

Why your CFO might become a chief value officer too

Increased reporting demands and a changing world mean organisations are looking to create significant value more than ever before – and that responsibility is falling on chief financial officers.

Temps de lecture : minute

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A chief financial officer, or CFO, is a senior executive that sits within the c-suite and holds responsibility for managing the finances of a business. It's often the highest financial position someone working within the sector can undertake – but changing times mean the role is evolving into something that goes beyond just financial tracking and planning.

A report published by accountancy and business advisory firm BDO titled 'Chief Value Officer – The important evolution of the CFO' explores the role of a chief value officer (CVO) in the context of the broader reporting that organisations undertake, and whether it's an extension of the CFO role or something separate – and its findings are telling of the changing times.

Creating value

The report notes that the concept of value is fundamental to the management of performance in organisations, and its adoption is a key element in their path to a sustainable future. For companies, there is no single definition of 'value' covering either how it is generated or the nature of the stakeholders who may be considered as its consumers.

Many of the roundtable participants to BDO's research were keen to stress that value itself is highly contextual for the organisation, its sector, size and location.

However, while for many the financial perspective may be the key imperative, it was found that it increasingly falls to the CFO to ensure that there is a balance between financial and non-financial drivers – and value optimisation may require making decisions that are not the best financial moves.

BDO's report found that organisations are increasingly being asked to consider and report on more value-centric aspects of their operations – like their efforts related to sustainability – so CFOs are increasingly adopting a value-centric approach in their work. This represents an evolution towards a chief value officer role and away from traditionally financially-focused output.

“The reality is that for most CFOs, the achievement of the strategic goals of an organisation that embraces economic, environmental and social equity is a fundamental part of their evolving role. This is at the core of generating value,” the report says.

The overwhelming majority of the CFOs consulted for BDO's report argued that their role is longer term in nature and embraces the totality of performance – and is not just short-term focused and financially driven. This then suggests that CFOs are naturally taking on the CVO role in their wider work.

One CFO told BDO: “I think you can start out as a CFO and then become a chief value officer. You need to know the fundamentals of financial finance and accounting. But I think as you gain experience and you put yourself out there more, you understand the business [and] you can build relationships with people around the company. You could then become

that chief value officer. You start as a CFO but then you become a chief value officer’.

Evolving skill sets

The ultimate conclusion based on BDO’s report is that most CFOs are already taking on the value officer position.

For those who are already in CFO roles, the development pathways to embracing the concept of value are less complex. For many, the route is through a series of evolutions that can be enhanced through learning opportunities – this ensures they maintain their skill sets in areas such as sustainability, technology and data. Networking with other CFOs who are progressing along the same path also proves beneficial.

For those who now aspire to be CFOs, the challenges are greater. The development path requires an increasingly broad range of experience that embraces formal and informal training.

The report says there is significant value in finding a mentor for these individuals. It notes that many senior finance professionals are very willing to mentor aspiring CFOs, and being part of a network of peers helps individuals to share experiences and gain fresh insights.

Another tip for budding CFOs is the role courses such as MBAs play in giving understanding of some of the broader operational aspects of organisations. Some of these may be more marketing focused, but there are sufficient synergies between an accountancy qualification and an MBA to make them a sound basis for a CFO role.

To conclude, the report states that creating value is a collective responsibility of the board and senior management – but despite this, the role that CFOs already play in organisations means that they are acting as

CVOs. In creating value, CFOs are playing significant roles within organisations more than ever before.

Read more about BDO's report, 'Chief Value Officer - The important evolution of the CFO', [here](#).



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