THE FUTURE CFO

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THE FUTURE CFO

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THE TIMES

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STRATEGY

Rising to the challenge of post-pandemic planning

Finance bosses are using a range of techniques as they plan for post-pandemic threats and opportunities

Tim Cooper

With coronavirus restrictions easing in some countries and tightening in others, chief financial officers (CFOs) face tough choices between shoring up finances, guarding against future shocks and investing for post-pandemic growth. But they are developing some highly flexible tools and approaches to help them balance these conflicting needs.

Corporate share prices have experienced heightened volatility for more than a year. Economic uncertainty continues and could easily surge as the bumpy ride out of the pandemic continues.

Companies face different threats and opportunities. But those that have embraced digital transformation with careful, data-led planning and analysis have been agile enough to survive the past 12 months in good shape and have the best chance of grasping post-pandemic opportunities.

Over the past year, many have adapted to new products and services, such as home delivery or live streaming gym workouts, that could become staple revenue streams. They are now looking at how to sustain these profitably as normality returns by expanding systems, training and external partners.

Organisations are also likely to be reassessing their entire portfolio of products and services in light of the changing market variables they may face post-pandemic. This will include thorough cost and profit analysis, with scenario planning over different timescales for each, to get a clearer idea of where to focus investment over the next few months.

Despite the challenges, CFOs have some useful tools at their disposal, not least of which is low interest rates.

Matthew Needham, an experienced CFO and director of consultancy The Big Red Tomato Company, says it is tempting to minimise cash in times of low rates and invest more, especially as economies rebound. But the continued uncertainty means it may be better to rebuild cash reserves first.

Design Pics via Getty

"Businesses with cash do not go bust," says Needham. "Try to rebuild enough to cover three to 12 months of expenses."

Anything above that can add to the safety margin or increase ability to invest in post-pandemic opportunities such as new products or acquisitions.

The pandemic has seen technological capability become even more crucial in helping many companies improve agility and manage wavering demand.

For example, some manufacturing companies have completed digital projects in areas such as systems integration, robotics, digital twinning and intelligent automation that enable them to flex production in new ways. Donna Edwards, managing director for business support and business finance at The Growth Company, says this has helped many realise they had more capacity than they thought.

Across sectors, companies have also used data-analysis techniques to help predict demand and better control capacity. CFOs and finance teams with advanced analytical skills can play a pivotal role in these projects, re-emphasising their importance and relevance in the business. Those who have yet to adopt such skills may struggle to cope with continued uncertainty post-pandemic.

Some CFOs are re-emerging from the COVID crisis with significantly reduced costs in areas such as transport and rent due to travel restrictions and the closing or downsizing of offices.

Edwards says: "Companies have proved they can run things remotely and flexibly; even sales meetings have worked remotely for many."

Chris Ortega, director of finance, Americas, at marketing platform Emarsys, says: "Companies have new cost baselines after the pandemic. How do we maintain those savings and use them to develop brand awareness when we can't go to trade shows or travel to sales meetings? We don't have to be the 'number police' because we've built savings. But we do have to find new and creative ways to grow the top line."

One way to do this is through data analysis that uses the widest range of internal and external data possible to hone existing markets and find new ones.

Everyday tasks such as budgeting and forecasting continue, but their use in uncertain times is limited without frequent and data-led scenario planning, adds Ortega.

Emarsys serves the retail and travel sectors, and the pandemic has affected each customer differently. Scenario planning must be applied alongside detailed client segmentation on factors such as industry, size and recurring revenue or even one client at a time, he says.

"We've had to get specific in addressing each customer's needs in America and globally," says Ortega. "We provided customers free solutions to help them retain revenue in the pandemic, for example assisting retailers with physical stores move towards ecommerce as quickly as possible in case another lockdown happens. They appreciated that.

"Segmentation also allows a sharper focus on performance indicators for each tier. But there is still no one-size-fits-all approach. We still have to pivot to new events quickly and flexibly."

As economies improve, the company's planning rhythms have shifted from daily and weekly to quarterly.

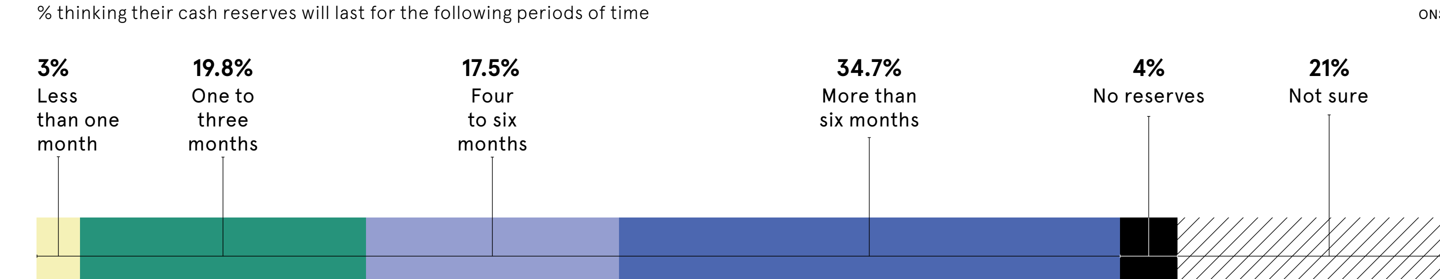
"Due to the uncertainty, we still can't have confidence in a nine or 12-month plan," he says. "That makes it difficult to explore new products, services or markets, which usually need 12 to 24 months to plan and measure success.

"We are just trying to be as efficient as possible in core markets and refine our product for each segment. But my biggest takeaway from the pandemic is to be more empathetic and understand the human impact behind each decision. Reduce resources where necessary, but always be listening and taking a more qualitative approach. It's a fundamental shift from the traditional CFO approach."

UK BUSINESSES ARE WORRIED ABOUT CASH RESERVES RUNNING OUT

% thinking their cash reserves will last for the following periods of time

ONS 2020



AUTOMATION

Learning the skills to manage technological change

As digital transformation accelerates, finance leaders need to ensure they have the skills, not just the technology, to lead through change

Marianne Curphey

In an increasingly digital workplace, chief financial officers (CFOs) must understand underlying technology to effectively guide their business.

Bringing automation into the finance function can give CFOs new and unique insights; the challenge is to use the data for the benefit of the business now and in the future. Some 87 per cent of business leaders count this as a top priority, according to Gartner, which means CFOs need a greater understanding of technology.

"CFOs should have an understanding of what technologies are coming down the track, what competitors may be leveraging to their advantage and where their own tech stack may be lacking," says Seamus Hennessy, CFO at online education company Udacity.

This requires a 360-degree understanding of the technologies in their sector. This is something that even 20 years ago wasn't necessary, but is now an increasingly essential part of the CFO toolkit.

"CFOs in larger businesses will find data insights guide many key business decisions. The growth of machine learning has seen data scientists and data engineers working hand in hand with the senior finance team. This can help free up CFOs to concentrate on the more strategic side of the role, but having an understanding of how data is used and interpreted at the granular level is essential," says Hennessy.

Brian Montgomery, finance director at Workday, says that in the wake of an unstable economy and constantly shifting consumer behaviour, CFOs need to provide data-led insights in real time to help the business pivot quickly.

"Agility has become the number-one priority and that's what the CFOs of the future are aiming to achieve," he says. "This is why technology's potential to transform finance functions has become one of the most exciting parts of a CFO's job. The reliance on data and move to cloud-based solutions has caused a fundamental shift in how the finance function works."

CFOs can set their own metrics and pull together forecasts instantly. They are getting hands on with the data and starting to own everything from basic configurations to reporting. However, this will ultimately require a new skillset. This doesn't mean finance leaders need to start learning how to code, but going forward CFOs must collaborate with other departments, from human resources to sales and IT, to help drive more agile decisions across the organisation.

As the leader who is providing real-time data insights such as forecasts, the CFO has a strategic role to play in leading a company-wide transformation towards agility. To achieve this, having interpersonal skills to support and empower leaders in their decision-making will be key.

Another key advantage of automated data insight is its role in enabling CFOs to model different outcomes and take a more strategic approach.

"A strong appreciation of enterprise technology is essential, with data and security considerations being the critical basics ahead of artificial intelligence and machine learning, which are very much in the forefront of future thinking," says Ian McLaren, CFO at Govia Thameslink Railway.

"As we move from having digitalised the basics, we are now seeing a lot more pull towards experimenting with 'what if' challenges and questions being given to our data team to address emerging scenarios."

While the finance directors of the past were largely reactive, with the majority of time spent reflecting on historic data, the role is now much more forward looking, according to James Roberts, CFO at Time Finance.

As the new-look CFO emerges, the top finance roles quickly change to being proactive and acting as a genuine right hand to the chief executive, challenging the number-crunching, back-office stereotype.

"Whether it's as a sounding board or instigator of innovation across the business, the modern CFO is not only focused on projections and sales forecasting, they'll act as a stand-in to the CEO when needed," says Roberts.

"This expanded job role works perfectly when the CFO and CEO have a shared vision of company values and stops a truly effective CFO from being commoditised in future since they become unique to each business, with their role being less one dimensional."

When properly applied, automation of the finance function is key to improving margins, reducing human error and raising efficiencies. CFOs should be doing all they can to upskill in this area if they aren't already, he says.

"Automation should ideally be partnered with growth. When repetitive parts of roles are handed over to automated functions, employees can focus on more exciting and valuable areas, not simply be replaced. If used thoughtfully, automation will undoubtedly provide benefits for us all," Roberts adds.

Jaco Vermeulen, chief technology officer of digital transformation experts BML, says it is important to avoid information overload and get the right data, at the right time, accurately and presented in a meaningful way.

> **Technology's potential to transform finance functions has become one of the most exciting parts of a CFO's job**

"Most CFOs' consideration when indicating automation is in driving efficiency and accuracy for finance functions," he says. "CFOs require skills not only in financial indicators, but importantly business-decision analytics."

Dr Alan Parkinson, professor of financial education at University College London School of Management, stresses the importance of digital skills, which will require continual investment.

"Given the pace of change and the competitive potential of good data insights, leaders of any kind have to be able to understand what their data is telling them," he says.

"From a financial management perspective, there are no definitive set measurements or standard parameters for data analysis that you can teach which will apply to all businesses universally. It is incumbent on the CFO or financial leader to understand the business well enough to set up their own metrics, with the data they have available, and to know enough to ask for the right data to be made available if it is not already."

Russell Gammon, chief innovation officer at Tax Systems, says it is no longer just about automating manual tasks as now the CFO has to ensure systems are in place that can talk to one another.

"The imperative for the CFO is to ensure any digital transformation is now blended across the organisation as a whole," he says.

CFOs have seen the number of functions reporting to them increase by 20 per cent over the past two years, according to a recent McKinsey survey.

"CFOs now have to worry about their traditional areas of work, but also manage their company's new areas of focus such as digital transformation," says Laurent Descout, founder and chief executive of treasury fintech Neo.

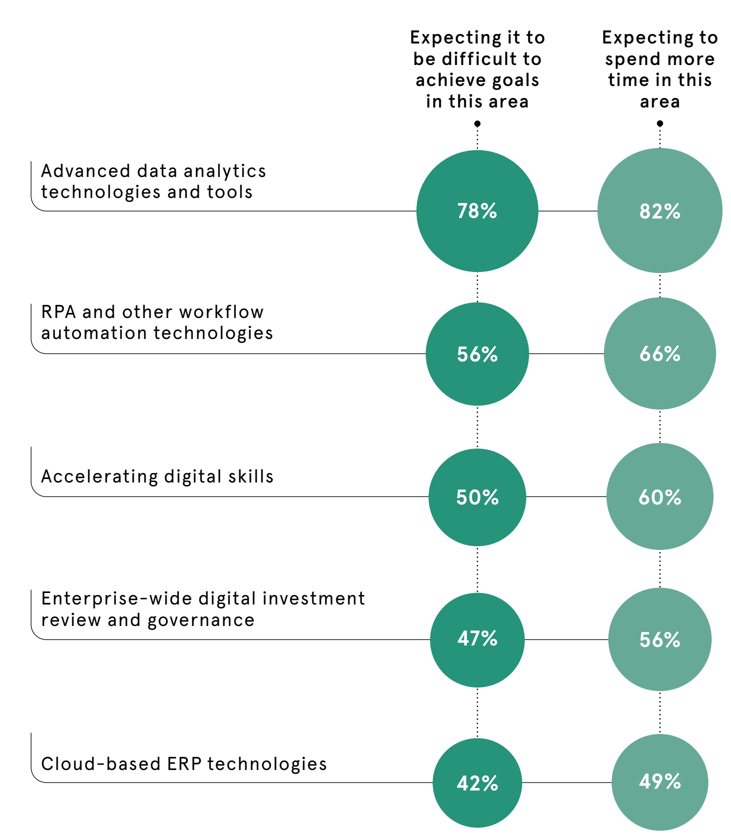
Todd McElhatton, CFO at Zuora, adds: "Traditional finance as we know it is a thing of the past and is giving way to new flexible business models and advanced technology. The future of finance relies on automated technology to free teams up to focus on more strategic efforts to drive sustainable growth, compliance and accuracy."

Neil Murphy, vice president of global business development at ABBYY, concludes: "As the role of the finance function evolves, we will also see the changing nature of finance leadership. The CFO will be taking their C-suite seat at the strategy table and focusing on driving business value with the future in mind." ●

> **As the role of the finance function evolves, we will see the changing nature of finance leadership, with the CFO taking their seat at the strategy table**

CFOs EXPECT DIFFICULTIES IN IMPLEMENTING AUTOMATION

% of CFOs



Gartner 2020

Commercial feature

Automated spend management elevates the CFO role

Banishing time-wasting expense reporting and introducing a more automated, real-time approach to spend management is enabling finance teams to serve a more strategic role

Chief financial officers have long been bogged down by the time-consuming task of managing spend across the different departments in their organisation. With traditional expense management, finance teams have no real-time access to data and insights on company spending, leaving them struggling to control costs and keep up with necessary reporting.

Meanwhile, expense reporting is also a significant time-drain on employees, who find the need to pay out of their own pocket and wait for reimbursement disempowering. Some staff even use the cumbersome process, and knowledge of their employer's poor oversight of spend, to their unseemly advantage by expensing private transactions, the wrong amount or the same purchase twice. Expenses are one of the biggest sources of fraud in businesses.

"There is so much time and money wasted in expense processes," says Jeppe Rindom, a former CFO and now co-founder and chief executive at smart company card firm Pleo, whose platform eliminates the need for expense reports. "When I was a CFO, we had 100 employees using Skype on my credit card. Imagine asking 100 employees to log into their Skype account to download receipts and send them to us so we can reconcile. It's insane.

"By the time you've collected and reconciled expenses and run your numbers, many weeks have passed. And why would any employees want to pay for the company, do a load of reporting and then wait for it to be reimbursed? It's just not a beloved process in any sense."

These painpoints have fuelled a growing impetus among CFOs and organisations to modernise their approach to expense management and reporting. The changing dynamic of spending caused by the coronavirus pandemic has only accelerated this shift. Travel spending dropped massively in 2020, for example, while spending on online ads grew by 28 per cent, according to Pleo's *The State of Spending* report.

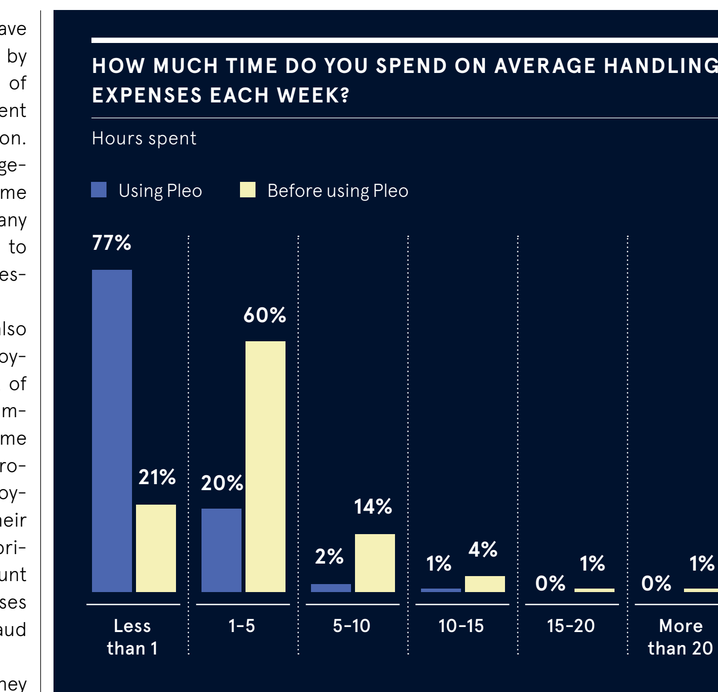
A recent Pleo survey found three in four senior managers spend more than an hour a week on expense reports, with 14 per cent losing nearly a whole working day each week. The same study found Pleo's platform, which simplifies bookkeeping through end-to-end automation, saves an average of 11.5 hours per month on expense management. The company's customer base has almost trebled since 2019, now exceeding 16,000 businesses.

"We democratise spend management," says Rindom. "With their own Pleo card, employees never need to pay out of pocket and when receipts drop into their email inbox, our technology categorises and passes them to finance through the accounting system. Employees can purchase what they need for their job without worrying about the process."

While employees are empowered, CFOs get the control over company spending that they require and without draining their time. The ability to set certain safeguards on employee spending gives CFOs reassurance, though the best control comes from the real-time nature of the platform. When employees purchase something, both their manager and the finance team can see it immediately. The transparency means employees behave more responsibly.

In a recent study by Pleo, half of businesses said bill payments make up at least 75 per cent of their spend and the finance team is responsible for signing off the payments in two thirds of companies. With the launch of Pleo Bills, Pleo is now bringing its end-to-end automation to invoices as well as expenses, allowing companies to manage both through one tool. Crucially, this will enable CFOs to play a more strategic, value-added role for the business.

"The future of spend management is about acting on data and insights, and to do that well you need all spending in one product," says Rindom. "By finally having all company spending in one platform, replacing manual processes with automation and real-time data, CFOs and the wider finance function have the time and the analytics to elevate their role."



> **The future of spend management is about acting on data and insights, and to do that well you need all spending in one product**

Grant Faint via Getty

SKILLS

The new CFO mindset

Finance chiefs must be at the helm of business transformation, driving adoption of new technologies and shifting their mindset to achieve major organisational change

Alison Coleman

Life for the chief financial officer (CFO) is evolving rapidly, with their role increasingly as much leader and strategist as accountant. Coupled with adoption of technologies, including artificial intelligence, machine learning and advanced data analytics, this is driving a shift in the CFO's mindset, with a focus on what matters most: business survival, productivity and growth.

Taking on a broader and more strategic role requires a broader skillset that will enhance business growth. "Boards will expect future CFO candidates' CVs to include experience in operational or digital roles, exposure to different markets and industry sectors, and optimisation across the whole business, rather than just from a cost-control perspective," says Tony Gregg, chief executive at executive search firm Anthony Gregg Partnership.

This could signal new opportunities for candidates from outside a traditional accountancy background. However, many experienced finance professionals have successfully made the transition to leader, partner, sounding board and strategist to the chief executive, as well as taking ownership of the financials. They have forged diverse careers that have prepared and helped them to upskill for the challenges they now face in the top finance role.

When he left pure accounting in 1993, Richard Snow, CFO of finnCap Group, knew that he needed hands-on, day-to-day financial management experience. He says: "A year at Ladbrokes at a senior level and two years at Greenberg Traurig performing both CFO and financial controller functions, alongside a regulated role, provided the grounding for me to move into my current role."

He believes that experience in key CFO responsibilities, for example operating and communicating with the public markets, managing expectations, dealing with key external advisers and delivering key strategic programmes, such as mergers and acquisitions, is essential for bringing value to the board and supporting the chief executive.

> All this is for nothing if the finance and accounting team is not staffed and managed to be a strategic growth partner

"The transition from small team player in investment banking to working across broad teams at Vodafone and Ladbrokes was vital to me becoming effective as a CFO," says Snow. "We can only be as good as the team we manage, and learning and discovering people skills and diplomacy were two things I had to learn quickly when I moved into industry."

In the digital age, embracing new technologies, particularly around data analytics, is crucial for CFOs in addressing the evolving needs of the business and also of their role. Samuel Monti, CFO at Epicor Software, insists that technology is critical to the ongoing evolution within the office of CFO.

Monti says: "They need to understand how to transform the finance and accounting organisation from a data perspective, and this begins with designing and building systems that will support efficient financial closes and data repositories, ending with a robust business intelligence function."

Upskilling, he says, can be accelerated by engaging consulting practices at the forefront of this evolution, understanding best-in-class technologies around financial planning and analysis and business intelligence, as well as intelligent hiring of finance and accounting roles to align with this technology shift.

"However, all this is for nothing if the finance and accounting team is not staffed and managed to be a strategic growth partner," says Monti. "Finance can feed data to the entire organisation that should result in proactive decision-making."

Others see technology's part in shaping the role of the CFO as still somewhat limited, as the tools available lack the required flexibility, particularly when it comes to forecasting.

Catherine Birkett, CFO at GoCardless, says: "It's still very difficult to predict what happens if we lose revenue, if we lose it over a longer period, or what happens if the profile of our client base changes, or even which of these is the most likely. You have to consider different possibilities and build in enough flexibility to be prepared for any outcome. Unfortunately we've yet to find a tool that fits the bill, but I remain hopeful that it will come."

Enforced remote working during the coronavirus pandemic has accelerated the need for a greater use and understanding of digital collaboration tools to keep businesses operating. The finance function at appliances firm SharkNinja has long engaged with analytical and modelling tools, and like many organisations last year had to embrace virtual working and the use of communications tools such as Microsoft Teams.

Vice president of commercial finance Alison Rose says: "Scenario modelling is fundamental to the way we forecast, understand changing consumer trends and respond appropriately. Analytics help us understand our performance and what the medium and long-term impacts of these results will be.

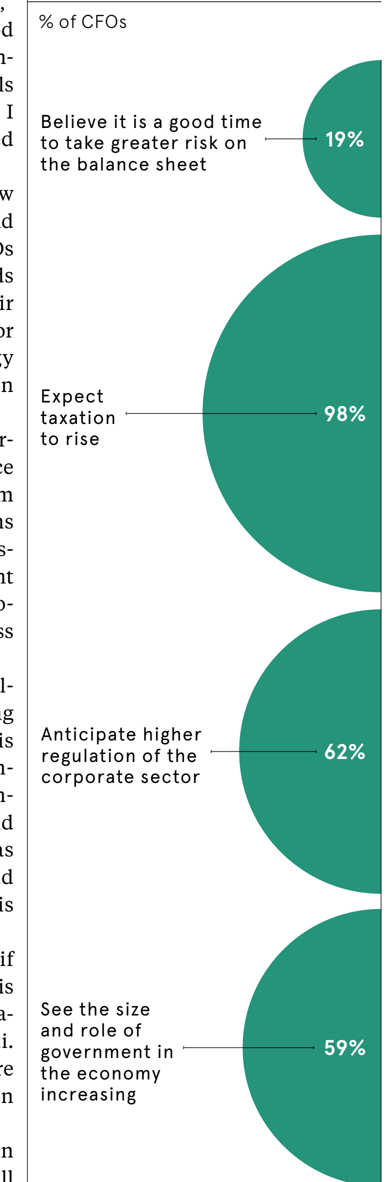
"Business intelligence tools have helped with our reporting dashboard and enabled seamless communication of sales data within our UK operation and our US head office. Being able to collaborate in real time while being remote has been a critical tool for us and other functions across the company."

Timely, accurate and relevant data has never been more important to the finance function nor to the need for agile business decision-making. However, as technology generates ever-increasing volumes of data, businesses and investors become hungrier for more.

By embracing advanced analytics technology, CFOs can play a key role in helping to interpret and turn this data into meaningful predictive insights to maintain the agility of decision-making seen during the pandemic to identify and grasp opportunities faster and ahead of the competition.

Andrew Hicks, CFO of software and services firm Advanced, says: "As people who are used to dealing with numbers and data CFOs, sitting at the intersection between financial and operational information, are ideally placed to lead the management of this data, which supports better-informed management decisions and provides stakeholders with the information and insight they are demanding."

CFOs NEED A NEW MINDSET TO DEAL WITH A POST-COVID BUSINESS WORLD



Deloitte 2021

Commercial feature

Q&A

Why CFOs are missing the opportunity to be a strategic asset

Matt Benaron, co-founder and director of VantagePoint Consulting, reveals how the finance function can navigate the transformation required to elevate its value within a business

Q How have the expectations and demands placed on the role of finance evolved in recent years?

A Regulatory and reporting demands have only increased over the last few years, but that is also met by this growing expectation across the organisation that finance needs to become more strategic, driven by the huge amount of data at their disposal. Most companies are thinking and talking about this, yet the majority of finance organisations lack the technology, systems and often mentality to do it in a meaningful way. Finance professionals are so buried in manual reporting and processing that they can't take the holistic, forward-looking view needed to be a key enabler of the business. Legacy technology and processes mean they have to spend much of their days copying and pasting numbers into Excel from other Excel files or correcting errors. They are smart, well-trained people who could be hugely valuable, but because they are not set up in the right way, they don't have that opportunity.

Q What impact has the coronavirus pandemic had on the evolution of finance functions?

A The pandemic exacerbated everything by exposing the consequences of archaic finance processes and further highlighting the importance of technology that frees teams from manual tasks. If you're running a business on Excel spreadsheets, in the event of change, let alone a global pandemic that shuts most of the world down, your ability to be agile is close to zero. Most companies still communicate and shift data around the organisation by emailing Excel files back and forth. Many may well have bought systems to move away from manual Excel processes, but because they aren't implemented as effectively as possible, typically because the training and enablement falls short, people go back to Excel to just get things done. The pandemic amplified the lack of insight and flexibility available to organisations that still behave in this way. Many organisations were left trying to repivot and rebuild their Excel models to understand the impact of economic changes, but it was too labour-intensive and delivered inadequate accuracy.

Q Why do so many tech-enabled transformation programmes end up failing?

A Companies are often lured down one of two routes that unfortunately are destined to fail. On one side, you have technology vendors who push a very features-focused narrative and their motivation to sell software overshadows the more holistic understanding of long-term value that businesses need. Customers very quickly become confused and overwhelmed by all the sales and marketing messages out there and make poorly informed decisions. They get wrapped up in convoluted websites from vendors who don't want to guide them to what they should actually be looking for. On the other side are large, expensive consultancies which sell a very heady consulting message. Due to their desire to maximise profit, there is a tendency for even smaller projects to swell and for businesses to arrive at an end-state that's far removed for their original objectives. At VantagePoint, we bridge the gap, working with finance functions in a simple, jargon-busting way to evolve them into a genuine centre for change.

> Companies are often lured down one of two routes that unfortunately are destined to fail

Q How do you evolve a finance function in a way that delivers long-term value to the wider business?

A We make lean, value-adding, highly efficient and strategic finance organisations a reality - through effective technology enablement, replacing the monthly churn of closing the books, producing reports and getting information to the board, with live, continuous flows. That requires a holistic approach. When many organisations see a burning problem, they jump straight in to try to solve it; they can't report quickly enough, for example, so they quickly buy the nearest tool that claims to solve that immediate problem. That approach typically neglects wider strategy and results in convoluted and ultimately flawed programmes of change. At some point in the journey it becomes a bigger problem than it was designed to fix. We're always holistically stepping back and saying, where are we today? We look across culture, teams, processes, competencies and technology, constantly seeking to align finance with finance objectives, and ultimately the business objectives, to ensure the journey forward is actionable and clear. We make the gap between the start and end-state very understandable, bringing everyone on the journey.

Q Can you share a top tip for how organisations can navigate a successful change programme?

A It's crucial they define what they need, why they need it and what they are going to get out of it. One thing we do is conduct a survey at the start of the project and then have touchpoints over time to measure progress. Through that journey, we see people's perceptions of finance change, both inside and outside of the function. We free up more of their time to focus on the value add by implementing solutions that enable them to more proactively drive the business, rather than reactively respond to requests for information. We also change the mindset of the people in finance, who often aren't the greatest salespeople. We train them to champion what they do within the business so they too can change perceptions across the organisation and we measure that by engaging the operational leaders around the outside.

Q What in your view is the future of the CFO role?

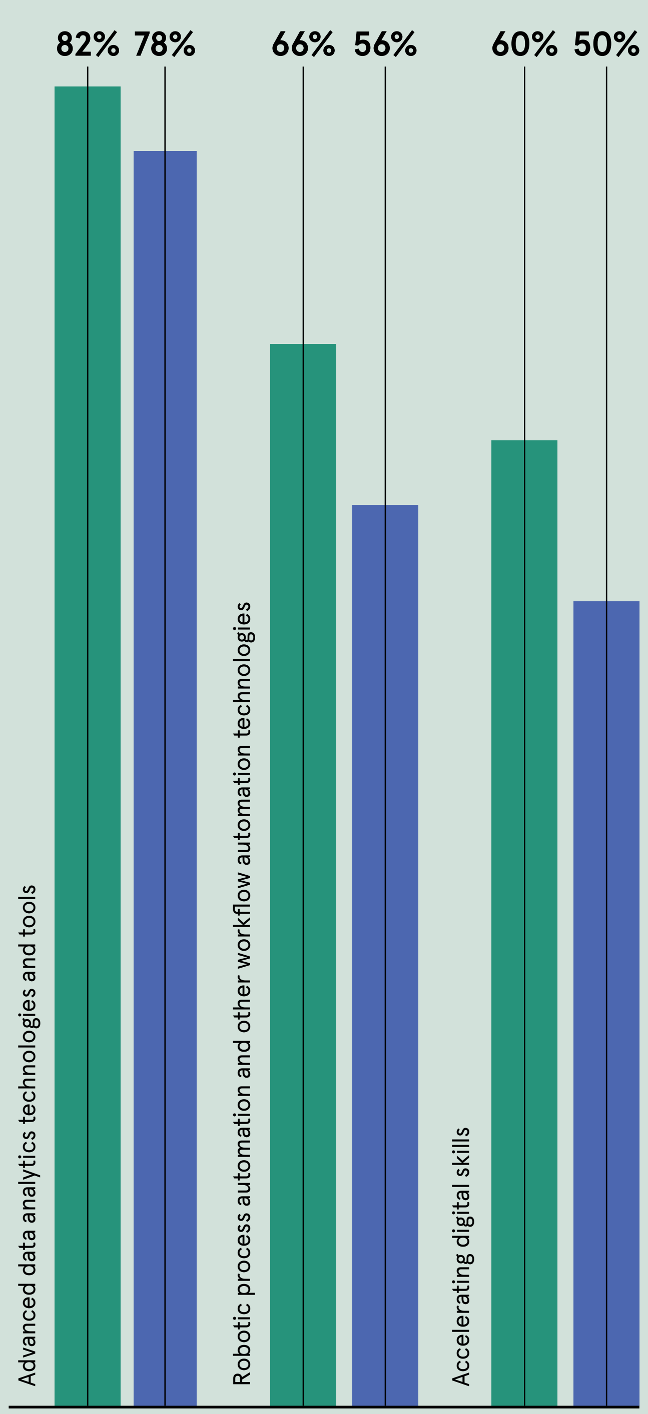
A Chief financial officers (CFOs) have to become a key source of insight to the business. The most successful CFOs are starting to behave more like chief executives and chief operating officers, driving the business, not just looking backwards. Whatever chain of finance you're in, you should be thinking about how you're going to transition to that CFO-chief executive role. If everyone thinks with that mentality, you naturally have a finance function that delivers much more value. CFOs and everyone in the finance organisation also need to transition their focus to being more data and insight driven. Technologists are becoming evermore prevalent in finance teams and CFOs need to be ready for this fresh wave. While the role of the CFO has been transitioning for a while, to drive business value and be a true decision-enabler, CFOs need to climb the technology ladder faster than ever before, building mature data environments to enable their finance function to realise the now well-understood mantra of finance proactively driving business insight.

THE AUTOMATION OF FINANCE

Despite the promise of automation, CFOs admit the finance function is not yet prepared to implement it. What is holding them back?

THERE IS A DISCONNECT BETWEEN AREAS CFOS WANT TO PRIORITISE AND WHAT THEY THINK WILL BE DIFFICULT TO ACHIEVE

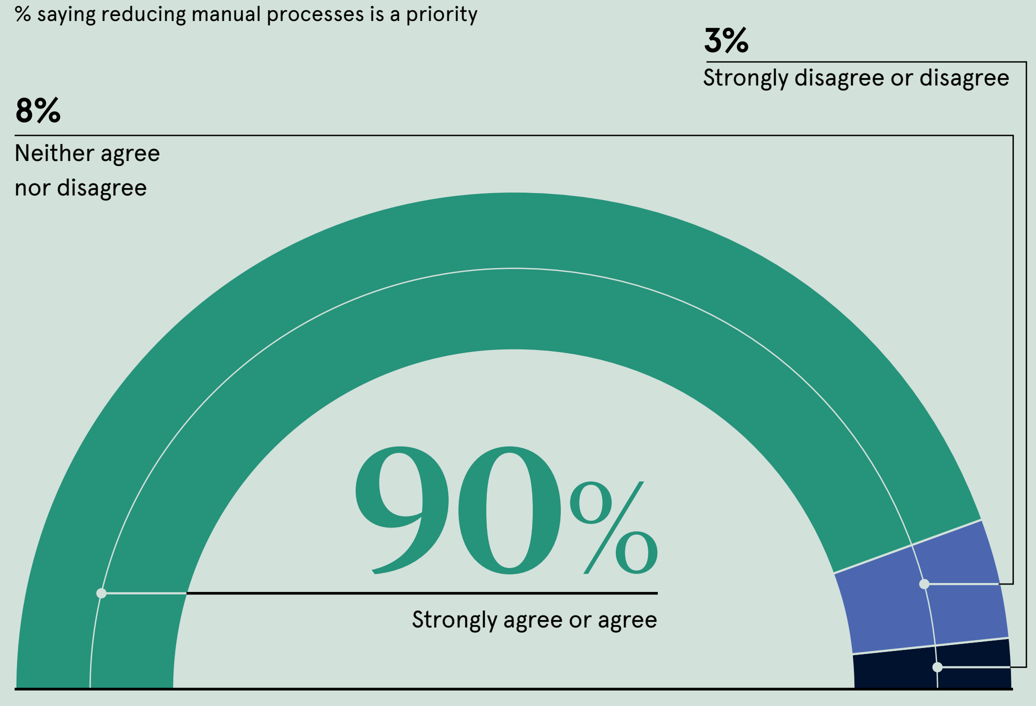
% of CFOs



Gartner 2020

AUTOMATION IS A PRIORITY FOR CFOs

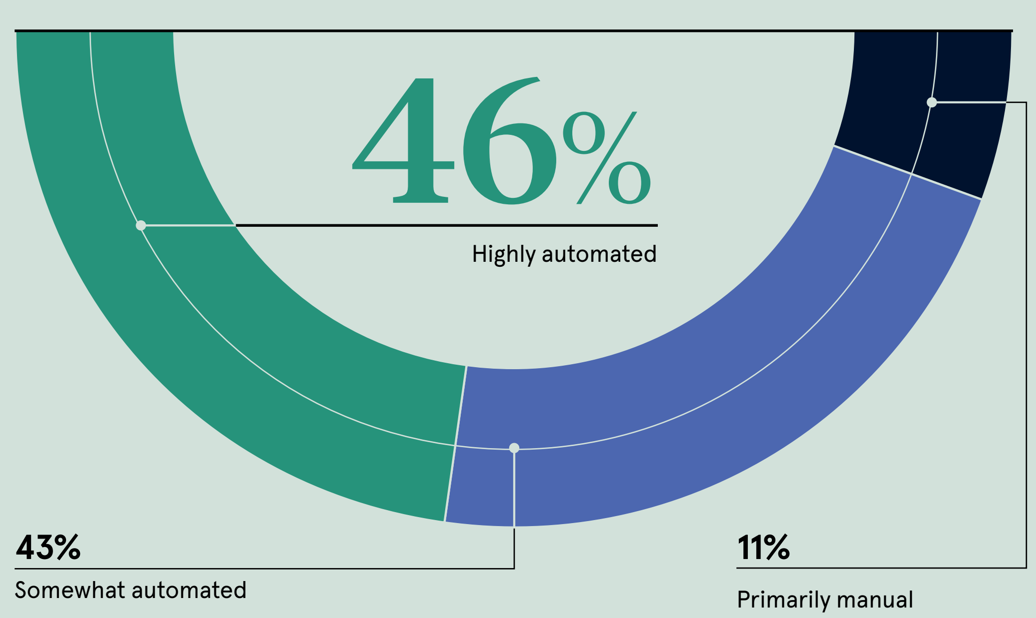
% saying reducing manual processes is a priority



CFO Research and Appzen 2021

THE VAST MAJORITY OF CFOs SAY THEIR BUSINESS IS AT LEAST SOMEWHAT AUTOMATED

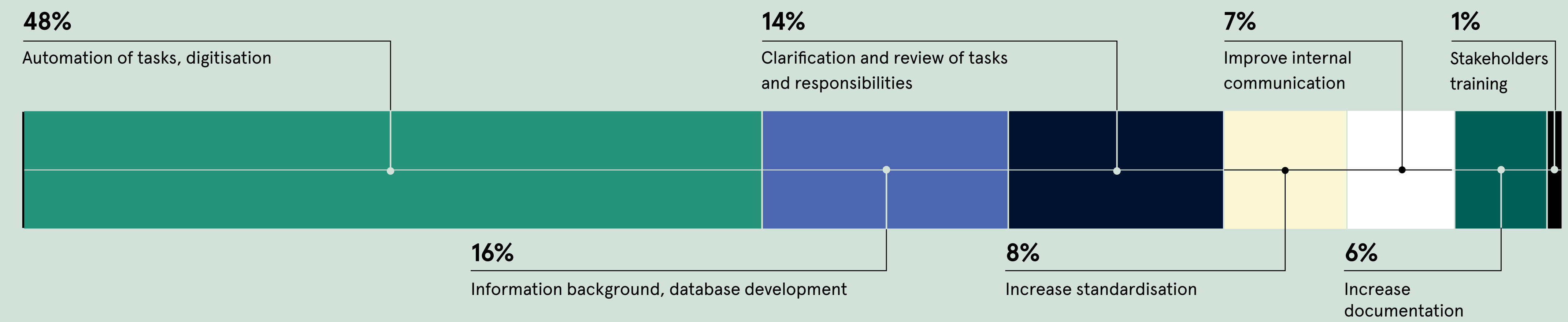
% of CFOs saying the following best describes their organisation's systems for expense audit and control



CFOs BELIEVE FINANCE AND ACCOUNTING COULD BEST BE IMPROVED THROUGH AUTOMATION

PwC 2020

% of CFOs



CFOs BELIEVE THE MAJORITY OF TASKS ACROSS MOST OF THEIR AREAS OF WORK CAN BE AUTOMATED

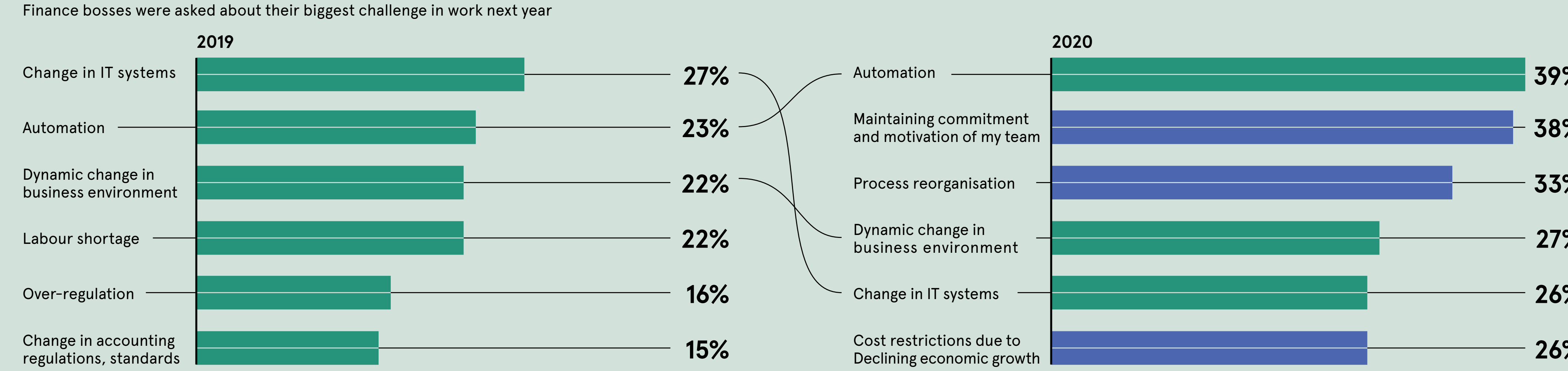
PwC 2020

% of tasks in the following areas that can be automated in the next 5 years

CFOs EXPECT 'AUTOMATION' TO BE THEIR BIGGEST CHALLENGE IN 2021

PwC 2021

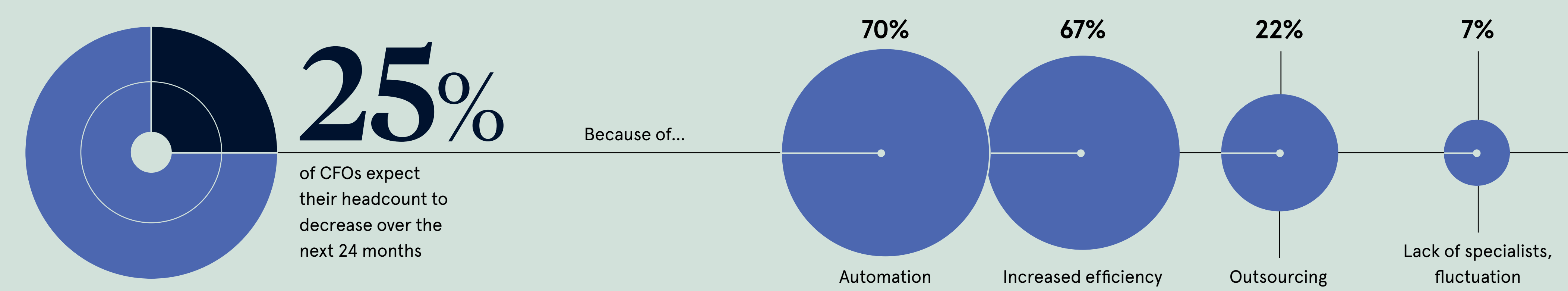
Finance bosses were asked about their biggest challenge in work next year



AUTOMATION IS THE BIGGEST REASON BEHIND REDUCTIONS IN THE FINANCE DEPARTMENT'S HEADCOUNT

PwC 2020

Basis of expectation that headcounts will decrease



INTERVIEW

Pushing the comfort zone: CFOs step up to become strategic advisers

Feeding Zoom's 326 per cent revenue growth over the past year has come with big investment decisions for finance chief **Kelly Steckelberg** as the video-conferencing company aims to cement its position in the future of work

MaryLou Costa

Ripping up the rulebook is a phrase often bandied around in business, but it accurately sums up how Zoom's chief financial officer (CFO) Kelly Steckelberg has handled the video-calling platform's meteoric rise.

When revenues rose 326 per cent year on year to £1.87 billion, Steckelberg, who joined the company in 2017 after six years as chief executive of online dating platform Zoosk, had to swiftly move from quarterly financial planning to an unprecedented fortnightly system.

"To give you a little perspective, in December 2019 Zoom had, on average, ten million daily meeting participants. By April 2020, that had grown to more than 300 million, over 30 times in five months," reflects Steckelberg from her California home office, speaking, naturally, via Zoom.

This meant ramping up efforts across sales, customer and technical support, and in particular engineering, to fulfil the demand for additional bandwidth and capacity in Zoom's datacentres.

Steckelberg became a driving force in weighing up long-term investments over short-term needs, ultimately decreeing more agile financial decision-making was crucial.

"We were only six weeks into our FY20 [fiscal year 2020] plan and all of a sudden it was outdated. So we adopted a flexible planning process," says Steckelberg, who was named Forbes' Public Company CFO of 2020.

"During this time, every two weeks, our teams could come to us with funding requests. Typically, we do that quarterly. But we realised in that period a quarter was a lifetime and we needed to be more responsive.

"We said we could hire as many sales quota-carrying heads as the team asks for. And because we believe in long-term growth, we were willing to hire as many engineers as the organisation asked for during that time, to keep up innovation and development."

Steckelberg also made resources available for 125,000 school students in 25 countries to be able to use Zoom for free during the pandemic. And she signed off a £71.8-million investment in a new Zoom Apps Fund to grow the ecosystem of collaborative working apps people can use while on the platform.

> The easiest thing is for finance to say no. But that's not always the best option for the business

Marketing spend will also see a boost, to raise awareness of products like Zoom Phone, which allows users to call others directly, like a regular phone call, to overcome so-called "Zoom fatigue".

The growth-induced spending and hiring spree – more than 500 engineers and hundreds of other customer-oriented roles – has had to be offset, Steckelberg adds, with automating an element of technical support and turning to third parties to bolster its FAQ (frequently asked question) content to "slow down the funnel".

Such momentum will have made for interesting executive meetings, with a CFO at the centre of opposing views on financial decisions. But rather than conflict, Steckelberg views it as "prioritisation", believing "there are always choices".

"There can be active debates in our executive staff meetings and we are free to challenge each other. But once we agree on something, we're all committed to that," she says.

"I spend a lot of time with our CEO to strategise around long-term investments because we are still in a growth stage and focused on continuing to grow our top line and take market share. Advertising is an important part of our long-term strategy as well to continue building brand awareness.

"We try not to say no to resource requests because there are always options. So, if you want to do this, what does that mean to this area of spending? Those are the discussions I have with my peers. They appreciate when you empower them to help make those decisions, rather than telling them no. The easiest thing is for finance to say no. But that's not always the best option for the business."

Steckelberg's approach is driven by the sense of strategic empathy for all business functions she gained from having previously been a chief executive, which she describes as an "amazing experience".

Steckelberg won't be drawn further into the reasons for returning to her financial heartland – she is an accountant by training – but concedes it has made her a better CFO.

"It's easy as a CFO to see things only through a financial lens. Having been a CEO has helped me understand better how you have to think forward for longer-term investments to help your business innovate or take market share, even though you might not see return on investments immediately. That was a very different perspective," she says.

It has also equipped Steckelberg to offer strategic insight to Zoom chief executive Eric Yuan. This is in line with the changing nature of the CFO's job.

"It's easier as a CFO to consider yourself an adviser, but not the ultimate decision-maker. The great thing about Zoom is Eric challenges all of us to wear the CEO hat and to challenge each other. He wants to hear all our perspectives and give us the opportunity to weigh in on areas beyond our own functional area of expertise," she says.

"We have a high degree of trust and transparency, which you need to be able to debate that way. But I do think the expectation of the CFO is evolving across companies in that they are expected to have a more strategic viewpoint, to think differently about helping the company invest and innovate for the long term. That sometimes pushes the comfort zone of a CFO, but it's an important perspective the CFO needs to take calculated risks."

This mindset is likely to have served Steckelberg well when she led Zoom's IPO in 2019, which has benefited her too, if media reports are anything to go by. Steckelberg's own net worth is estimated at £24.5 million after selling the majority of her shares in the company.

It makes good on the old adage of treating company money like it is your own. If post-pandemic IPO activity is set to be as strong as EY predicts, more CFOs could be following in Steckelberg's footsteps. What advice, then, does she offer?

"Be clear about why going public is the right thing for your company. What's the goal of your IPO? When is it the right time for your company? And being very thoughtful about the right approach for your company," she says.

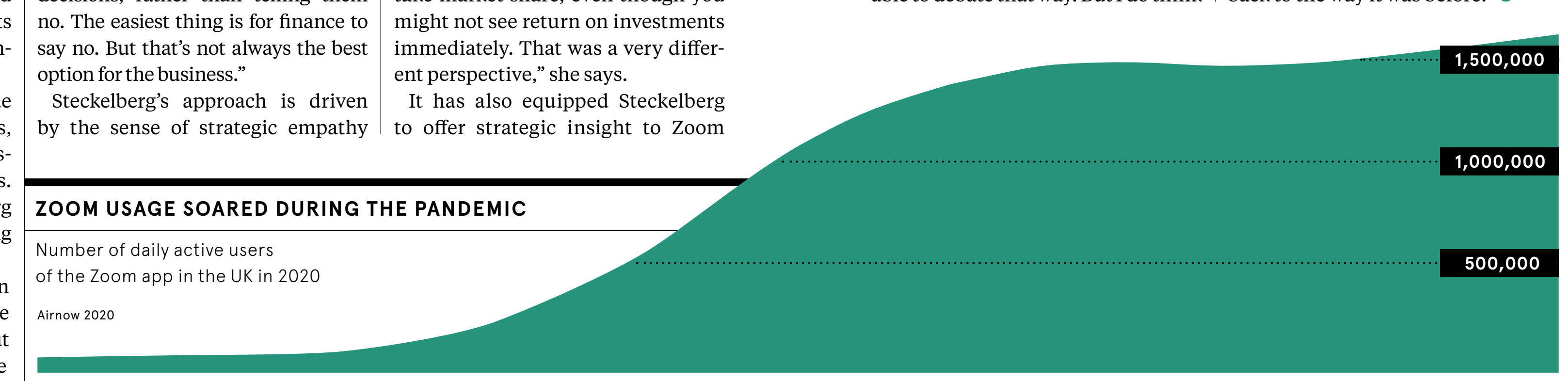
"Then make sure your organisation is ready, your finance team specifically. Make sure you have the right partners in this project. For me, that was legal. When I got to Zoom, I realised we didn't have a general counsel. We were fortunate enough to hire someone who, along with Eric, was one of the most important partners for me in that process.

"You also need to make sure you're prepared for life as a public company. And [be sure to] bring your company along with you. It's an important accomplishment to be celebrated by the entire business."

While the return to offices and the adoption of hybrid working may lessen the reliance on video calling, Steckelberg has faith in Zoom's ability to thrive post-pandemic and fight off competition. She links back to the confidence she has in the Zoom Apps Fund, citing "really cool developments" by ServiceNow, Dropbox, Asana and even consumer brands like Weight Watchers and Arianna Huffington's Thrive platform.

"How do you solve the challenge of when you go back to the office, and some people are working in a room together and others are working somewhere else? With Zoom Apps, it's going to start to feel like you and I could be physically connected in this meeting together. The demand for that is some of the feedback we've received during this time while employees have been working remotely," says Steckelberg.

"We're really excited about the future of work; we're never going back to the way it was before." ●



Commercial feature

Why the return of business travel goes beyond vaccines

Managing the new priorities of business travel requires new thinking and new tools

Almost 80 per cent: that's the percentage of business travellers who said in a recent survey they would feel comfortable travelling during the pandemic, after being vaccinated. Without a vaccine, that number drops to 55 per cent.

Vaccines have understandably been a key focus as the world returns to travel. But the coronavirus pandemic has pushed businesses to take a hard look at their travel programmes overall, and many have discovered they don't meet the standards required for safe and cost-effective travel in a post-COVID world.

Doing this, and keeping up with evolving travel conditions moving forward, requires the sophisticated tools of a modern, integrated travel and spend management platform. Here's what it offers.

Increased employee safety

When the pandemic hit, many businesses with employees on the road discovered they didn't know where to find them, in order to get them home safely. In fact, one survey found that only 27 per cent of travel managers, buyers, and corporate safety and security managers have a documented response process for emergencies that is consistently applied and communicated.

A modern travel management platform removes this obstacle by tracking travelling employees in real time, allowing travel managers and human resources professionals to see at a glance where employees are located.

But in a world where virus hot spots or natural disasters can crop up overnight, organisations need to do more. And they can, thanks to technology that allows travel managers to prevent employees from reaching unsafe areas. Whether it's a country, city or area within a city, travel managers can restrict booking access for their travelling employees, helping to ensure their safety in a world that is constantly changing.

> An automated travel and spend management platform offers an entire organisation the assurance that their workforce is travelling in the safest, most sustainable and most cost-efficient way

Optimised cost savings

In the pandemic's wake, many organisations are looking to operate more cost efficiently. One place to find savings is with unused travel tickets, which historically represent up to 2 per cent of a company's total air spend, but of course ballooned in 2020. When a ticket goes unused, most airlines offer travel credits, which often expire before a traveller or travel manager can apply them.

A modern travel management platform, however, can identify the value of those credits and automatically apply it to new flight bookings. These savings can be significant, as some organisations hold more than 1,000 unused travel credits, with an average value of $482 a credit.

Businesses can realise savings in less obvious areas as well, such as with their travel policy. Gone are the days of static policies that no one reads. Dynamic, integrated policies allow for cost-saving nuances, like permitting executives to book business class, versus more junior employees who can only book economy.

Travel managers can also define policy based on destination, so that, for example, the daily allowance is dynamically higher in a more expensive city. Employees get the flexibility they need to do their jobs, while companies can better control costs.

Sustainability reporting

In an increasingly environmentally conscious world, organisations are eager to not just reduce their costs but also their carbon impact. The percentage of carbon emissions from global aviation has increased by almost 30 per cent in recent years, and more organisations are looking to step up and lead the way in finding more sustainable solutions. It's one reason that more than 70 per cent of Global 500 companies report their business travel carbon footprint.

The most forward-thinking travel management platforms are out in front of this issue. They offer organisations the tools to track their travel-related carbon emissions, down to the department or individual level, while enabling them to purchase carbon offsets through the environmental organisation of their choice.

These platforms also give travellers access to their personal carbon data, allowing them to understand the environmental impact of their travel and their employer's commitment to reducing it.

Whatever new twist the world throws at the world of business, companies must feel confident they have a travel management platform that can keep up. Amid the complexities of the return to business travel, an automated travel and spend management platform offers an entire organisation the assurance that their workforce is travelling in the safest, most sustainable and most cost-efficient way possible.

For more information, please visit TripActions.com

TripActions

REMOTE WORKING

Finance leaders loosen the reins

Long associated with presenteeism, many finance leaders are new advocates of remote working, but greater responsibility for staff welfare cannot be avoided


Creative Lab / Shutterstock

Virginia Matthews

Finance and flexibility may not seem like natural bedfellows yet, in common with all C-suite leaders, the chief financial officer (CFO) has had no option but to keep pace with the havoc wreaked by the coronavirus pandemic.

For a function whose rhythms are dictated by formal set-piece events such as year-end results, the abrupt switch from office to home working would seem, at first glance, to have dealt a calamitous blow. But it could be that the very warp and weft of the CFO's year planner has been a saving grace.

"When you know you have month-end management reporting due soon or the annual audit on the horizon, you simply have to get on and deal with it, rather than sit on your hands and wonder how to manage," says Alison Dolan, CFO at Rightmove.

"While the biggest challenge for heads of sales has, I'm told, been the need to keep salespeople from feeling antsy about their targets and commissions, the finance leader's constant cycle of deliverables has been something to fall back on."

Many finance heads report that their teams' natural affinity with meticulous planning has come into its own in the work-from-home (WFH) environment, particularly the need to finalise Zoom call agendas well in advance.

Yet if the need for greater pre-prep and structure when colleagues are remote was identified early on, an overall improvement in data security was certainly not.

"I would argue that data security risks were greater pre-COVID when staff were spending lots of time travelling and often making calls on public transport and in airports," says James Watts, CFO at online marketplace OnBuy.

> If a CFO feels that colleagues who wish to work at home cannot be trusted to remain productive, they have the wrong team

"A home-working environment may still have its challenges, but on balance it provides a much more secure workspace. I believe ecommerce should be leading the way in maximising its benefits for employees."

If VPNs, or virtual private networks, have proved far less of a headache than many CFOs feared, testing the emotional temperature of both existing and new staff raises important issues around work-life balance, stress and burnout.

"I joined this business last September, in the middle of COVID, and I know from personal experience that being onboarded without face-to-face introductions or even an organisation chart to help you decipher who's who can be quite a bewildering experience, even at my level," says Dolan.

"Nowadays, I am at pains to make sure that my managers plan for new joiners in great detail because when you are new and working from home, particularly if you're fairly junior, you need a lot of extra input to make you feel engaged."

Post-COVID, the notion that staff can only be productive inside a building looks archaic. While hybrid working will for many mean part office and part home, it's the establishment of near-home work locations that is gaining favour.

One organisation looking to reduce commute times in this way is Standard Chartered, whose CFO Andy Halford believes that while many businesses will retain the concept of the office, its fundamental purpose will change.

"I do see a continuing role for the physical office, but it will do other things like allowing colleagues to meet up and collaborate or even simply socialise with each other," he says.

"In terms of the office being the sole place of work for most people, that concept will increasingly look like something from the 18th century."

With a current 12-month trial of near-home working likely to result in 98 per cent of the bank's staff being offered flexible working by 2023, costs have already been driven down. While Halford says the full impact on the balance sheet won't be clear for three to five years, it's the new culture, "unrecognisable from pre-COVID days", which promises the greatest returns, he says.

With 75 per cent of Standard Chartered's overall headcount and at least that proportion of finance staff now working remotely, Halford believes "the first-in-last-out attitude that some in finance may have held has all but disappeared".

Despite the disruption, he describes the shift to home working as "a revelation and an eye opener", and believes that in embracing change so readily, the finance department itself has proved to be "a cultural trailblazer".

"No wheels have fallen off the bus, there's been no change to our key events schedule and we're reporting our first quarter results, but this time remotely rather than face to face," he says.

Despite the many advantages of WFH, Halford shares Dolan's concerns over the impact on colleagues' mental health, however.

"When you're not face to face with people, it's far more difficult to get a sense of their lives and as a leader you have to be aware that even if colleagues say they are OK, they may not be," he says.

"Younger staff may miss the camaraderie of the office, while people with school-age children may find home schooling a strain, particularly if there isn't a lot of space. We also have to consider older colleagues who may find themselves alone all day in a large empty house."

Horror stories of managers who remotely track keyboard use as an ad hoc productivity guide may abound, but leaders insisting on bouts of video-conferencing banter or even weekly team quizzes are equally problematic.

"Forced fun on Zoom didn't work for us because we found it cringey and false, so we junked it early on in favour of longer meetings that start with informal chit chat about the kids or the cat before we start talking about the subject in hand," says Rightmove's Dolan.

"The important thing is to allow enough time to identify people who may be struggling and follow up any issues with them privately."

For every employee who is raring to get back to HQ, there are others with "re-entry syndrome" and according to Chris Biggs, finance partner at Theta Global Advisors, any CFO tempted to be prescriptive over return dates should think again.

"There's a lot of sensitivity around going back to the office and it's incumbent on leaders to be sensitive to peoples' fears," he says.

"If a CFO feels that colleagues who wish to stay at home cannot be trusted to remain productive, they have the wrong team."

While remote communication is always a challenge, Biggs believes that over-use of video conferencing is as much a gaffe as non-stop cc'd emails.

"It's important to clarify your expectations and set priorities for the team, but there's always a temptation to over-communicate when people are at home and a captive audience," he says.

Rather than assuming everyone loves Zoom meetings as much as the CFO, he advises asking each colleague privately whether video conferencing is a highlight or a bore.

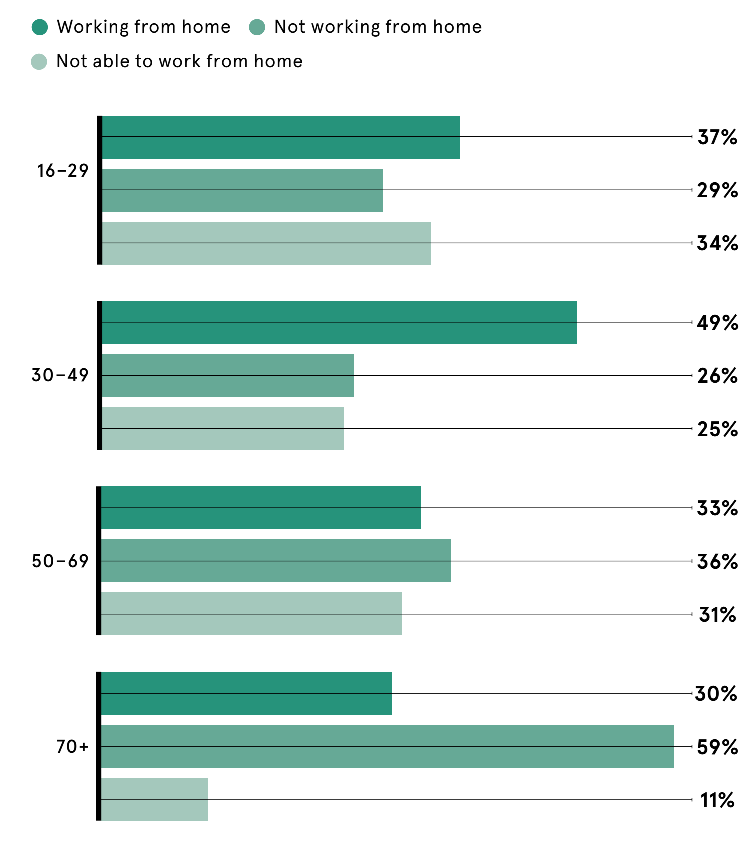
Despite the challenges, however, finance leaders in many organisations are currently enjoying what Dolan calls "a new freedom to unclench".

"In my experience, an awful lot of CFOs have been amazed at what can be achieved remotely and relish an end to constant face-to-face supervision and the birth of greater flexibility," she says.

But it's vital to accept that taking responsibility for your team's mental health will impose an additional and heavy burden. "Emotional intelligence is a brand-new language for many of us in finance, but we need to learn it very fast," Dolan concludes.

MANY EMPLOYEES ARE STILL WORKING FROM HOME

% of British workers in March 2021



ONS 2021

Commercial feature

Accurate, real-time financial data powers business success

Automating and accelerating the collection of accurate financial data, with real-time visibility, is enabling financial chiefs and accountants to elevate their role as strategic advisers to the business

An accurate, real-time view of financial data is the lifeblood of any business. It provides the crucial insights required to make the right decisions, and it's the currency of good accounting and bookkeeping. It is a lesson that, unfortunately, many businesses have learnt starkly during the shuttering of lockdown. And yet too many organisations are still at the mercy of out-of-date data, with no failsafe for assuring accuracy. The result is businesses overpay on tax, have little oversight of their cash flow and operate without a true picture of their financial health.

A company may have a great product or service, but if its chief financial officer (CFO) is forecasting incorrectly, or failing to manage cash flow in real time, well-intentioned decisions based on shifting numbers can become a risk for the business. The tendency to focus on what has happened, not what is going to happen, with the business sees financial foresight eclipsed by financial archaeology.

Meanwhile, the significant amount of time required to manually enter, categorise and make sense of financial data can drain vital resources in the finance team or accounting firm. For CFOs, it's a frustrating distraction from their real desire, which is to play a strategic, higher-value role for their business. CFOs have reached their level because they understand business, but they are shackled by manual reporting and bookkeeping processes, as well as a lack of analytical tools.

"I've never known a CFO who doesn't want to take a strategic view of their business and be a key part of driving its success," says Adrian Blair, chief executive of Dext, whose accounting and bookkeeping platform powers better financial data and insights. "But the more you and your accountant or bookkeeper spend manually crunching the numbers, the less time and data there is to have a strategic discussion about which course brings the greatest benefit to your organisation.

"CFOs want to be able to view as much relevant financial data in real time as they can, as well as have the tools to work with their accountant to turn that data into financial insights on the businesses they work in. Being at that C-suite level means you have a lot of decisions to make and often have to make them quickly with the information you have in that moment."

To be successful in a complex, fast-evolving business landscape, companies require more than just an historic record of their performance, they need a clear understanding of their finances and cash flow looking forward. Their business might look like it's doing well on the outside, but there could be holes in their finances which can be quickly exposed during times of disruption.

A complete, up-to-date understanding of their finances makes businesses much more resilient to disruption and ready to leverage opportunities when they arise. Removing the manual parts of collecting and organising data, and automating it in real time through bank and supplier connections, provides the visibility and actionable insights to power that resilience and agility.

> The more you and your accountant or bookkeeper spend manually crunching the numbers, the less time and data there is to have a strategic discussion about which course brings the greatest benefit to your organisation

Dext provides the tools to turn data into financial insights, making accounts more productive, profitable and powering that essential relationship with CFOs in businesses. Dext Prepare combines real-time accurate data with productivity tools to accurately extract, sort and categorise every line of data to free up finance teams. Dext Precision, meanwhile, offers error-free data and actionable insights to help accounting and bookkeeping practices become business partners for their clients.

"We free accountants and businesses from the manual number crunching that takes their time and attention away from being a business partner for their clients," says Blair. "With Dext, CFOs elevate their role in the business by being able to have a new relationship with their accountant or bookkeeper. Real-time, accurate data means complete trust in the numbers they forecast with, as well as the ability to 'look around corners' with the finances more frequently and identify areas for savings and growth with supplier and cash-flow analysis.

"When CFOs can bring accurate financial data, and have time to use their analytical abilities, they're helping everyone in the business make the right decisions."

For more information please visit dext.com

Dext

Time for CFOs to say goodbye to Excel?

Augmented by complementary technology, Excel has an exciting role to play in the digital transformation of finance departments

The accelerating digital transformation of the finance function has prompted many chief financial officers (CFOs) and their teams to ask whether Excel is still relevant. Why continue to use the package with its interconnected spreadsheets featuring complex formulas when there are so many specialised finance software packages available?

"Excel remains popular with finance teams because it helps them to achieve their aim within their timescales and it's an excellent solution for presentation," says Mark Scanlon, chief executive at XLCubed, a specialist vendor which has been providing software to mitigate the risks of Excel for reporting and analytics for nearly 20 years and whose clients range from Global 500 corporates to the small and medium-sized enterprise (SME) sector.

"Primarily, problems arise when Excel is misused as a database and for hosting complex business logic. It simply doesn't have the structure, security or change management that most organisations require. Neither does its scale, and it's limited in terms of collaboration and shared access."

However, Excel can be used effectively alongside other tools, while integrating with world-class software using modern, internationally recognised standards, Scanlon argues. A growing number of CFOs are now using XLCubed technology to connect Excel directly to a wide range of data sources and to add significant capability in reporting, analysis and interactive data visualisation to provide the flexible self-serve environment their finance teams need.

"CFOs tell us that with XLCubed connecting Excel directly to modern finance platforms, many of the concerns with Excel's use in reporting have been removed," explains Scanlon. "They can share formal reports or publish them to a web portal for widespread, governed access. They can also deliver best-practice reporting using corporate or industry standards and they have the agility to action requests for new analysis quickly."

XLCubed is used across 50 countries by more than a thousand customers in many different industries, but it's most popular among finance teams. Companies are using XLCubed to provide the extended analytics capability required to complement their finance software. Companies in Scandinavia have been benefitting from linking their Excel systems to AFC, a cloud-based digital finance platform, which connects to a wide range of finance and enterprise resource planning packages to provide comprehensive, detailed financial reporting and analytics.

> CFOs tell us that with XLCubed connecting Excel directly to modern finance platforms, many of the concerns with Excel's use in reporting have been removed

At its heart is a powerful and customisable legal consolidation module. This is well proven to handle the most complex organisational and ownership structures thanks to its data-driven approach, which can be tailored to fit any organisation. Planning and budgeting, and machine-learning modules can help further reduce manual processes.

XLCubed is now working with Solitwork, a leading software-as-a-service digital finance company, to bring the AFC platform to the UK market. "We want forward-thinking finance teams in the UK to enjoy the same benefits that have driven some of the best-known companies in Scandinavia, ranging from billion-dollar businesses to SMEs," says Esben Duedahl, chief executive of Solitwork.

One of the strengths of the combination is the ability, facilitated by XLCubed, to adopt a common corporate standard for reporting notation, such as the International Business Communication Standards (IBCS), which are a notational framework that helps companies to deliver clear and consistent reporting.

At the Accounting and Finance Virtual Summit, a joint IBCS and XLCubed session attracted 4,000 registrants, with 98 per cent of respondents saying a consistent notation would increase the effectiveness of their reports and dashboards. Best-practice techniques ensure reports and charts are unambiguous and communicate information effectively. Consistency is also key; what looks the same means the same.

Finance teams appreciate its visual clarity. For example, actual data is always displayed in charts with a solid fill, plan as outline and forecast as hatched. In variance reporting, green means good and red means bad, so a year-on-year decrease in sales would be shown as red, while a decrease in costs would be shown as green.

Consistency is particularly valuable in group organisations where a shared reporting notation helps cross-entity analysis, making the entire reporting suite faster to assimilate. The notation framework allows a business message to be delivered alongside the data, something that is of particular interest for board-level reporting.

"We believe that now is not the time to ditch Excel," says Scanlon. "However, forward-looking CFOs should be using it with software like XLCubed to power their digital transformation and deliver for their organisations."

For more information please visit www.xlcubed.com/future-cfo

Q&A

Full transparency commercially, financially and operationally

Michael Krabbe, chief financial officer at Bunker Holding, one of the world's leading providers of bunker trading, supplying fuel for ships, shares insights into digitalisation and automation

Q What drove you to automate key finance processes?

A We are an ambitious team and wanted to use our data and the insights it can provide as a driver for the business and as a strategic advantage. We saw increased digitalisation and automation as a clear way to help achieve that.

Q What benefits has the AFC platform brought to your finance team?

A We now have 24/7 transparency across all our companies commercially, financially and operationally. Business-critical data is brought together and users can see where the company is performing and where it is not. The legal consolidation module has not only saved us significant time and effort, but given us confidence in our consolidated reporting and removed our dependence on key staff being fully available during the close process. XLCubed gives our finance team the flexibility they need to turn around reporting changes and requests quickly; we're self-sufficient in both reporting and data discovery, and we're spending more time on value-add analysis. AFC gives us a consolidated, consistent data store, which we can trust across the entire organisation.

Q What opportunities do you see for further improvement?

A We are interested in the potential of the machine-learning capabilities in the platform to give us faster and deeper insights. The International Business Communication Standards approach resonates, as it mirrors our drive for consistency and is something we will certainly be exploring further.

> XLCubed gives our finance team the flexibility they need to turn around reporting changes and requests quickly

Q Does Excel have a role to play for the modern CFO?

A With XLCubed and AFC, absolutely. From a self-serve perspective for finance, I haven't seen anything to rival it.

CAREERS

Rise of the portfolio CFO

Staying on top of finances and forecasts can be tricky for smaller businesses, especially those without a chief financial officer. Many are turning to a flexible, part-time portfolio or virtual solution, giving them much-needed advice at a fraction of the cost

boonchai wedmakawand via Getty

Jonathan Weinberg

For many smaller businesses, a full-time chief financial officer (CFO) is a luxury they cannot afford. With even a small business expected to pay between £80,000 and £150,000 for such a position, some are instead opting for a portfolio CFO arrangement, perhaps at a few thousand pounds a month, to ensure they get the right advice and direction to manage and grow their companies.

Such professionals most often work freelance or in a part-time position for a number of businesses at the same time.

David Gormer, a portfolio financial director who also runs Square Mile Accounting, explains: "Companies are becoming more savvy and considering fractional C-level hires. Not only do they avoid the high salaries of a full-time hire, but they also avoid dilutive effects of giving away precious share options, at least in the short term."

Describing his portfolio role as more satisfying than "just being an accountant", he says the job includes being able to understand the business model and sensitivities, mapping these out so the chief executive can understand the impact of any decisions he or she makes.

"You get to really work with the business owners to help them make their dreams a reality. It enables me to have a greater impact as I'm involved in strategic conversations at board level and own the finance function from end to end," says Gormer.

"Invariably issues crop up on a week-to-week basis, such as funding rounds, devising staff incentive plans, diligence on potential acquisitions and so on. I take the pressure off the CEO as they don't have to muddle through trying to do a DIY job."

Working with more than one company may, however, throw up ethical challenges. Gormer says: "Issues with portfolio CFOs can include them also working with competitors, having proprietary knowledge gleaned from prior engagements and conflicts with potential referrers of business, for example investors.

"Also, occasionally, founders may work contra to minority investors' interests, the very investors who may have referred the CFO to the role in the first place. Safeguards include hiring regulated professionals, such as ICAEW [Institute of Chartered Accountants in England and Wales] members who meet a strict ethical code."

> Empathy with the values and goals of each individual business is crucial. It's important to get aligned

John Miller, chief operating officer at Addition, a London-based financial services firm offering outsourced CFO services, believes the key areas a portfolio CFO focuses on are not too dissimilar to a full-time one, including financial management and strategic planning, forecasting and budgeting, tracking performance and key performance indicators, and cash-flow management.

But he says: "One of the key skills to possess and provide to your clients for the relationship to be a success is confidence. When it comes to numbers, the CFO's analysis and guidance needs to be true and actionable for the client on the journey to achieving their goals.

"However, due to the portfolio nature of the role, this is a challenge. Dipping in and out of several businesses means focus cannot be 100 per cent sole focus like the clients who live and breathe the business every waking hour.

"Therefore, it is about building solid advice on the facts of the business. I have found that providing experience of how these events have played out in historical scenarios really helps clients understand ramifications.

"Failing that, it is about drawing on the diligence disposition of a CFO to research, investigate and provide insight, as well as drawing on the network of contacts."

While a portfolio CFO can be a stepping stone for someone looking to build experience in a chosen niche, develop a track record or grow a network, it can also offer much-needed flexibility and freedom, including working from home, and picking and choosing who to help.

Rachel Armstrong, a finance business partner delivering an outsourced CFO function at MAP, accountants and advisers to the digital creative industry, currently has a portfolio of 18 clients and explains it is important for her to work with businesses that "share my ethics and values".

"Empathy with the values and goals of each individual business is crucial. Your idea of success may be different from your client's ideas and so it's important to get aligned to help them most effectively," she says.

"Versatility and adaptability to deal with changing economic climates and emerging technologies is also important. Plus, entrepreneurs are always excited about the next big project and often the finances are not top of their priority list. Finding ways that engage different personalities with their financial data is a skill in itself."

Given the lack of women as full-time CFOs, Armstrong also suggests this new way of operating could help redress the imbalance.

She adds: "The need to always be present to perform the role has also made it less accessible, but with remote or virtual working this will hopefully create a shift, making it a more accessible career path for women. Women are adaptable, natural problem-solvers and multitaskers, and so I believe they are ideal in the role of a CFO."

Having spent two decades in a corporate career, Martin Mellor has now been a portfolio CFO for the past six years, taking on the role with "the aim of doing things more on my terms than the way the corporate world worked".

Citing the variety of his role as one of the things he loves most, Mellor offers this advice to anyone thinking of doing the same: "Think about whether you want to specialise either in a sector or type of work, for example turnaround; I favour growth. Identify what your ideal balance is and where you think you will add value.

"The role is about more than just saying 'yes'; ensuring decisions are appropriate and effective is a key element."

Accounting for a virtual CFO

Dr Martin Lukavec, senior lecturer in finance at the London School of Business and Finance, assesses the trend for using portfolio or virtual chief financial officers.

He says: "For a lot of small businesses, it is difficult to make financial decisions. This might be especially important to many businesses because CFOs are capable of identifying macroeconomic threats on the horizon, especially right now.

"Many business owners simply have no idea what their order books will look like in a few months, so this level of advice has become even more important in the turbulent times we are living through.

"There are some problems with the set-up, of course. A virtual CFO has incentives very different from a traditional CFO. Most importantly, their job is not connected with the fate of the company they are advising.

"CEOs are often people whose main instinct is to push a deal through. In doing so, CEOs might, for example, not care so much about excessive leverage (too much debt) or to favour lower interest rates at shorter repayment schedules. And for any CFO, what is too much risk and what isn't is always a thin, arbitrarily chosen line.

"A good CFO can foresee these trends, a skill that is invaluable to big enterprises as well as small ones."

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