006-2008), turnover increased a whopping 36 percent. CFOs also report high levels of stress.



*So if those are the issues, what are the solutions?*

If an organization is looking for a new CFO, It should search for a person whose distinctive skill set will help it meet its strategic objectives, whether that's planning a merger or cutting costs. If there is a CFO in place, the organization should clearly delineate which roles and responsibilities are vital.

The CFO should also have the authority to build a staff that can not only crunch numbers but understand how those numbers relate to the company's objectives and profitability. Since much of the accounting and compliance is electronic, it makes sense for the CFO to be involved in IT. But that involvement should be at a high level. Day-to-day technology issues should be managed primarily by the CTO or CIO.

*Creating alignment*

Another tactic with broad benefits is to build and utilize a structured approach that can be deployed across the organization. This solidifies the alignment between the CFO and other decision makers and helps to promote a unified strategy.

The CFO role, once restricted to accounting, financial reporting and other discrete functions, has changed irrevocably. The task now is to create a new model based on the inextricable links among the CFO, the organization's leaders, the board and external constituents. What brings them all together is the new breed of CFO.