



Leveraging CFO Expertise

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In today's ever-changing financial environment, the role of the chief financial officer has become particularly vital. Working closely with the CEO, CFOs possess particularly keen insight into financial and strategic matters that permit them to play a key role in planning a company's future growth.

In fact, as a CFO, it is increasingly important to not only possess an exceptionally rigorous knowledge of finance, but also to understand both internal and external strategy, including a company's growth potential and the independent needs of various operational sectors. This varied proficiency places the CFO in a unique position of being able to apply their skills to numerous different areas and conceive of ways in which such sectors might cooperate or be integrated. Furthermore, given the volatility of the current economic climate, it is of particular importance that all operational arenas have access to this kind of expertise.

For a company to succeed today, the CFO needs to not only cooperate with the CEO to determine general company strategies, but also must work closely with all the various departments. From internal departments such as Human Resources and Information Technology, to externally or generally-focused branches including Corporate Governance and Overall Corporate Planning, the knowledge possessed by a CFO is of vital importance. By ensuring that the CFO works closely with all these many sectors, it is possible to also determine the future success of the company.

Corporate Planning and Governance

First and foremost, it is impossible to ignore the importance of cooperation between financial executives, such as the CFO, and governing officers, like the CEO. Financial concerns, both immediate and those related to future goals, are crucial when designing a strategic plan. This fact is now truer than ever, as the economic turmoil of the past several years has forced many corporations to place financial concerns at the helm of their operational planning processes.

Thus, as corporations increasingly consider the financial causes and outcomes of corporate strategy, the CFO can play a particularly vital role in donating their expertise to the decision-making process. Furthermore, the CFO should stand for investor concerns when participating in strategy meetings, as well as applying their insight into such concerns when designing possible business models.

Moreover, as the CFO ideally becomes increasingly involved in other aspects of company operations, they have the ability to bring their knowledge of these arenas to strategic meetings. In so doing, they can provide insight into how the company can better meet its production and financial goals through departmental cooperation and integration.

Human Resources

In a survey conducted last year for Robert Half Management Resources, 27% of CFOs surveyed said they had become increasingly involved in human resources operations, with a further 19% confirming that their roles had officially expanded to include HR. This survey gives only a small indication of a clear trend toward CFOs needing to be more involved in the operation of human resources departments.

The CFOs' intricate knowledge of company finances, as well as their involvement in strategic planning, makes them crucial to the implementation of HR policies. In particular, impending legislation has made it increasingly important to include a CFO in the determination of company health care policies. Additionally, the current recession means that financial concerns are constantly playing a larger role in all aspects of company life, as many companies are forced to make cuts in a variety of sectors; in order to make such decisions wisely and with a concern for employee well-being, it is vital that the CFO and HR department work together to design any policy changes.

Information Technology

Though many companies do not think to involve the CFO in the operation of internal departments like IT, it is actually incredibly important to ensuring that Information Technology services coincide with company strategy.

In this modern world—a world in which nearly everyone seems to have a smartphone, laptop, or other kind of new gadget—technology is playing an increasingly key role in the delivery of corporate programs. A CFO who, as previously discussed, is significantly involved in the development of overall company strategy, should also be playing a role in the determination of the company's technological usage. It is impossible to ignore the fact that, today, these two areas are inextricably entwined.

In Summary

The CFO is no longer simply a financial executive; instead, the expertise of the CFO should be applied throughout the corporate structure so as to better integrate company operations and plan for a more effective future. In conclusion:

- The CFO ought to be working closely with the CEO and other strategic planners to design models that consider not only the financial needs of the firm, but also their financial goals and the concerns of company investors.
- The Human Resources department is a classic example of an internal department that can benefit from the input of a CFO. When decisions are made to streamline, or federal legislation requires changes to company health care policies, the CFO should be involved to advise on how such policies can be implemented to be in line with corporate financial and strategic policy. Furthermore, HR can also advise the CFO on how company policies might ultimately impact employees.
- IT departments are also an ideal example of a case when an internal department requires the input of the CFO. As technology plays such a crucial role today in a company's day-to-day operations and general success, it is necessary that the CFO and IT departments convene to ensure that appropriate measures are being taken to ensure that technology usage suits the company's fiscal limitations and future strategic goals.

As CFO expertise is becoming increasingly necessary throughout the corporate structure, sometimes internal CFOs can become overstretched. In such situations, Los Angeles and Southern California executives may want to consult with an external CFO services provider who can bring added CFO expertise and bandwidth to the departments where such knowledge is most needed.

References and Further Reading

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About CFO Edge

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