

While new regulations will go a long way towards restoring trust in the financial system, that's only part of the solution. Newly visible and powerful CFOs will be equally influential. It will fall to this new breed of CFO to not only make systemic changes but to also communicate that organizations are serious about integrity and good business practices.

As a Company's "Financial Face," CFOs Have a Big Role in Restoring Confidence in the Financial System

All the regulations in the world can't fully restore faith in the financial system. To do that, investors, analysts, media, shareholders and the public must have confidence in an organization's people, not just its systems. In many organizations, the CFO will help lead that effort. As the face of an organization's financial condition, the CFO is critical to public perception.

Fortunately, the CFO has a great toolbox to help increase transparency and boost credibility. It's also a good time to be stepping into the spotlight. New and proposed regulations by the SEC are creating an unprecedented level of disclosure and making it easier to flag potential problems, such as compensation and incentive programs that encourage excessive risk taking.

In combination with the stringent standards of Sarbanes-Oxley, the rules really have changed. It now falls to the CFO and other top finance executives to wholeheartedly support and communicate those changes.

The actions CFOs are taking to help restore faith include: strengthening relationships with boards; communicating more robustly with audiences ranging from investors to employees; establishing a culture of integrity; and ensuring that internal compliance efforts are working.

Establishing standards, creating safeguards

Regarding boards and audit committees, CFOs must be prepared to respond to new demands. Widely criticized for standing by while companies imploded, many boards have become more diligent and less willing to accept even minor financial discrepancies.

To help further that relationship, forward-thinking CFOs are providing boards and others with a framework for the future that includes safeguards to help detect issues early on.

The CFO, in partnership with the CEO, must also establish a company-wide culture of integrity and transparency. Employees must understand unequivocally that any deviation from ethical and professional standards won't be tolerated.

The CFO, often in partnership with a chief compliance officer, must also be proactive about compliance and ensure that efforts are working. On a practical level, one way to encourage compliance is to increase the number and authority of compliance professionals. Unfortunately, compliance and audit specialists have dwindled as a result of layoffs and cost cutting.

According to a 2009 poll by Deloitte Financial Advisory Services, 27 percent of executives reported reductions in their compliance in the past 18 months. That's in marked contrast to the hiring of compliance professionals and internal auditors following Sarbanes-Oxley.



But establishing a dedicated team is critical for both deterrence and early detection of fraud and other wrongdoing. The team might include forensic auditors and accountants, corporate accounting officers and internal fraud examiners. More than ever, it's critical to have close coordination among internal audit, legal and compliance pros.

Communicating with diverse audiences

The CFO has also emerged as an influential communicator. One of the CFO's primary tasks is to reach diverse audiences with a unified message. Reaching those audiences might involve small-group and "town hall" meetings, road shows, conference calls, webcasts, Internet and intranet postings, videos and podcasts.

Whatever tactics the CFO chooses to reach out, there are two important guidelines. The first is that communications must be ongoing and honest. The second is that there can't be any surprises. Most people feel that there have been far too many surprises, mostly unpleasant, in the corporate sphere. CFOs must always keep in mind that it's their credibility and integrity on the line.

Clearly, efforts to restore faith to the financial sector don't fall solely on CFOs. But as one of the most visible members of an organization's inner circle, the CFO is a powerful symbol. By setting high standards and communicating a commitment to change, the CFO can help restore faith in a badly battered system and cultivate a higher level of trust.