

# The CFO Handbook

18 resources to help the CFO manage the finance function

## The CFO Handbook BPI Business Partnering Institute

**The ten most important KPIs for CFOs**

KPI	Description	Measurement	Calculation
Revenue	Total sales revenue	Revenue	Revenue
Profit	Operating profit	Operating Profit	Revenue - Operating Expenses
EBITDA	Earnings before interest, taxes, depreciation and amortization	EBITDA	Operating Profit + Depreciation + Amortization
Operating Profit	Profit from operations	Operating Profit	Revenue - Operating Expenses
Net Income	Profit after taxes	Net Income	Operating Profit - Taxes
Free Cash Flow	Cash generated from operations	Free Cash Flow	Operating Profit - Capital Expenditures
Current Ratio	Ability to pay short-term obligations	Current Ratio	Current Assets / Current Liabilities
Debt to Equity Ratio	Financial leverage	Debt to Equity Ratio	Total Debt / Total Equity
Return on Equity	Profitability	Return on Equity	Net Income / Total Equity
Return on Assets	Overall profitability	Return on Assets	Net Income / Total Assets

**10 ways CFOs can improve their skills**

1. Stay up-to-date on industry trends
2. Develop a strong network
3. Gain cross-functional experience
4. Pursue professional certifications
5. Seek mentorship
6. Take on challenging projects
7. Attend industry conferences
8. Read industry publications
9. Practice public speaking
10. Stay organized and detail-oriented

**The 10 essential skills for CFOs**

1. Financial Analysis
2. Strategic Thinking
3. Business Acumen
4. Leadership & Communication
5. Change Management
6. Ethics & Integrity
7. Problem Solving Skills
8. Risk Management
9. Negotiation
10. Attention to Detail

**10 things CFOs can do to keep CEOs happy**

1. Communicate proactively
2. Provide accurate financial data
3. Offer strategic insights
4. Manage risks effectively
5. Optimize cash flow
6. Enhance operational efficiency
7. Foster a strong team
8. Stay organized
9. Be transparent
10. Anticipate needs

**CEO vs CFO**

CEO	CFO
Sets the overall strategy	Drives the execution of financial strategy
Decides on capital structure	Follows up on capital structure decisions
Manages overall business	Manages the company's financial health
Generates new business ideas	Manages the company's cash flow
Right hand to the board	Right hand to the CEO

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**The ten responsibilities of a CFO**

1. Financial Reporting
2. Financial Planning
3. Risk Management
4. Capital Management
5. Tax Management
6. Compliance
7. Internal Controls
8. Cost Management
9. Treasury Management
10. Mergers & Acquisitions

**The CFOs Guide to Managing the Finance Function**

1. Strategic Thinking

2. Business Acumen

3. Leadership & Communication

4. Change Management

5. Ethics & Integrity

6. Problem Solving Skills

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**The CFOs Guide to Measuring the Finance Function**

1. Strategic Thinking

2. Business Acumen

3. Leadership & Communication

4. Change Management

5. Ethics & Integrity

6. Problem Solving Skills

7. Risk Management

8. Negotiation

9. Attention to Detail

**The CFOs Guide to Measuring the Finance Function**

1. Strategic Thinking

2. Business Acumen

3. Leadership & Communication

4. Change Management

5. Ethics & Integrity

6. Problem Solving Skills

7. Risk Management

8. Negotiation

9. Attention to Detail

**8 skills for CFOs to be successful**

1. Financial Management
2. Strategic Thinking
3. Business Acumen
4. Leadership & Communication
5. Change Management
6. Ethics & Integrity
7. Problem Solving Skills
8. Risk Management

**10 ways CFOs can improve their skills**

1. Stay up-to-date on industry trends
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6. Take on challenging projects
7. Attend industry conferences
8. Read industry publications
9. Practice public speaking
10. Stay organized and detail-oriented

**8 Types of CFOs**

1. The Accountant
2. The Analyst
3. The Strategist
4. The Technician
5. The Director
6. The Negotiator
7. The Acquirer
8. The Environmentalist

**The CFOs Guide to Driving the Business**

1. Strategic Thinking

2. Business Acumen

3. Leadership & Communication

4. Change Management

5. Ethics & Integrity

6. Problem Solving Skills

7. Risk Management

8. Negotiation

9. Attention to Detail

**Top 10 actions for CFOs to improve their finance function**

1. Communicate proactively
2. Provide accurate financial data
3. Offer strategic insights
4. Manage risks effectively
5. Optimize cash flow
6. Enhance operational efficiency
7. Foster a strong team
8. Stay organized
9. Be transparent
10. Anticipate needs

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# The ten responsibilities of a CFO

The most important responsibilities for CFOs to manage

1

Financial Planning & Analysis

2

Financial Reporting

3

Risk Management

4

Cash Management

5

Capital Management

6

Tax Management

7

Investor Relations

8

Corporate Governance

9

Strategic Planning

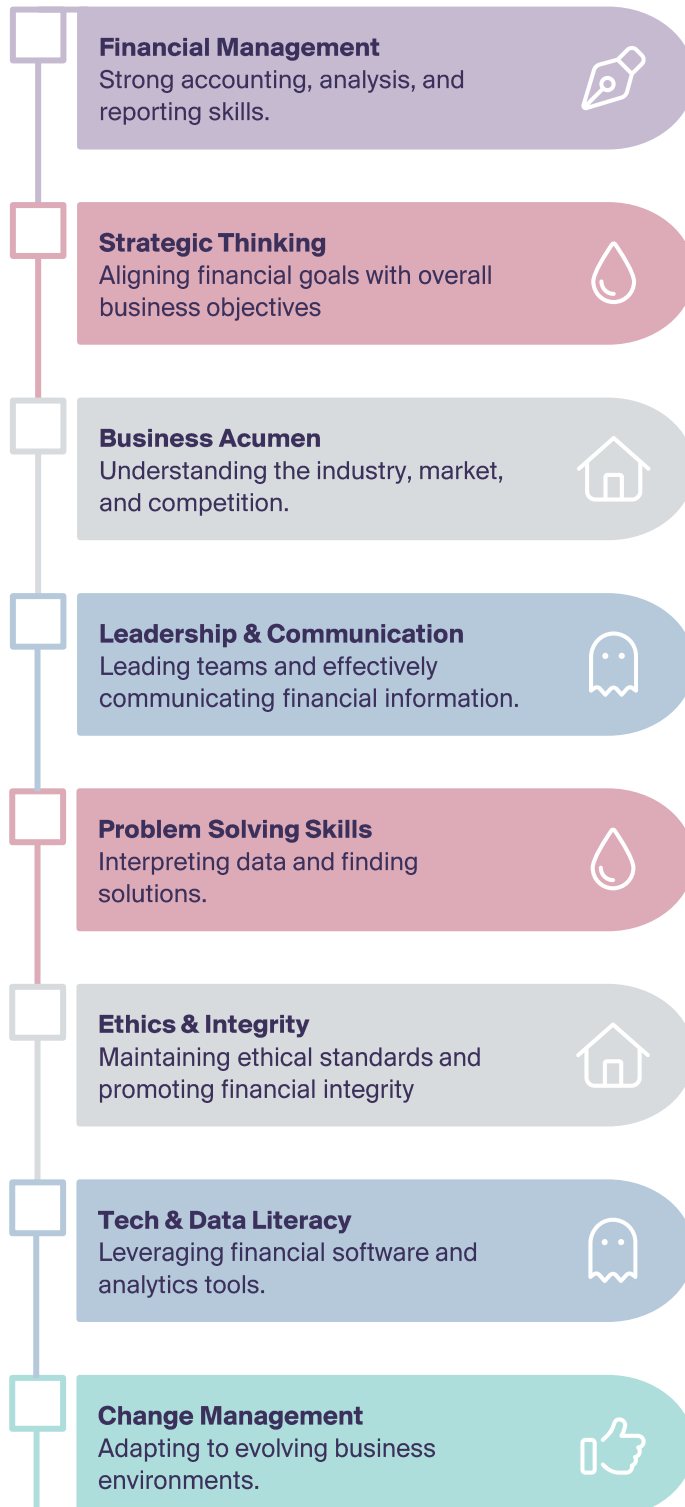
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Leadership and Management

# Eight skills for CFOs to be successful

BPI

Skills beyond Finance and Accounting separates good from great CFOs



# The CFO's KPI Dashboard

The ten most important KPIs for CFOs

KPI	Description	Measurement	Calculation
Revenue Growth Rate	The growth in revenue over a period of time.	Measures the rate at which your company's revenue is growing over a specific period	$((\text{Current Period Revenue} - \text{Previous Period Revenue}) / \text{Previous Period Revenue}) * 100$
Gross Profit Margin	Indicates the profitability of your company's core operations	Measures the percentage of revenue remaining after deducting the cost of goods sold	$(\text{Gross Profit} / \text{Revenue}) * 100$ where $\text{Gross Profit} = \text{Revenue} - \text{Cost of Goods Sold (COGS)}$
Net Profit Margin	Provides insights into your company's overall profitability	Measures the percentage of revenue that remains as net profit after deducting all expenses, including operating costs, taxes, and interest.	$(\text{Net Profit} / \text{Revenue}) * 100$ where $\text{Net Profit} = \text{Revenue} - \text{Total Expenses}$
Return on Investment	Evaluates the effectiveness of capital allocation	Measures the profitability of an investment relative to its cost	$(\text{Net Profit from Investment} / \text{Cost of Investment}) * 100$
Cash Conversion Cycle	Represents the time to convert resources into cash flow from sales	Measures the time it takes for your company to convert investments in inventory and other resources into cash flow from sales	$\text{Days of Inventory Outstanding} + \text{Days of Sales Outstanding} - \text{Days of Payables Outstanding}$
Debt-to-Equity Ratio	Compares the amount of debt financing to equity financing	Measures the proportion of debt financing compared to equity financing used by a company to support its assets	$\text{Total Debt} / \text{Total Equity}$
Current ratio	Compares the total current assets to the total current liabilities	Measures your company's ability to meet short-term financial obligations.	$\text{Total Current Assets} / \text{Total Current Liabilities}$
Accounts Receivable Turnover	The average number of times accounts receivables is collected in a specific period	Measures how quickly your company collects payments from customers.	$\text{Net Credit Sales} / \text{Average Accounts Receivable}$ where $\text{Net Credit Sales} = \text{Total Credit Sales} - \text{Sales Returns and Allowances}$
Customer Acquisition Cost	Assesses the effectiveness of your customer acquisition strategies	Measures the average cost to acquire a new customer	$\text{Total Sales and Marketing Expenses} / \text{Number of New Customers Acquired}$
Employee Productivity	Evaluates the output and contribution of your employees	Measured through various metrics such as revenue per employee, profit per employee, or output per hour worked	$\text{Total Revenue or Profit} / \text{Number of Employees}$



# The CFO's KPI Fact Sheet

100 KPIs to manage the finance function

## Financial Planning & Analysis

Budget variance	Forecast accuracy	Financial ratios	ROI	Cash flow forecast accuracy	Cost control	Financial planning cycle time	NPS	Revenue growth	Risk mngt. effectiveness
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## Financial reporting

Reporting accuracy	Timeliness	Compliance	Audit opinion	User NPS	Data integrity	Transparency	Adherence to guidelines	Ease of understanding	Stakeholder feedback
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## Risk management

Risk exposure	Risk reduction	Maturity	Process efficiency	Risk identification	Risk mitigation	Risk reporting	Business continuity	External compliance	Stakeholder confidence
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## Cash management

Cash conversion cycle	Cash flow forecast accuracy	Cash flow adequacy	Cash to current liabilities	DSO	DPO	Cash burn rate	Cash flow margin	CFROI	Liquidity ratios
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## Capital management

ROCE	WACC	Capital structure ratios	ROE	EVA	Capital efficiency ratio	Payback period	CAPM	Market cap	Capital allocation quality
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## Tax management

Effective tax rate	Tax compliance rate	Tax savings	Effective tax rate vs. statutory	Audit risk	Timeliness of filings	Comms with authorities	Transfer pricing compliance	Tax risk mngt.	Employee taxes
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## Investor relations

Investor perception	Shareholder base	Investor engagement	Analyst coverage	Media coverage	Earnings call participation	Investor relations website analytics	Capital market perception	Analyst consensus	Regulatory compliance
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## Corporate governance

Board effectiveness	Board diversity	Ethical compliance	Risk mngt. oversight	Stakeholder engagement	Financial reporting accuracy	Transparency & disclosure	Regulatory compliance	Stakeholder satisfaction	Board training & development
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## Strategic planning

Goal achievement	Revenue growth	Market share	Customer satisfaction	Employee engagement	ROI	Time-to-market	Innovation metrics	Risk mngt.	Stakeholder perception
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## Leadership and management

Employee engagement	Employee performance	Talent development	Employee satisfaction	Employee turnover	Customer satisfaction	Financial performance	Employee development	Culture and values	Collaboration & comms
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# The CFO's Guide to Manage Finance

10 areas of responsibility and how to do them well

## The CFOs Guide to Managing the Finance Function

### The CFOs guide to Risk Management

**Establish a Risk Management Framework**

**Identify and Assess Risks**

**Implement Effective Controls**

**Risk Quantification**

**Scenario Analysis and Stress Testing**

**ECI Monitoring and Reporting**

**Senior & Board-Level Culture**

**Strategic Risk Management**

**Collaborate with Stakeholders**

**Continuous Improvement**

Area	Score
Risk Strategy	85%
Risk Assessment	80%
Risk Monitoring	75%
Risk Reporting	70%
Risk Culture	65%
Risk Integration	60%
Risk Innovation	55%
Risk Resilience	50%

### The CFOs guide to Financial Reporting

**Ensure accurate and reliable data**

**Adhere to accounting standards and regulations**

**Enhance transparency and disclosure**

**Improve financial controls**

**Strengthen internal audit functions**

**Engage external auditors**

**Communicate effectively**

**Monitor and evaluate performance**

**Invest in technology and innovation**

**Continuous improvement**

Area	Score
Financial Accuracy	88%
Reporting Timeliness	85%
Transparency	82%
Internal Controls	78%
Audit Effectiveness	75%
Communication	72%
Performance Monitoring	68%
Technology Adoption	65%
Continuous Improvement	62%

### The CFOs guide to Financial Planning & Analysis

**Set clear goals and objectives**

**Develop a comprehensive budget**

**Monitor and evaluate performance**

**Invest in technology and innovation**

**Continuous improvement**

Area	Score
Goal Setting	82%
Budget Accuracy	78%
Performance Monitoring	75%
Technology Adoption	72%
Continuous Improvement	68%

### The 10 responsibilities of a CFO

- Financial Planning & Analysis
- Financial Reporting
- Risk management
- Cash management
- Capital management
- Tax management
- Investor relations
- Corporate governance
- Strategic planning
- Leadership and management

### The CFOs guide Tax Management

**Tax Planning**

**Compliance with Tax Law**

**Effective Structuring**

**Tax Accounting**

**International Tax Management**

**Utilization of Tax Incentives and Exemptions**

**Tax Risk Management**

**Collaboration with Tax Advisors**

**Tax Health and Dispute Resolution**

Area	Score
Tax Planning	80%
Compliance	78%
Structuring	75%
Accounting	72%
International	70%
Incentives	68%
Risk Management	65%
Collaboration	62%
Dispute Resolution	60%

### The CFOs guide to Investor Relations

**Develop a Comprehensive IR Strategy**

**Build Strong Relationships**

**Transparency and Timely Communication**

**Investor Personalized**

**Annual General Meetings (AGMs)**

**Shareholder Engagement and Feedback**

**Analyst and Investor Conferences**

**Social Media and Digital Presence**

**Shareholder Satisfaction and Governance**

**Continuous Education and Market Awareness**

Area	Score
IR Strategy	85%
Relationships	82%
Communication	78%
Personalized	75%
AGMs	72%
Engagement	70%
Conferences	68%
Digital Presence	65%
Satisfaction	62%
Education	60%

### The CFOs guide to Corporate Governance

**Clear Governance Structure**

**Board Composition and Independence**

**Director Selection and Evaluation**

**Shareholder Rights and Dividend Policy**

**Financial Reporting and Transparency**

**Shareholder Rights and Engagement**

**Executive Compensation**

**Risk of Director Election and Resignation**

**Shareholder Engagement**

Area	Score
Governance Structure	88%
Board Composition	85%
Director Selection	82%
Shareholder Rights	78%
Financial Reporting	75%
Shareholder Engagement	72%
Executive Compensation	70%
Risk of Election	68%
Shareholder Engagement	65%

### The CFOs guide to Cash Management

**Cash Flow Forecasting**

**Working Capital Management**

**Cash Conversion Cycle**

**Cash Flow Monitoring**

**Cash Flow Optimization**

**Cash Flow Contingency Planning**

**Cash Flow Realization**

**Cash Preservation**

**Cash Reinvestment and Strategic Management**

**Technology and Automation**

Area	Score
Cash Forecasting	82%
Working Capital	78%
Cash Conversion	75%
Cash Monitoring	72%
Cash Optimization	70%
Cash Contingency	68%
Cash Realization	65%
Cash Preservation	62%
Cash Reinvestment	60%
Technology	58%

### The CFOs guide to Capital Management

**Capital Structure Analysis**

**Cost of Capital Optimization**

**Investment Appraisal**

**Equity Allocation Strategy**

**Dividend Policy**

**Debt Management**

**Risk Management**

**Regulatory Compliance**

**Continuous Monitoring and Evaluation**

Area	Score
Capital Structure	85%
Cost of Capital	82%
Investment Appraisal	78%
Equity Allocation	75%
Dividend Policy	72%
Debt Management	70%
Risk Management	68%
Regulatory Compliance	65%
Monitoring and Evaluation	62%

### Old Mindset vs New Mindset

**Minimizing costs** vs **Maximizing business value**

**Explaining financial performance** vs **Improving future performance**

**Eliminating risks** vs **Taking the right risks**

**Sharing data and reporting** vs **Sharing new performance and innovations**

**Succeeding through own objectives** vs **Succeeding through helping others**

### 8 Types of CFOs

- Cash Flow Forecasting
- The Analyst
- The Strategist
- The Technologist
- The Disruptor
- The Networker
- The Adaptor
- The Environmentalist

### CEO vs CFO

**Gets the direction for the company** vs **Drives the direction throughout the company**

**Decides on budgets for all departments** vs **Follows up on budgets for all departments**

**Drives the culture of the company** vs **Implements the culture and leads by example**

**Manages senior leaders** vs **Manages less-senior leaders**

**Generates new business and projects** vs **Makes new business and projects profitable**

**Right hand to chairman of the board** vs **Right hand to the CEO**

### The CFOs guide to Leadership and Management

**Vision and Strategy**

**Empowering and Developing Employees**

**Effective Communication**

**Building and Leading High-Performance Teams**

**Decision-Making and Problem-Solving**

**Delegation, Empowerment and Accountability**

**Change Management**

**Ethical and Values-Driven Leadership**

**Performance Management and Feedback**

**Continuous Learning and Improvement**

Area	Score
Vision and Strategy	80%
Empowering Employees	78%
Effective Communication	75%
Building High-Performance Teams	72%
Decision-Making	70%
Delegation and Accountability	68%
Change Management	65%
Ethical and Values-Driven Leadership	62%
Performance Management	60%
Continuous Learning	58%

### The CFOs guide to Strategic Planning

**Process, Vision, and Values**

**Internal Alignment**

**Goal Setting**

**SWOT Analysis**

**Strategic Development**

**Action Planning**

**Performance Measurement**

**Resource Allocation**

**Continuous Monitoring and Adaptation**

Area	Score
Process, Vision, and Values	85%
Internal Alignment	82%
Goal Setting	78%
SWOT Analysis	75%
Strategic Development	72%
Action Planning	70%
Performance Measurement	68%
Resource Allocation	65%
Continuous Monitoring	62%

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# The CFO's Guide to Measure Finance

## 10 areas of responsibility and how to measure their success

# The CFOs Guide to Measuring the Finance Function

### The CFOs KPI Fact Sheet 100 KPIs to keep the company on track

Financial Planning & Analysis				
Budget variance	Forecast accuracy	Forecast errors	RO	Cash flow forecast accuracy
Cost control	Financial planning cycle time	NPV	Revenue growth	Risk mgmt effectiveness
Financial reporting				
Reporting accuracy	Timeliness	Completeness	Audit opinion	User NPS
Data integrity	Transparency	Adherence to policies	Issue of audit findings	Stakeholder feedback
Risk management				
Risk exposure	Risk reduction	Materiality	Percent of risks mitigated	Risk identity culture
Risk mitigation	Risk reporting	Business continuity	External compliance	Stakeholder confidence
Cash management				
Cash cover ratio	Cash flow forecast accuracy	Cash flow volatility	Cash to current liabilities	DSD
BPO	Cash burn rate	Cash flow margin	CPRO	Liquidity ratios
Capital management				
ROCE	WACC	Capital structure ratio	ROE	EVA
Capital efficiency ratio	Payoff period	CFM	Market cap	Capital allocation quality
Tax management				
Effective tax rate	Tax compliance rate	Tax savings	Effective tax rate of subsidiary	Audit risk
Timeliness of filings	Consent with authorities	Transfer pricing compliance	Tax risk mgmt.	Employee taxes
Investor relations				
Investor perception	Share holder base	Investor engagement	Analyst coverage	Media coverage
Earnings call participation	Investor relations website	Capital market presence	Analyst consensus	Regulatory compliance
Corporate governance				
Board effectiveness	Board diversity	Political compliance	Risk mgmt oversight	Stakeholder engagement
Financial reporting accuracy	Transparency & disclosure	Regulatory compliance	Stakeholder satisfaction	Board training & assessment
Strategic planning				
Goal achievement	Revenue growth	Market share	Customer satisfaction	Employee engagement
ROI	Time to market	Innovative metrics	Risk mgmt.	Market share penetration
Leadership and management				
Employee engagement	Employee performance	Talent development	Employee satisfaction	Employee turnover
Customer satisfaction	Financial performance	Employee development	Culture and values	Diversity & Inclusion

### The ten KPIs of the successful F&A team

- Report Variance**  
Measure the accuracy and timeliness of financial reports. It is the percentage of reported variance from budget and actual results. The lower the variance, the better the reporting accuracy.
- Financial Ratios**  
Track key financial ratios such as Return on Equity (ROE) and Debt to Equity Ratio (DER) to assess financial health and efficiency. Monitor trends over time to identify potential issues.
- Cash Flow Forecast Accuracy**  
Measure the accuracy of cash flow forecasts. It is the percentage of forecasted cash flow that is within a specified range of actual cash flow.
- Revenue Growth**  
Track the percentage increase in revenue over a period of time. It is a key indicator of business performance and growth.
- Forecast Accuracy**  
Measure the accuracy of financial forecasts. It is the percentage of forecasted revenue that is within a specified range of actual revenue.
- Return on Investment (ROI)**  
Track the return on investment for various projects and investments. It is a key indicator of the effectiveness of capital spending.
- Cost Control**  
Measure the effectiveness of cost management strategies. It is the percentage of budgeted costs that are actually incurred.
- Stakeholder Satisfaction**  
Measure the satisfaction of key stakeholders such as investors, customers, and employees. It is a key indicator of the company's reputation and performance.
- Risk Management Effectiveness**  
Measure the effectiveness of risk management strategies. It is the percentage of risks that are identified and mitigated.

### The ten KPIs for successful financial reporting

- Reporting Accuracy**  
Measure the accuracy and timeliness of financial reports. It is the percentage of reported variance from budget and actual results.
- Compliance with Accounting Standards**  
Track adherence to accounting standards such as GAAP or IFRS. It is a key indicator of the reliability and integrity of financial reporting.
- User Satisfaction**  
Measure the satisfaction of users of financial reports. It is a key indicator of the clarity and usefulness of the information provided.
- Transparency and Disclosure**  
Track the level of transparency and disclosure in financial reporting. It is a key indicator of the company's commitment to ethical and responsible reporting.
- Accuracy and Lack of Understatement**  
Measure the accuracy and lack of understatement in financial reporting. It is a key indicator of the reliability and integrity of the information provided.
- Timeliness of Reporting**  
Track the timeliness of financial reporting. It is a key indicator of the company's ability to provide timely and relevant information.
- Audit Opinion**  
Track the audit opinion received from external auditors. It is a key indicator of the reliability and integrity of financial reporting.
- Risk Mitigation**  
Measure the effectiveness of risk mitigation strategies in financial reporting. It is a key indicator of the company's ability to manage and reduce financial risk.
- Adherence to Reporting Standards and Guidelines**  
Track adherence to reporting standards and guidelines. It is a key indicator of the company's commitment to high-quality financial reporting.
- Investor and External Stakeholder Feedback**  
Measure the feedback received from investors and external stakeholders. It is a key indicator of the company's reputation and performance.

### The ten KPIs for successful risk management

- Risk Exposure**  
Measure the level of risk exposure in various areas of the business. It is a key indicator of the company's overall risk profile.
- Risk Management Maturity**  
Track the maturity of risk management processes. It is a key indicator of the company's ability to effectively manage and mitigate risk.
- Risk Identification and Assessment**  
Measure the effectiveness of risk identification and assessment processes. It is a key indicator of the company's ability to identify and evaluate potential risks.
- Risk Reporting**  
Track the timeliness and accuracy of risk reporting. It is a key indicator of the company's ability to provide timely and relevant information on risk.
- Compliance**  
Measure the effectiveness of compliance with risk management regulations and standards. It is a key indicator of the company's commitment to ethical and responsible risk management.
- Risk Reduction**  
Track the percentage of risk reduction achieved through risk management strategies. It is a key indicator of the company's ability to manage and reduce risk.
- Risk Mitigation**  
Measure the effectiveness of risk mitigation strategies. It is a key indicator of the company's ability to manage and reduce financial risk.
- Business Continuity**  
Track the effectiveness of business continuity plans. It is a key indicator of the company's ability to maintain operations in the event of a disaster.
- Incident Response**  
Measure the effectiveness of incident response procedures. It is a key indicator of the company's ability to quickly and effectively respond to risk events.
- Stakeholder Confidence**  
Track the confidence of key stakeholders in the company's risk management practices. It is a key indicator of the company's reputation and performance.

### The ten KPIs for successful cash management

- Cash Conversion Cycle (CCC)**  
Track the cash conversion cycle, which is the time it takes to convert inventory into cash. It is a key indicator of the company's working capital management.
- Cash Flow Margin**  
Measure the cash flow margin, which is the percentage of revenue that is converted into cash. It is a key indicator of the company's ability to generate cash.
- Days Payable Outstanding (DPO)**  
Track the days payable outstanding, which is the number of days it takes to pay suppliers. It is a key indicator of the company's working capital management.
- Cash Flow Volatility**  
Measure the volatility of cash flow, which is the degree to which cash flow fluctuates over time. It is a key indicator of the company's financial stability.
- Cash Flow Forecast Accuracy**  
Measure the accuracy of cash flow forecasts. It is a key indicator of the company's ability to predict and manage cash flow.
- Cash Flow Margin**  
Measure the cash flow margin, which is the percentage of revenue that is converted into cash. It is a key indicator of the company's ability to generate cash.
- Days Payable Outstanding (DPO)**  
Track the days payable outstanding, which is the number of days it takes to pay suppliers. It is a key indicator of the company's working capital management.
- Cash Flow Margin**  
Measure the cash flow margin, which is the percentage of revenue that is converted into cash. It is a key indicator of the company's ability to generate cash.
- Liquidity Ratios**  
Track key liquidity ratios such as Current Ratio and Quick Ratio. It is a key indicator of the company's ability to meet its short-term obligations.
- Capital Asset Pricing Model (CAPM)**  
Track the Weighted Average Cost of Capital (WACC) using the CAPM model. It is a key indicator of the company's cost of capital and investment decisions.

### The ten KPIs for successful capital management

- Return on Capital Employed (ROCE)**  
Track the Return on Capital Employed (ROCE), which is the percentage of capital that is converted into profit. It is a key indicator of the company's ability to generate returns on its capital.
- Capital Structure Ratio**  
Track the capital structure ratio, which is the ratio of debt to equity. It is a key indicator of the company's financial leverage and risk.
- Debt to Equity Ratio (DER)**  
Track the Debt to Equity Ratio (DER), which is the ratio of debt to equity. It is a key indicator of the company's financial leverage and risk.
- Payoff Period**  
Track the payoff period, which is the time it takes to pay back debt. It is a key indicator of the company's ability to manage its debt.
- Market Capitalization**  
Track the market capitalization, which is the total value of the company's shares. It is a key indicator of the company's overall value and performance.
- Weighted Average Cost of Capital (WACC)**  
Track the Weighted Average Cost of Capital (WACC), which is the average cost of the company's capital. It is a key indicator of the company's cost of capital and investment decisions.
- Return on Equity (ROE)**  
Track the Return on Equity (ROE), which is the percentage of equity that is converted into profit. It is a key indicator of the company's ability to generate returns on its equity.
- Capital Efficiency Ratio**  
Track the Capital Efficiency Ratio, which is the ratio of capital to revenue. It is a key indicator of the company's ability to use capital effectively.
- Capital Asset Pricing Model (CAPM)**  
Track the Weighted Average Cost of Capital (WACC) using the CAPM model. It is a key indicator of the company's cost of capital and investment decisions.
- Capital Allocation Effectiveness**  
Track the effectiveness of capital allocation strategies. It is a key indicator of the company's ability to invest in high-growth areas.

### The ten KPIs for successful tax management

- Effective Tax Rate (ETR)**  
Track the Effective Tax Rate (ETR), which is the percentage of tax that is paid on pre-tax income. It is a key indicator of the company's tax efficiency.
- Tax Compliance**  
Track the level of tax compliance, which is the degree to which the company follows tax laws and regulations. It is a key indicator of the company's commitment to ethical and responsible tax management.
- Audit Risk**  
Track the audit risk, which is the likelihood of an audit finding. It is a key indicator of the company's tax management practices.
- Effective Communications with the Authorities**  
Track the effectiveness of communications with tax authorities. It is a key indicator of the company's ability to resolve tax issues and maintain good relationships.
- Tax Risk Management**  
Track the effectiveness of tax risk management strategies. It is a key indicator of the company's ability to manage and reduce tax risk.
- Tax Compliance Rate**  
Track the tax compliance rate, which is the percentage of tax that is paid on time. It is a key indicator of the company's tax management practices.
- Effective Tax Rate on Subsidiary Tax Rates**  
Track the effective tax rate on subsidiary tax rates, which is the percentage of tax that is paid on subsidiary income. It is a key indicator of the company's tax management practices.
- Transfer Pricing Compliance**  
Track the effectiveness of transfer pricing compliance strategies. It is a key indicator of the company's ability to manage and reduce transfer pricing risk.
- Employee Tax Compliance**  
Track the effectiveness of employee tax compliance strategies. It is a key indicator of the company's ability to manage and reduce employee tax risk.

### The ten KPIs for successful investor relations

- Investor Perception**  
Track the perception of investors in various areas of the business. It is a key indicator of the company's reputation and performance.
- Investor Engagement**  
Track the level of investor engagement, which is the degree to which investors are involved in the company's operations. It is a key indicator of the company's ability to attract and retain investors.
- Market Coverage**  
Track the market coverage, which is the number of analysts and investors that cover the company. It is a key indicator of the company's visibility and interest.
- Investor Relations Website Analysis**  
Track the effectiveness of the investor relations website. It is a key indicator of the company's ability to provide timely and relevant information to investors.
- Analyst Coverage Accuracy**  
Track the accuracy of analyst coverage, which is the degree to which analysts' reports accurately reflect the company's performance. It is a key indicator of the company's ability to manage and reduce analyst risk.
- Shareholder Base**  
Track the shareholder base, which is the number of shareholders that own the company's shares. It is a key indicator of the company's ability to attract and retain investors.
- Analyst Consensus**  
Track the analyst consensus, which is the average of analysts' recommendations. It is a key indicator of the company's ability to manage and reduce analyst risk.
- Earnings Call Participation**  
Track the participation in earnings calls, which is the number of analysts and investors that attend the call. It is a key indicator of the company's ability to attract and retain investors.
- Capital Market Performance**  
Track the performance of the company's shares in the capital market. It is a key indicator of the company's ability to attract and retain investors.
- Regulatory Compliance**  
Track the effectiveness of regulatory compliance strategies. It is a key indicator of the company's ability to manage and reduce regulatory risk.

### The ten KPIs for successful corporate governance

- Board Effectiveness**  
Track the effectiveness of the board of directors. It is a key indicator of the company's ability to manage and reduce corporate risk.
- Board Diversity**  
Track the board diversity, which is the degree to which the board is composed of diverse members. It is a key indicator of the company's commitment to ethical and responsible corporate governance.
- Shareholder Engagement**  
Track the level of shareholder engagement, which is the degree to which shareholders are involved in the company's operations. It is a key indicator of the company's ability to attract and retain investors.
- Transparency and Disclosure**  
Track the level of transparency and disclosure in corporate governance. It is a key indicator of the company's commitment to ethical and responsible corporate governance.
- Stakeholder Satisfaction**  
Track the satisfaction of key stakeholders in the company's corporate governance practices. It is a key indicator of the company's reputation and performance.
- Board Diversity**  
Track the board diversity, which is the degree to which the board is composed of diverse members. It is a key indicator of the company's commitment to ethical and responsible corporate governance.
- Risk Management Oversight**  
Track the effectiveness of risk management oversight. It is a key indicator of the company's ability to manage and reduce corporate risk.
- Financial Reporting Accuracy**  
Track the accuracy of financial reporting. It is a key indicator of the company's ability to provide timely and relevant information.
- Regulatory Compliance**  
Track the effectiveness of regulatory compliance strategies. It is a key indicator of the company's ability to manage and reduce regulatory risk.
- Board Training and Development**  
Track the effectiveness of board training and development programs. It is a key indicator of the company's ability to manage and reduce corporate risk.

### The ten KPIs for successful strategic planning

- Goal Achievement**  
Track the achievement of strategic goals. It is a key indicator of the company's ability to execute its strategy.
- Market Share**  
Track the market share, which is the percentage of the market that the company controls. It is a key indicator of the company's competitive position.
- Employee Engagement**  
Track the level of employee engagement, which is the degree to which employees are involved in the company's operations. It is a key indicator of the company's ability to attract and retain talent.
- Time to Market**  
Track the time to market, which is the time it takes to bring a new product or service to market. It is a key indicator of the company's ability to innovate and compete.
- Risk Management**  
Track the effectiveness of risk management strategies. It is a key indicator of the company's ability to manage and reduce strategic risk.
- Revenue Growth**  
Track the revenue growth, which is the percentage increase in revenue over a period of time. It is a key indicator of the company's ability to execute its strategy.
- Customer Satisfaction**  
Track the customer satisfaction, which is the degree to which customers are satisfied with the company's products and services. It is a key indicator of the company's ability to attract and retain customers.
- Return on Investment (ROI)**  
Track the Return on Investment (ROI), which is the percentage of investment that is converted into profit. It is a key indicator of the company's ability to generate returns on its investments.
- Innovation Metrics**  
Track key innovation metrics such as R&D spending and patent filings. It is a key indicator of the company's ability to innovate and compete.
- Stakeholder Perception**  
Track the perception of key stakeholders in the company's strategic planning. It is a key indicator of the company's reputation and performance.

### The ten KPIs for successful leadership and management

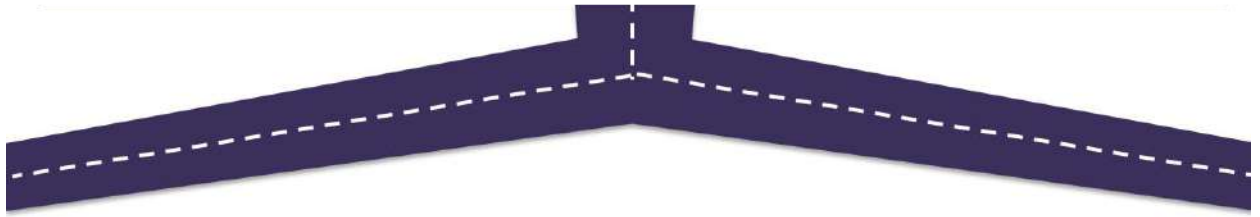
- Employee Engagement**  
Track the level of employee engagement, which is the degree to which employees are involved in the company's operations. It is a key indicator of the company's ability to attract and retain talent.
- Market Development and Expansion**  
Track the market development and expansion, which is the degree to which the company enters new markets. It is a key indicator of the company's ability to grow and compete.
- Employee Turnover and Retention**  
Track the employee turnover and retention, which is the degree to which employees stay with the company. It is a key indicator of the company's ability to attract and retain talent.
- Financial Performance**  
Track the financial performance, which is the degree to which the company meets its financial goals. It is a key indicator of the company's ability to execute its strategy.
- Operational Culture and Values**  
Track the operational culture and values, which is the degree to which the company's culture and values are reflected in its operations. It is a key indicator of the company's reputation and performance.
- Leadership Performance**  
Track the leadership performance, which is the degree to which the company's leaders are effective in their roles. It is a key indicator of the company's ability to execute its strategy.
- Employee Satisfaction and Productivity**  
Track the employee satisfaction and productivity, which is the degree to which employees are satisfied and productive. It is a key indicator of the company's ability to attract and retain talent.
- Customer Satisfaction**  
Track the customer satisfaction, which is the degree to which customers are satisfied with the company's products and services. It is a key indicator of the company's ability to attract and retain customers.
- Team Collaboration and Communication**  
Track the team collaboration and communication, which is the degree to which team members work together effectively. It is a key indicator of the company's ability to execute its strategy.

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# The CFO's Career Path

10 paths that could lead to the CFO role



## Public Accounting

Many CFOs start their careers in public accounting firms, working in roles such as auditor or accountant. This experience provides a strong foundation in financial analysis, reporting, and compliance. After gaining experience, you could move into roles in corporate finance or finance leadership within a company.

## Corporate Finance

Starting in roles such as financial analyst, business analyst, or treasury analyst, you can develop a deep understanding of a company's financial operations. As you progress, you might move on to roles like finance manager, director of finance, and eventually CFO.

## Investment Banking

While investment banking isn't a direct path to CFO, it can provide valuable financial skills and exposure to high-level decision-making. Many investment bankers later transition to roles in corporate finance or private equity, which can be steppingstones to the CFO position.

## FP&A

FP&A professionals are responsible for budgeting, forecasting, and financial analysis. This role allows you to gain insights into a company's financial performance and strategic planning, making it a valuable path toward the CFO role.

## Mergers & Acquisitions

Involvement in mergers, acquisitions, and corporate development can provide exposure to strategic decision-making and financial structuring. This experience is highly valuable for CFO candidates who need to navigate complex financial situations.

## Treasury Management

Working in treasury roles involves managing a company's financial assets, liquidity, and risk. This experience can be beneficial for understanding financial markets, managing cash flows, and making strategic financial decisions.

## Controllership

Progressing through roles in the accounting function, such as controller or accounting manager, provides a strong understanding of financial reporting, compliance, and internal controls—all essential for a CFO.

## International Experience

In a globalized economy, having experience working in different regions or countries can be a significant advantage. It demonstrates adaptability, cross-cultural skills, and an understanding of international financial markets.

## Operations Manager

Working as a general manager or operations manager exposes you to various aspects of running a business, including sales, marketing, production, supply chain management, and more. This experience helps you understand how different functions interact and impact the financial health of the organization.

## Business Unit Manager

Managing a specific business unit or division within a company gives you the opportunity to focus on its financial performance, growth strategies, and operational challenges. This role allows you to make decisions that directly affect the unit's profitability.

# CFO vs. Controller

The main differences between these two critical roles

	<u>The CFO</u>	<u>The Controller</u>
<p><b>Perspective</b></p> 	<ul style="list-style-type: none"> <li>• A CFO spends most of his or her time looking <u>forward</u></li> <li>• What will the next quarter look like? Next year? The year after that?</li> <li>• What are our goals and how do we get there?</li> </ul>	<ul style="list-style-type: none"> <li>• A controller spends most of his or her time looking <u>backward</u></li> <li>• How do we do last month? Lst quarter?</li> <li>• How did actual results compare with budget?</li> </ul>
<p><b>Interaction</b></p> 	<ul style="list-style-type: none"> <li>• A CFO deals extensively with people <u>outside</u> the company</li> <li>• The CFO deals with lenders, investors, business partners, and the board of directors</li> <li>• Some CFOs even interact with the press or members of the public</li> <li>• The CFO is the financial face of the enterprise</li> </ul>	<ul style="list-style-type: none"> <li>• A controller interacts primarily with people <u>inside</u> the company</li> <li>• The controller supervises the accounting staff, and interacts with other department heads, including operations and human resources</li> <li>• If the controller deals with people outside the company, they are usually direct service providers, such as CPA firms</li> </ul>
<p><b>Background</b></p> 	<ul style="list-style-type: none"> <li>• A CFO can come from a variety of backgrounds</li> <li>• In addition to accounting, this includes commercial banking, investment banking, treasury, and other finance areas</li> </ul>	<ul style="list-style-type: none"> <li>• A controller had better come from an accounting background</li> </ul>
<p><b>Personality</b></p> 	<ul style="list-style-type: none"> <li>• A CFO must have a high level of self-confidence and excellent communication skills</li> <li>• The CFO needs to be able to discuss financial matters with a non-financial audience</li> <li>• The CFO should be articulate and comfortable in front of a crowd</li> </ul>	<ul style="list-style-type: none"> <li>• The controller is less likely to be an exceptional communicator</li> <li>• Discipline, organization, and analytical skills are the long suits of a controller</li> <li>• The controller is not expected to make speeches</li> </ul>



# Eight types of CFOs

Which type(s) are you?

## 8 Types of CFOs



### The Accountant

- Focuses on compliance and control
- Backwards looking financial reporting
- Conservative and risk-averse
- Always worked in the finance function



### The Analyst

- Creates transparency and visibility
- Has a deep understanding of financials
- Communicates insights to leadership
- Has likely worked in investment banking



### The Strategist

- Facilitates strategizing at executive level
- Quantifies and qualifies strategic options
- Has a strong focus on value creation
- Has likely worked in management consulting



### The Technologist

- Leads digital transformation in the company
- Leverages latest tech in the finance function
- Creates efficiencies across the company
- Has likely worked in a digital first company



### The Disruptor

- Spends most time with external stakeholders
- Looks at latest trends and business models
- Benchmarks outside own industry
- Has likely worked across multiple functions



### The Networker

- Builds strong relationships across C-suite
- Listens well and helps others be successful
- Gets work done through others
- Has likely been an entrepreneur



### The Adaptor

- Drives strong execution across the company
- Moves the company along with speed
- Builds on a strong and flexible tech platform
- Has likely led different business units



### The Environmentalist

- Is well-connected with policy-makers
- Drives the quadruple bottom-line in decisions
- Has a pure long-term value creation focus
- Has likely been in NGOs or politics



# Ten actions to improve Finance

Which actions are you currently working on?

1

## Strategic Roadmap

Create a detailed plan outlining the steps and milestones for enhancing the finance function over the next 1-3 years. Align the roadmap with the company's strategic objectives and allocate resources accordingly.

2

## Process Automation

Identify repetitive and time-consuming tasks in finance operations, such as data entry or reconciliation. Integrate financial management software or automation tools to streamline these processes and reduce errors.

3

## Advanced Analytics

Implement data analytics software to analyze financial data for insights. For instance, use tools to track cash flow patterns, identify cost trends, and forecast revenue more accurately.

4

## Enhance Compliance

Strengthen internal controls by conducting regular audits and risk assessments. Implement technology-based solutions like AI-driven fraud detection systems to mitigate risks and ensure compliance.

5

## Rolling Forecast

Transition from annual budgeting to rolling forecasts. This allows for more dynamic financial planning, enabling your organization to adapt quickly to changes in the business environment.

6

## Zero-Based Budgeting

Adopt ZBB to scrutinize and justify all expenses from the ground up. This approach can help identify unnecessary costs and allocate resources more effectively.

7

## Business Partnering

Assign finance team members as business partners to other departments. Foster collaboration by having finance professionals work closely with e.g., operations and sales teams to align financial strategies with business goals.

8

## Emerging technologies

Explore emerging technologies like blockchain for secure transactions or machine learning for predictive analytics. Implement pilot projects to assess their viability and potential impact on your finance processes.

9

## Invest in skill-building

Identify skill gaps within your finance team and provide training programs to address them. Offer workshops on topics such as advanced Excel skills, data analysis, financial modeling, and regulatory compliance.

10

## Track Progress

Define KPIs specific to your finance function, such as accuracy of financial reports, time taken for month-end close, or efficiency of invoice processing. Regularly monitor these metrics and implement improvements based on the results.

# The CFO's finance transformation plan <sup>BP/</sup>

10 steps to get your finance transformation right

## Step 1

### Vision and objectives

Clearly articulate the desired outcome of the transformation. Identify specific goals such as improving efficiency, enhancing data analytics capabilities, optimizing processes, or increasing strategic decision-making support.

## Step 2

### Current state

Evaluate the existing finance function to identify strengths, weaknesses, and areas for improvement. Assess the organization's financial processes, systems, technologies, talent, and data management practices.

## Step 3

### Roadmap

Create a detailed plan outlining the steps required to achieve the desired future state. Break down the transformation into manageable phases, setting realistic timelines and milestones. Prioritize initiatives based on their potential impact and feasibility.

## Step 4

### Technology

Leverage technology to streamline finance processes, reduce manual work, and improve accuracy. Implement financial management systems, enterprise resource planning (ERP) software, and cloud-based solutions for enhanced data accessibility and collaboration.

## Step 5

### Analytics

Invest in robust analytics tools and build a data-driven culture within the finance function. Utilize predictive and prescriptive analytics to gain insights, support decision-making, and identify trends and opportunities.

## Step 6

### Talent development

Identify skill gaps within the finance team and provide training or hiring strategies to fill those gaps. Develop a learning culture that encourages continuous improvement and keeps up with evolving finance trends and technologies.

## Step 7

### Controls and risk mngt.

Ensure compliance with relevant regulations, standards, and internal policies. Strengthen internal controls, risk assessment processes, and cybersecurity measures to protect financial data.

## Step 8

### Collaboration

Encourage collaboration between finance and other departments, such as operations, marketing, and sales. Finance should actively participate in strategic discussions and provide financial insights to support business decisions.

## Step 9

### Monitoring progress

Establish key performance indicators (KPIs) and metrics to track the success of the transformation initiatives. Regularly evaluate progress, adjust the plan as needed, and communicate achievements to stakeholders.

## Step 10

### Change management

Prepare a comprehensive change management strategy to address potential resistance and ensure smooth adoption of new processes and technologies. Communicate the transformation plan, benefits, and progress transparently to gain support and alignment across the organization.



# The CFO's Guide for Business

How CFO's can drive and measure value in the company

## The CFO's Guide to Driving the Business

### The CFO's Business KPI Fact Sheet

100 KPIs to keep the company on track

**Strategy**

Revenue growth rate	Customer churn	Brand equity	Gross Profit Margin	Return on Investment
Market share	Innovation rate	Free cash flow	EBITDA	EV/E

**Sales**

Sales revenue	Sales growth rate	Win rate	Average deal size	Sales pipeline value
Sales cycle length	Sales activity metrics	CAC	CLTV	Sales-to-Quote ratio

**Marketing**

MQL	Conversion rate	CPL	ROAS	Website traffic
Social engagement	Total open rate	Brand awareness	CAC	Marketing ROI

**Operations**

On-time delivery	Cycle time	Quality control	Cost per unit	Inventory accuracy
Utilization	Order fulfillment rate	Supplier performance	Safety incidents	Complaint resolution

**Procurement**

Cost savings	Supplier performance	PO cycle time	Contract compliance	Supplier diversity
PO accuracy	Procurement cost %	Contract renewal rate	Supplier evaluation	Reorder-to-lead time

**Customer Service**

CSAT	FCR	FYR response time	Escalation rate	NPS
Avg handling time	Customer retention rate	Cost per interaction	Quality metrics	Avg resolution time

**Finance**

Reporting accuracy	Close cycle time	Cash flow management	FXA	AR & AP turnover
Cost control	ROI	Subsidiary consolidation	Compliance to regulations	Capex/revenue ratio

**HR**

Employee turnover rate	Time to fill vacancies	Employee engagement	L&D participation	DEI diversity
Time to onboarding	Employee performance	HR budget variance	Attrition rate	HR service delivery score

**IT**

System uptime	MTR	PCR	IT project delivery time	Incident response time
Scalability	IT budget variance	App performance score	SLA performance	Employee tech adoption

**Legal**

Contract cycle time	Compliance adherence	Litigation success rate	Legal cost control	Risk management
Legal research analysis	IP management	Regulatory compliance	External counsel management	Client satisfaction

### Ten KPIs for CFOs to drive strategy and execution

- Revenue growth rate**: Measure the percentage increase in revenue. A growth rate of 10% indicates strong performance, while a decline suggests operational challenges.
- Brand equity**: Measure the perceived value of the brand, which influences customer loyalty and pricing power.
- Return on Investment (ROI)**: Evaluate the profitability of investments in various areas like R&D, marketing, and acquisitions.
- Innovation rate**: Track the percentage of revenue derived from new products or services to gauge long-term growth potential.
- EBITDA**: Measure earnings before interest, taxes, depreciation, and amortization, providing a clear view of operational performance.
- Customer churn**: Monitor the percentage of customers who stop using the product or service, indicating retention issues.
- Order profit margins**: Assess the profitability of individual orders, highlighting areas for cost optimization.
- Market share**: Measure the company's percentage of the total market, reflecting competitive positioning.
- Free cash flow**: Evaluate the amount of cash generated after operating expenses, indicating financial health.
- Customer Value Added (CVA)**: Measure the value added to customers through the company's products and services, indicating loyalty and retention.

### Ten KPIs for CFOs to drive sales

- Sales revenue**: Track total sales revenue to gauge overall business performance.
- Win rate**: Measure the percentage of sales opportunities that result in successful deals.
- Sales pipeline value**: Monitor the value of sales opportunities in various stages of the sales funnel.
- Sales activity metrics**: Track activities like calls, emails, and meetings to assess sales team productivity.
- Customer Lifetime Value (CLV)**: Calculate the total revenue a customer is expected to generate over their lifetime.
- Sales growth rate**: Measure the percentage increase in sales revenue over a specific period.
- Average deal size**: Evaluate the average revenue generated per deal to optimize sales strategy.
- Sales cycle length**: Measure the time taken to convert a lead into a paying customer.
- Customer Acquisition Cost (CAC)**: Calculate the cost of acquiring a new customer, used to determine profitability.
- Sales-to-Quote ratio**: Measure the number of quotes generated per sales opportunity, indicating sales team effectiveness.

### Ten KPIs for CFOs to drive marketing

- Marketing Qualified Leads (MQL)**: Measure the number of leads that have been nurtured and are ready for sales.
- Cost for Lead**: Calculate the cost of acquiring a new lead, used to assess marketing efficiency.
- Website traffic**: Monitor the number of visitors to the company website, indicating brand awareness.
- Email opens**: Track the percentage of email newsletters that are opened, showing engagement.
- Customer Retention Rate (CRR)**: Measure the percentage of customers who remain active over a specific period.
- Conversion rate**: Evaluate the percentage of website visitors that complete a desired action.
- Return on Ad Spend (ROAS)**: Measure the revenue generated for every dollar spent on advertising.
- Social media engagement**: Track interactions on social media to gauge brand sentiment and reach.
- Brand awareness**: Measure the extent to which consumers are familiar with the brand.
- Marketing funnel conversion**: Track the percentage of leads that move through each stage of the marketing funnel.

### Ten KPIs for CFOs to drive operations

- On-time Delivery**: Measure the percentage of orders delivered on time, indicating operational efficiency.
- Quality control**: Track the number of defects or returns to ensure high-quality products.
- Inventory accuracy**: Monitor the accuracy of inventory levels to optimize stock management.
- Order fulfillment rate**: Measure the percentage of orders that are successfully fulfilled.
- Supplier delivery**: Track the reliability of suppliers in delivering goods and services on time.
- Production cost %**: Evaluate the percentage of total cost attributed to production, used for cost control.
- Supplier selection**: Measure the process of choosing new suppliers to ensure quality and cost-effectiveness.
- Supplier performance**: Track the performance of key suppliers based on various metrics like quality and delivery.
- Contract compliance**: Monitor adherence to terms and conditions in supplier contracts.
- Purchase order accuracy**: Measure the accuracy of purchase orders to avoid errors and delays.

### Ten KPIs for CFOs to drive procurement

- Cost savings**: Measure the percentage of cost reduction achieved through procurement efforts.
- Supplier score card**: Evaluate suppliers based on various performance metrics.
- Supplier diversity**: Track the percentage of procurement spend going to diverse suppliers.
- Procurement cost %**: Measure the percentage of total cost attributed to procurement activities.
- Supplier selection**: Monitor the process of choosing new suppliers to ensure quality and cost-effectiveness.
- Supplier performance**: Track the performance of key suppliers based on various metrics like quality and delivery.
- Contract compliance**: Monitor adherence to terms and conditions in supplier contracts.
- Purchase order accuracy**: Measure the accuracy of purchase orders to avoid errors and delays.
- Contract renewal rate**: Track the percentage of contracts that are renewed, indicating supplier relationships.
- Regulatory compliance**: Monitor adherence to procurement regulations and standards.

### Ten KPIs for CFOs to drive customer service

- Customer satisfaction**: Measure the overall satisfaction of customers with the company's products and services.
- Average response time**: Track the time taken to respond to customer inquiries or complaints.
- Net Promoter Score (NPS)**: Evaluate the likelihood of customers recommending the company to others.
- Customer retention rate**: Measure the percentage of customers who continue to do business with the company.
- Quality metrics**: Track various quality indicators to ensure high standards of service.
- First Contact Resolution (FCR)**: Measure the percentage of customer issues resolved on the first interaction.
- Resolution rate**: Track the percentage of customer issues that are successfully resolved.
- Average handling time**: Measure the time taken to resolve a customer issue from start to finish.
- Cost per interaction**: Calculate the cost of each customer interaction to optimize service efficiency.
- Average resolution time**: Measure the time taken to resolve a customer issue from start to finish.

### Ten KPIs for CFOs to drive finance

- Expense management**: Track the efficiency of managing company expenses to reduce costs.
- Cash flow management**: Monitor the company's ability to generate and maintain positive cash flow.
- Accounts receivable and payable turnover**: Measure the efficiency of collecting receivables and paying payables.
- Interest on investment**: Track the return generated from various investment opportunities.
- Compliance to regulations**: Ensure the company adheres to all relevant financial regulations.
- Cost cycle time**: Measure the time taken to complete the financial reporting cycle.
- Budget variance analysis**: Compare actual financial performance against the budget to identify variances.
- Cost control**: Implement measures to reduce unnecessary expenses and optimize costs.
- Individual verification**: Verify the accuracy of financial data and reports.
- Cash conversion cycle**: Measure the time taken to convert sales into cash, indicating liquidity.

### Ten KPIs for CFOs to drive human resources

- Employee turnover rate**: Measure the percentage of employees who leave the company, indicating retention.
- Employee engagement**: Track the level of employee involvement and commitment to the company.
- Diversity, equity, and inclusion metrics**: Monitor progress in creating a diverse and inclusive workplace.
- Employee performance**: Evaluate the overall performance of the workforce.
- Attrition**: Measure the loss of employees from the organization, including voluntary and involuntary.
- Time to fill vacancies**: Track the time taken to fill open positions, indicating recruitment efficiency.
- Training and development participation**: Measure the percentage of employees who participate in training programs.
- Time to onboarding**: Measure the time taken for new hires to become productive team members.
- HR budget variance**: Compare actual HR costs against the budget to manage expenses.
- HR service delivery score**: Measure the satisfaction of employees with HR services.

### Ten KPIs for CFOs to drive IT

- System uptime**: Measure the percentage of time that IT systems are available and operational.
- IT budget variance**: Track the difference between actual IT spending and the budget.
- Service Level Agreement (SLA) performance**: Monitor the company's adherence to SLA terms.
- Mean time to repair (MTTR)**: Measure the average time to resolve IT incidents, indicating system reliability.
- IT project delivery time**: Track the time taken to complete IT projects, indicating efficiency.
- IT budget variance**: Compare actual IT costs against the budget to manage expenses.
- IT service delivery score**: Measure the satisfaction of employees with IT services.
- IT project performance**: Evaluate the success of various IT projects in meeting their objectives.
- IT budget variance**: Track the difference between actual IT spending and the budget.
- IT service delivery score**: Measure the satisfaction of employees with IT services.

### Ten KPIs for CFOs to drive legal

- Contract cycle time**: Measure the time taken to complete the contract review and signing process.
- Dispute resolution rate**: Track the percentage of legal disputes that are resolved, indicating efficiency.
- Legal cost control**: Monitor the company's spending on legal services to optimize costs.
- Regulatory compliance**: Ensure the company adheres to all relevant laws and regulations.
- Client satisfaction**: Measure the satisfaction of clients with the company's legal services.

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# CEO vs. CFO

What are the true differences between the top two roles?

## CEO

## CFO



**Sets** the direction for the company

**Drives** the direction throughout the company



**Decides** on budgets for all departments

**Follows up** on budgets for all departments



**Drives** the culture of the company

**Implements** the culture and leads by example



**Manages** senior leaders

**Manages** less-senior leaders



**Generates** new business and projects

Makes new business and projects **profitable**



**Right hand** to chairman of the board

**Right hand** to the CEO



# The CEO's KPI Dashboard

The ten most important KPIs for CEOs

KPI	Description	Measurement	Calculation
Revenue Growth Rate	The growth in revenue over a period of time.	Measures the rate at which your company's revenue is growing over a specific period	$((\text{Current Period Revenue} - \text{Previous Period Revenue}) / \text{Previous Period Revenue}) * 100$
Gross Profit Margin	Indicates the profitability of your company's core operations	Measures the percentage of revenue remaining after deducting the cost of goods sold	$(\text{Gross Profit} / \text{Revenue}) * 100$ where Gross Profit = Revenue - Cost of Goods Sold (COGS)
Net Profit Margin	Provides insights into your company's overall profitability	Measures the percentage of revenue that remains as net profit after deducting all expenses, including operating costs, taxes, and interest.	$(\text{Net Profit} / \text{Revenue}) * 100$ where Net Profit = Revenue - Total Expenses
Return on Investment	Evaluates the effectiveness of capital allocation	Measures the profitability of an investment relative to its cost	$(\text{Net Profit from Investment} / \text{Cost of Investment}) * 100$
Cash Flow	It helps assess your company's ability to generate and manage cash	Cash flow measures the movement of money into and out of your company over a specific period.	Calculate the cash flow by subtracting the total cash from the total cash inflows.
Employee Engagement	It helps gauge employee satisfaction, productivity, and overall organizational culture.	Employee engagement measures the level of commitment and motivation your employees have towards their work and the organization	Aggregate the responses from engagement surveys and calculate an average score or percentage for employee engagement.
Market Share	Monitoring market share provides insights into your company's competitive position	Market share represents your company's portion of the total market sales within your industry.	$(\text{Your Company's Sales} / \text{Total Market Sales}) * 100$
Customer Satisfaction	Positive customer satisfaction is crucial for customer retention and brand loyalty.	Customer satisfaction measures the level of satisfaction or happiness your customers experience with your products or services.	It can be measured through surveys, feedback, or Net Promoter Score (NPS).
Customer Acquisition Cost	Assesses the effectiveness of your customer acquisition strategies	Measures the average cost to acquire a new customer	$\text{Total Sales and Marketing Expenses} / \text{Number of New Customers Acquired}$
Customer Lifetime Value	It helps assess the long-term profitability of customer segments and guides customer retention strategies.	CLV estimates the total value a customer brings to your company throughout their relationship with your business.	$(\text{Average Purchase Value} * \text{Average Purchase Frequency}) * \text{Average Customer Lifespan}$

# The CEO's KPI Fact Sheet

100 KPIs for CEOs to run their company

## Strategy

Revenue growth rate	Customer churn	Brand equity	Gross Profit Margin	Return on investment	Market share	Innovation rate	Free cash flow	EBITDA	EVA
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## Sales

Sales revenue	Sales growth rate	Win rate	Average deal size	Sales pipeline value	Sales cycle length	Sales activity metrics	CAC	CLTV	Sales-to-Quota ratio
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## Marketing

MQL	Conversion rate	CPL	ROAS	Website traffic	SoMe engagement	Email open rate	Brand awareness	CAC	Marketing ROI
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## Operations

On-time delivery	Cycle time	Quality control	Cost per unit	Inventory accuracy	Utilization	Order fulfillment time	Supplier performance	Safety incidents	Complaint resolution
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## Procurement

Cost savings	Supplier performance	PO cycle time	Contract compliance	Supplier diversity	PO accuracy	Procurement cost %	Contract renewal rate	Supplier evaluation	Requisition to order rate
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## Customer Service

CSAT	FCR	AVG response time	Escalation rate	NPS	AVG handling time	Customer retention rate	Cost per interaction	Quality metrics	AVG resolution time
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## Finance

Reporting accuracy	Close cycle time	Cash flow management	BVA	AR & AP turnover	Cost control	ROI	Stakeholder satisfaction	Compliance to regulations	Cash conversion cycle
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## HR

Employee turnover rate	Time to fill vacancies	Employee engagement	L&D participation	DEI metrics	Time to onboarding	Employee performance	HR budget variance	Absenteeism rate	HR Service delivery metrics
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## IT

System uptime	MTRR	FCR	IT project delivery time	Incident response time	Stakeholder satisfaction	IT budget variance	App performance metrics	SLA performance	Employee tech adoption
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## Legal

Contract cycle time	Compliance adherence	Litigation success rate	Legal cost control	Risk management	Legal research analysis	IP management	Regulatory reporting	External counsel management	Client satisfaction
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# How CFOs keep CEOs happy

10 things CFOs can do to make CEOs happy

- 1. Transparent reporting**  
Ensure that financial reports are clear, concise, and transparent. CEOs appreciate when they can easily grasp the company's financial health and trajectory.


- 2. Proactive Communication**  
Anticipate questions and concerns the CEO might have and address them proactively. Regularly update them about both good news and potential issues.


- 3. Strategic Partnership**  
Work closely with the CEO in the strategic planning process, providing financial insights that can shape the company's direction.



- 4. Problem-Solving Orientation**  
When presenting a challenge or issue, come prepared with potential solutions. CEOs appreciate CFOs who are proactive problem solvers.



- 5. Adaptability**  
The business world is full of surprises. Demonstrate flexibility in the face of unexpected challenges and show willingness to pivot when necessary.


- 6. Stay ahead of trends**  
Keep abreast of industry financial trends and bring innovative financial strategies to the table, ensuring the company remains competitive.


- 7. Risk Management**  
Regularly review and communicate potential risks to the company's financial health and have strategies in place to mitigate them.


- 8. Stakeholder Engagement**  
Foster relationships with other stakeholders, such as investors or board members, to ensure a unified message and approach.


- 9. Operational Efficiency**  
Continuously look for ways to optimize operations, reduce costs, and improve financial performance, demonstrating value to the CEO.


- 10. Team Development**  
Build a strong finance team that operates seamlessly, ensuring that the CEO can trust the financial operations are in good hands.



# How CEOs and CFOs work together

10 ways for CEOs and CFOs to work better together

## Strategic planning

CFOs can collaborate with CEOs in formulating and executing the organization's strategic plans, aligning financial goals with overall business objectives.

1

## Financial analysis

CFOs can provide insightful financial analysis to CEOs, helping them understand the implications of various decisions and identify areas for improvement.

2

## Risk management

CFOs can work closely with CEOs to identify and mitigate financial risks, ensuring the organization maintains a healthy risk profile.

3

## Budgets & forecasts

CFOs can assist CEOs in developing realistic budgets and accurate financial forecasts, providing crucial financial insights to support decision-making.

4

## Performance mngt.

CFOs can work with CEOs to establish key performance indicators (KPIs) and regularly monitor financial performance against established targets.

5

## Capital allocation

CFOs can advise CEOs on optimal allocation of financial resources, helping prioritize investments and capital expenditure decisions.

6

## Investor relations

CFOs can collaborate with CEOs in managing relationships with shareholders, analysts, and investors, providing financial transparency and addressing investor concerns.

7

## Mergers & acquisitions

CFOs can support CEOs in evaluating potential mergers or acquisitions by conducting due diligence, financial modeling, and assessing the financial viability of such opportunities.

8

## Corporate governance

CFOs can work closely with CEOs to ensure adherence to legal and regulatory requirements, promoting good corporate governance practices.

9

## Communication

CFOs can foster open communication and collaboration with CEOs, actively participating in executive-level discussions and providing financial insights to support decision-making.

10

# The CEO's Succession Plan

Who is the heir apparent to the CEO?

## The 20 most important aspects to consider

1. Leadership skills
2. Strategic vision
3. Cultural fit
4. Industry experience
5. Track record of success
6. Adaptability
7. Innovation and creativity
8. Emotional intelligence
9. Succession planning
10. Collaboration and communication
11. Financial acumen
12. Risk management
13. Stakeholder management
14. Team building
15. Long-term focus
16. Ethical conduct
17. Board and shareholder relations
18. Presentation and public speaking
19. Conflict resolution
20. Personal commitment

## Pros and cons for each CXO to replace the CEO



### Chief Operations Officer

**Pros**

Operational experience  
Team management  
Problem solving skills

**Cons**

Lack strategic vision  
No external relations  
Dependency on CEO



### Chief Financial Officer

**Pros**

Financial acumen  
Risk management  
Data-driven

**Cons**

Limited customer focus  
Potential conservatism  
Non-financial experience



### Chief Marketing Officer

**Pros**

Customer-centric  
Creative and innovative  
Brand-building expertise

**Cons**

Lack operational experience  
Less documented impact  
High market volatility



### Chief Technology Officer

**Pros**

Technology innovation  
Tech & strategy alignment  
Adaptability to changes

**Cons**

No financial expertise  
Lack business acumen  
Potential technology bias



### Chief Commercial Officer

**Pros**

Revenue growth focus  
Market understanding  
Strong negotiation skills

**Cons**

Lack operational experience  
Too top line focused  
Market dependency



### Chief Human Resources Officer

**Pros**

Talent management  
Employee engagement  
Human capital strategy

**Cons**

Lack business acumen  
Too internally focused  
Perceived as a cost center





Contact us to become a  
more effective CFO at  
[contact@bpdk.org](mailto:contact@bpdk.org)

