Five Focal Points for Future-Ready CFOs

If a group of chief financial officers (CFOs) from 2018 stepped out of a time machine into their 2023 offices, they would be astonished by what they saw. Environmental, social and governance (ESG) metrics and measurements would top their priority lists. Most of their finance organizations would be using generative artificial intelligence (GenAI) to enhance their business planning and analysis (BP&A) capabilities and/or bolster the company's fraud-prevention activities. Their eyes would widen at the ways that machine learning, robotic process automation and other forms of AI are supercharging productivity and performance throughout their finance organizations.

Of course, few finance chiefs have time for thought experiments given the startling pace and magnitude of finance transformation over the past five years, let alone in the past 12 months. Protiviti's latest global survey of CFOs and finance leaders shows that their priorities are intensifying and converging. The intensity stems from the larger, more far-reaching implications of the make-or-break decisions CEOs and boards expect CFOs to make quickly. The convergence relates to the fact that CFO priorities increasingly mirror the organization's strategic priorities: *Rapidly elevate the quality and reliability of ESG reporting, blunt the bruising impacts of inflation, fortify data security and privacy capabilities, and get new GenAI solutions in place.*

As they tackle these and other high-stakes priorities, CFOs extend the finance organization's expertise and value into every aspect of enterprise strategy. Our research shows that CFOs who do so most effectively focus their time, resources and expertise on the following five areas.

ESG data and reporting

Our survey shows that ESG metrics and measurement rank as the highest priority for finance organizations to address in the coming year. This is the case for both publicly and privately held organizations. While public companies are legally obligated (or are soon expected to be obligated) to meet a growing number of ESG-related regulatory requirements around the world, many of these compliance burdens – and reporting requirements, in particular – also extend to private companies and smaller organizations that conduct business with public companies. Current and looming ESG regulatory requirements include the Corporate Sustainability Reporting Directive in the European Union, the U.S. Securities and Exchange Commission's forthcoming climate impact reporting requirements, the EU's Fit for 55 package and Carbon Border Adjustment Mechanism, and the U.S. Inflation Reduction Act. Fulfilling these and other ESG compliance mandates requires the CFO's expertise concerning reporting rigor, data collection, data controls and related governance considerations. ESG-focused CFOs treat ESG as a fiduciary responsibility while addressing all three "letters" of the acronym to help ensure the long-term viability and well-being of the company.

Inflation and cost optimization

Inflation is another top priority for CFOs, as are several finance areas related to cost optimization. Higher prices, along with growing board and shareholder pressure to improve profitability, have more CFOs devising innovative ways to reduce costs without subjecting the organization to the detrimental side effects of blunter cost-reduction moves, including the loss of valuable trading partners, talent drain, and customer dissatisfaction and defections. Our research indicates that many finance leaders are deploying procurement spending analyses, technology cost-containment approaches, and new assessments of organizational processes and performance.

Business planning and analysis

Financial planning and analysis, profitability reporting and analysis, strategic planning, and enhanced data analytics (collectively, BP&A) are among the highest-ranked priorities for CFOs and finance teams to address in the coming year. This emphasis on improving a broad collection of BP&A-related areas is part of the finance organization's efforts to optimize costs, sharpen planning, improve risk management and increase profitability amid heightened economic, geopolitical, social and climate uncertainties. To support these activities, CFOs also are prioritizing investments that strengthen data models and data governance. Of note, advanced financial analyses are being used to drive improvements throughout the enterprise, most notably in ESG programs, supply chain management, talent management and technology investment decision-making.

Automation, AI and data

Finance organizations increasingly are called upon to produce analyses and insights to meet the rapidly changing needs of internal customers. Their ability to deliver this information requires secure access to expanding collections of data, investments in advanced automation and a commitment to ongoing innovation. From a governance and protection standpoint, CFOs continue to view the security and privacy of data as one of their top priorities. This emphasis also is driven by new regulatory requirements, such as the SEC's updated rules on cybersecurity, risk management, strategy, governance and incident reporting. In addition to investing in machine learning, cloud-based applications (another top finance priority) and other advanced technologies, a majority of finance organizations have invested in GenAI. To date, the most common finance applications of GenAI center on compliance and regulatory reporting as well as on risk assessment and management. Beyond finance, CFOs are shaping the adoption, use and governance of GenAI solutions throughout the company.

Talent management

Half of all CFOs are concerned about their ability to recruit qualified candidates; replacing departing employees is another pervasive challenge. Finance leaders are addressing these and related concerns on two fronts: by investing in individual career growth and upskilling in the finance organization, and by supporting broader organizational efforts to overhaul outdated talent strategies. Next-generation talent strategies strike the right balance between lean and excessive staffing levels while equipping the business with the ability to operationalize innovation and leverage new opportunities quickly. The finance group's FP&A expertise also helps HR groups upgrade talent forecasts and related financial analyses to provide more accurate, detailed and real-time views of all of the skills that reside throughout the organization.

Interested in learning more? Read our research report, *Accelerate: Assessing CFO and finance leader perspectives and priorities for the coming year*, available at www.protiviti.com/financesurvey.