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**An Open Discussion on  
The Changing Role of the CFO: Becoming a Strategic Business Partner**

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July 7, 2009  
Brae Burn Country Club  
Newton, Massachusetts

PRESENTED BY  
Lawrence P. Carr, Professor, Babson College



## Summary

**THE CHANGING ROLE OF THE CFO; the functional role of the Financial Officer has changed as businesses have changed over the last few decades. The CFO has become increasingly worldly and strategic as US based companies became worldly and strategic.**

**The Accounting and finance functions had to change from bookkeeping functions to using numbers to drive company performance. These functions continue to change participating in company's strategic positioning.**

**Within the next five years, finance will operate differently and the Role of the CFO needs to focus on:**

- **Member of the Management Team that gives DIRECTION, comes up with strategy and evaluates the structural content of the organization.**
- **NEW TOOLS:**
  - **JIT, CAD/CAM, ABC, ABMS, TQM, FMS, CI, TC**
- **NEW MEDIUM:**
  - **Computers - PC- Networks - "The Virtual Close" - AA Instant Info**

## Roundtable Minutes:

With approximately 70 individuals present, Nick Araco, Esq., Executive Director and Cofounder of the CFO Alliance, welcomed everyone to the first Boston CFO Alliance Breakfast Roundtable. He introduced Greg Wood, Cofounder of the CFO Alliance.

Mr. Araco introduced the partners of the CFO Alliance - Boston, as follows:

Academic Partner: Alfred J. Nanni, Jr.  
Professor of Management Accounting  
Babson College

Media Partners: Michael G. Oliveri, Publisher  
Sean Ryan  
*Boston Business Journal and Mass High Tech*

Roundtable Partners:  
Beth A. Lyons, CAE

Vice President, Member Services/Peer Review  
 Massachusetts Society of CPAs, Inc.

Jeffrey P. Lucas  
 Association for Corporate Growth (ACG)

Terry Kennedy  
 Growth Partner  
 RSM McGladrey, Inc.

Professor Fred Nanni, Babson College, introduced several of his colleagues: Bob Halsey, Bill Coyle, Jim Parrino, Jan Bell, and Larry Carr. He advised that the topic of the meeting today, facilitated by Professor Lawrence P. Carr, would be: “The Changing Role of the CFO: Becoming a Strategic Business Partner.”

Professor Carr led the discussion. He said that the management challenges are much different than they were even five years ago; the world is constantly challenging and the CFO needs to adapt to all of these changes. Carr advised that fellow CFOs across the globe are struggling with many of the same issues and are asking themselves: “Am I going in the right direction?” The job of the CFO has become bigger and broader and has evolved into a much more strategic advisory role - and in many cases he/she has to do it with less people.

In order to stimulate the discussion, Carr invited the individuals at each of the tables to participate in the following exercise. He asked that each group take twenty minutes to score from one to five where they felt they were individually and then decide collectively as a table where they saw themselves - in the traditional role vs. an emerging one.

***THE CHANGING ROLE OF THE CFO***  
***What is your opinion? Circle your choice***

<b>FUNCTION</b>	<b>Traditional-----1-----2-----3-----4-----5-----Emerging</b>
Overall Role	Watchdog <span style="float: right;">Analyst</span>
Information Base	General Ledger <span style="float: right;">Integrated Database</span>
Methods	Full Cost <span style="float: right;">Incremental, Direct Attributable Cost</span>
Output	Inventory Valuation Financial Reporting <span style="float: right;">Decision Support</span>
Frame of Reference	Historical <span style="float: right;">Strategic</span>

Style	Autocratic	Consultative
Orientation	Functional	Integrative
Skills	Accounting	Interdisciplinary
Organization	Staff	Team member, Liaison

A spokesperson from each table then gave a brief summary; this summary was followed by a general discussion. The following is a summary of the major topics, comments, and discussions:

Most tables reported that they were involved on a daily basis in both of these roles – the traditional role and the emerging one – depending on the “emergency of the day.” However, the ensuing discussion indicated that “moving right” (toward the emerging role on the scales above) did not preclude relinquishing the traditional day-to-day responsibilities. In fact, with regard to the emerging role, the consensus among the CFOs was that they had more responsibilities, not simply more diverse ones.

It was agreed that the ongoing relationship between the CEO and other C-level executives often proved to be the critical determinant as to whether the CFO was viewed as a strategic partner or not - or if the CFO would end up pigeon-holed by the executive team.

It was also agreed that some CEOs do not actively seek out the “finance guy’s” advice. Many of the CFOs reported that they must learn how to gain and nurture trust and openness with the CEO as well as other members of the executive team. However, this was made more difficult by the fact that, as the CFO’s strategic involvement increases, the likelihood of openly disagreeing with the CEO also increases.

The discussion explored the current nature of the CFOs leadership challenge. In today’s world, as the role of the CFO becomes broader and more strategic in nature, the relationship with the support staff must change as well. Staff members need to become more invested in the strategic vision of the company, but in most cases this is not part of their training. Therefore, team development and the expertise of the leadership team become increasing more important.

A major difference in the emerging role for today's CFO is the ability to accurately assess and manage risk in today's volatile economic environment. It isn't always easy to balance the necessary strategy-driving risk factors against the firm's exposure. This is especially difficult when the financial markets are in an uproar as they are now.

Nick Araco thanked everyone for coming. He hoped that this first meeting and the networking that had taken place earlier had proved as valuable as it had in all of the other cities visited recently. He advised that the next CFO Alliance - Boston Breakfast Roundtable would be held at 7:30 AM on Tuesday, September 22, 2009 at the same venue - the Brae Burn Country Club. A survey of the morning's events was distributed and a request for future topics was included in this survey. The results will be made available at a later time. He urged everyone to spread the word of the Alliance and to bring a friend.