HARVARD CFO OF THE FUTURE SUMMIT

AN INTERVIEW WITH DR. CHRISTIAN CAMPAGNA AND DR. ANTONIO M. OFTELIE
What are your personal takeaways this year?

**Dr. Antonio M. Oftelie, Executive Director, Leadership for a Networked World, Technology and Entrepreneurship Center at Harvard**

I think what was really fascinating this year was this recipe that makes for a great CFO. It's one part that they have to be historians in a way, understanding what's happened in the past in their business models or operating environments. It's also currently how they look at being strategists. How do I make sure that the business is running well? Optimizing the current business value, as we like to say, as well as looking at how do they create value over time with new ways of working?

That new ways of working and new business models are dependent upon that CFO being a futurist. They also have to be able to scan the future, see what's coming next, and figure out how do I finance those innovations? What do I do about the change that's going to happen with that? How do I integrate that future back into the firm and really create a value from it? This perspective of these three visions for me was fascinating, being a historian, being a bit of a strategist in the current frame of mind, in the current time, and also being a futurist and how they integrate those together.

**Dr. Christian Campagna, Senior Managing Director, Accenture Strategy CFO and Enterprise Value**

My personal takeaway from this summit is I'm really, really happy how this format pays off. There are two key things. Number one, being that long in finance and trying to advocate that the role of the CFO has to change, and that you need to leverage new technologies, and the big value that finance can provide to the enterprise. Seeing this now, the second year, resonating and materializing at companies, I think that's perfect and I think that's also a lot for the participants. Because as some were saying, they are in their day-to-day job, they live in their company, and they exchange, of course, a little bit, but here is a forum where they really spent two days exchanging experience, same challenges, new ways of working, lessons learned.

I think that seeing this evolution, seeing that it pays off, so that's number one. Number two, is the format. We thought about what can we do helping to accelerate, moving to the future of finance, and how can we help companies to provide to the next generation of CFOs. By purpose, we invited the next generation of leaders and seeing how these groups are connecting that fast, building networks, maybe networks for the next 10, 15 years in their careers, that impressed me.
What were the most interesting finds from this year’s Summit?

**Campagna:**
I think, first of all, there were some similarities between last year and this year. It was that many companies from different industries, different countries had very similar challenges. What was different compared to last year, was that last year we were talking a lot about digital disruption, fuel for growth, where is the finance function moving to? This year there was much more awareness amongst the participants that change is coming, change is maybe already there. They had some ideas in what direction it's going. We also had case studies, actually two case studies, where people were showing how they are already moving into the new. I think that was one of the bigger differences and I also think that companies have already more ideas and can envision where they are moving to, even if it has not materialized so far.

**Oftelie:**
I think one of the common themes from last year to this year was, again, like you said, disruption. In that, there's a lot of this happening across industries and most all of them are grappling with these big challenges. The difference, I think, this year was around the pace of that change and transformation. In that, it's moving much faster than it was before and at least they acknowledge that it's moving faster before. CFOs of the future and CFOs now, really have to be thinking about not only transformation, but how they evolve their business model and operating models constantly looking at how do we evolve it over time and synchronizing that with the pace of change today well.

How does a CFO of today become the chief growth officer of tomorrow?

**Campagna:**
I think many are already on the way to becoming a chief growth officer. What we heard at the summit, it is less about looking backwards and controlling costs. It's really more about looking forward and also looking, of course, where can I save more money? It's also what additional insights can I provide to support the grow?

**Oftelie:**
As CFOs are looking at becoming the chief growth officer of their firm, there are a number of things that I see that they're doing really well, the ones who are successful at it. One is they're more able than in the past, I think, to look across industries, across sectors, across what's happening in their own domain, to figure out what's next. They're at the C-Suite level, as Christian said, thinking about what's coming next. They're then able to take that and say, "What new capabilities do we need to
bring in, both externally, maybe it's with partnerships, or alliances, or outside the firm, as well as what do we incubate internally?" Then they're getting really good at saying, "Let's take those capabilities and integrate them in the firm for dynamic capabilities. Meaning, that we can respond better to an ever-changing operating environment. We can develop new business models over time and we can translate that into new growth value and really more outcomes for stakeholders of all types."

What are the important skills next gen CFOs will need?

Oftelie:
As a CFO role evolves over time, the big skills that are going to be needed are one, to look across boundaries to figure out what are the big business models, the big disruptions happening, the changes in the marketplace, how do you as a CFO work across the C-Suite in order to figure out what's next? Then really thinking about too, is how do we align that across the structures, the systems, the processes, and importantly, the people in our organizations to find that alignment. Everyone has to be on the same page and more and more it's going to be the CFO who plays the key role in that alignment.

Campagna:
No, I fully agree. I think some very specific characteristics that they will need is number one, openness. Openness and being willing to reinvent them self much more often as they did in the past. I think, as you were saying, it's also strong leadership, being able to lead multidisciplinary teams. Not only the finance people, but people across the organization.

What changes do you see in CFO recruitment and hiring?

Campagna:
I think one thing that will not change, people in the finance function will need solid financial background. That does not mean that they need to be expert in all kind of GAAPs and IFRS, etc., but they need to have a solid financial understanding. What is a P&L? What is a balance sheet? What is a cash flow? Even more important, the understanding of economics, economic value.

Oftelie:
As you said, with the more thinking, and more doing, as well as coming with that, a big part of that is creativity. This is something that we haven't necessarily thought as in the realm of the CFO or finance people coming out. As you said, important that we have to have the optimization of current business models, but more importantly, or at least as importantly right now is what do we think about the future, and how do we create new business models over time, how do we communicate
that? CFOs of the future, people coming into the finance function are going to have to be excellent communicators of that vision, able to work across boundaries to really explain, "Here's where the future is going. Here's what that means for finance and here's what finance can do for business agents in order to make that future happen."

How can CFOs find the fuel for growth and incubate new and disruptive business models?

Oftelie:
CFOs of the future and really today, have to be much more involved in exploration. Meaning, kind of three things. One is how do we free up resources from the firm, optimizing the current business model in order to bring resources into exploration, in order to find new ideas, new business models, new ways of working, and new products or services? Second though, they have to be really involved in how they give that runway. Meaning, often times giving a separate space, or a little bit more freedom for an operating unit to percolate those business ideas, to figure out what works and what doesn't work, but giving that some guardrails. Establishing a little bit of metric in order to make sure that that operating unit finds value from that new business model that they're working on, or that new product or service.

Then third, they have to really figure out how do we take that exploration and bring it back into the firm in order to really start exploiting it? Turning that into ongoing revenue and making sure we're building value for the firm. A really solid example of this type of exploration is Stanley Black & Decker and their Flex Volt. What they did there is they established a special unit called Special Forces. They took some people from within the firm, some experts, put them into their own little location. They're able to ideate a bit, develop some new ways of working, and created the Flex Fold. That really drove value for Stanley Black & Decker, in that it enabled them to leap frog competitors. They're able to establish a new product line that, if it had been internal of the organization initially, may not have succeeded and was able to really drive value.

Campagna:
No, I think the challenge companies have today is, and CFOs, first of all they need to make the right bets where they invest in. I mean, they can go via the customer experience, they can go via optimizing and digitalizing the enterprise, or they do both. Then we're talking about new business models. I think the CFO needs to sit at the table and he is sitting, or she is sitting at the table when this bet is being made. The challenge for many, many companies is what is the right moment when we pivot from a major investment, or major funding from the legacy company into the new company?
Finding here the right timing is very, very important and what makes it even more difficult is you need to anticipate this timing because you need to have the right investor strategy and story behind it, because you can't say, "We believe today is a great day. The sun is shining and it's as warm as it's here in Boston, so now we make the switch to our new business unit." I think that makes the whole thing very complicated.