



TALENT IN FINANCE SURVEY 2021

June 2021



FOREWORD – THE CFO BOARD

The role of CFO has been long changing and this process has been accelerated by the business challenges of Pandemic and Digital Transformation. Today's CFOs are playing broader roles across Finance, Business Strategy and Transformation, Digitalization and Stakeholder management. CFO's are at the center of transformation and their approach will make the difference between a traditional, control focused environment and a collaborative and Future Ready environment. Finance Leaders of 21st century need to have a good combination of hard skills and soft skills to drive agile decisions while maintaining strategic lens.

Towards this end, CFO Board is very excited to produce this report with the collaboration KPMG in India to understand how the role of CFO and Future of Finance is evolving. The insights in this report about the benefits of transformational aspects of the evolving Finance function and development areas upskilling the teams to be future ready in a digital world are very important. Organizations that are People centric and that invest in their Talent develop stronger cultures and are more confident of steering organizations towards future success.



Rekha Talluri,
Chief Financial
Officer,
Microsoft India



Giri Giridar
EVP & Chief
Financial Officer,
Indian Hotels
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Sugata Sircar
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Chief Financial Officer,
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FOREWORD – KPMG IN INDIA

Our research is covering insights from 100+ leaders including Board members, CEOs, CFOs and CXOs on the future of CFO, their aspiration, their path to CEO or other roles, building a succession pipeline for finance and upskilling of the CFO. The CFO Board, in partnership with KPMG in India, has embarked on a one of a kind research journey to capture and monitor the evolving talent imperatives in finance function; ‘Talent in Finance 2021 Survey’ being the first instance of this recurring research exercise.

What was the business case for the research? We are currently facing an unprecedented time, as with the onset of the pandemic, business priorities and dynamics are changing at a pace never perceived before. New ways of working and new value drivers are emerging. Organizations are expected to continuously evolve with changes in regulations, technology upgrades & evolving value chain. The finance function has always played a key role in helping

organizations respond to these risks and navigating through the disruptions. This has ignited a need for the CFO to step up and act as a strategic business partner to the CEO.

The role of the CFO and finance is changing significantly and new areas of focus for future are emerging including long term value creation, technology trends and strategic leadership. This is the right time for organizations to focus on the talent agenda for finance. Organizations need to equip finance professionals with new age skills and strengthen their HR processes to build talent from within. Organizations can leverage the dynamic exposure and experiences of the CFOs and help construct a career roadmap for them, to help them meet their career aspirations.

This report lays the foundation of your building process for the CFOs and finance professionals. You’re now on your way towards enabling better practices to accelerate into a more promising future.



Vishalli Dongrie

Partner and Head, People and Change
KPMG in India

TALENT IN FINANCE SURVEY 2021

72% of CFOs aspire to transition to the role of CEO while only 3% of organizations feel that CFOs are ready now to become CEOs.

Role of a CFO is set to change dramatically in the near future. There is a need to focus on talent imperatives, most critically, building a talent pipeline and constructing a career road map for the CFO.

67% respondents perceive significant change to the role of CFO in next 3-5 years'

Top KRAs for future CFO



Driving Long Term
Business Growth
and Performance



Strategic
Leadership



Business
Operations
Transformation



Talent
Management



Technology Trends (Digital,
Cybersecurity, IT)

Top priorities for building talent



Strategic
management



Data Analytics,
IT and Process
Automation



Leadership
development

63% organizations perceive scope for improvement in their current succession plan to the CFO position

Nearly 75% of the participants perceive significant to moderate impact to Future of Finance due to COVID-19

EXECUTIVE SUMMARY

Finance, as a function, has always been driven by both, the external business environment and internal organizational factors. Over the last few years, the business landscape has seen rapid changes in operating models, regulations, emergence of technology and new social responsibilities which has highly influenced the expectations of business leaders from finance.

More and more business leaders are acknowledging the shift in business priorities and the evolution of finance due to these changing needs. This has created an opportunity for finance leaders to add more strategic value to business. As a result, organizations need to analyse and prepare for these changing perceptions, evolving technology needs, enhancing talent pipeline, building capabilities and driving organizational enablers, to equip finance to evolve with the needs of the future.

Key Findings

- a) **Pulse of the changing business scenario** - Despite shifting risks, confidence in the growth prospects of future remains high. Organizations today are driven by purpose and long-term value creation for their stakeholders. Significant impact of COVID-19 on the future of finance is perceived. Industries which have been impacted the most are Education, Energy, Oil and Gas, Hospitality, and Transport & Logistics
- b) **Evolving job portfolio of the CFO** - 67% respondents perceive significant change to the role of CFO into the next 3-5 years. Top KRAs for the future CFO include Driving business growth for long term, technology trends and strategic leadership. Enhancing digital maturity, evolving culture & mindset, buy-in from CEO & Board are top enablers for this transformation.
- c) **Building a talent pipeline for the future** - Most organizations today have capability development of finance employees on high or medium priority. Strategic management, data analytics/IT/process automation and leadership development emerge as top 3 development areas. 63% of organizations need to improve their current succession plan to the CFO position.
- d) **Constructing a career roadmap for the CFO** - 72% of CFOs aspire to transition to CEO, 23% want to continue as CFO. CSO, CEO and CRCO are top 3 closest roles to CFO. Most CEOs and Board Members say that their CFO will be ready to transition to CEO in the next 5 years with minimal development. Board discussions, cross functional projects and global exposure are the top upskilling opportunities available for CFOs today.
- e) **Enabling CFO's transition to the CEO role** - Strong buy-in from Board and other C-suite members, well-defined succession plan for CEO role, strong succession plan to CFO position are top enablers for transition of a CFO to a CEO role. CFOs need to focus on developing a digital & futurist mindset, enhancing business acumen & leadership skills for their career progression.

The CFO Board jointly with KPMG in India conducted a research study through surveys and interviews of top leaders to capture and curate their insights on the future of finance.

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INTRODUCTION

Since the turn of the century, business enterprises around the world continue to face rapid change and disruption. The major impact comes from areas such as changing workforce demographics, converging industry models, shifting regulatory environment, political unrest and trade barriers, the rise of new business models and competitors, and big data and emerging technologies. To top these up, the business world has come to grips with dealing with unprecedented events, such as the COVID-19 pandemic, having the potential to challenge the operating model & business dynamics at play.

In the face of this disruption, the CFO and Finance leaders are required to step-up and partner with the CEO. Traditionally, talent in finance has predominantly been a custodian of cost control, risk management, stability and regulatory compliance for the organization. To

evolve with the changing times, finance must focus on transforming talent by adopting agile workforce models and modernizing skills and capability in alignment with changing business, regulatory and technological landscape. Specifically, there is a need to have a strong focus on talent imperatives such as evolving roles & responsibilities, up-skilling, building a strong talent pipeline, acting as a business partner and contributing to the strategic decision-making to align with the demands of the future. To enable the transformation of CFO & Finance, organizations need to enable a strong focus towards learning & development, cross-functional collaboration and succession planning.

As organizations prepare to transform the talent in finance, it's crucial to understand the key focus areas which will have the most impact on the overall readiness for the future. The 'Talent In Finance Survey 2021' marks the inception of a continuous annual study of identifying and tracking the evolving talent imperatives for the CFOs and Finance.

Finance Function in many organizations is transforming from reporting what happened to enabling businesses. The current crisis has put Finance at the center stage in the company more than ever before. CFO's are playing critical role in creating data driven strategy which defines the future of the organization.

Ms. Rekha Talluri, Chief Financial Officer, Microsoft India

PURPOSE OF THE STUDY

The finance function and the role of the CFO are continuously evolving and adding more value to business than ever. To manage the change, it is crucial for organizations to focus on the people agenda including evolving roles and responsibilities, capability building, succession planning and career-pathing to enable high quality talent inflow, and higher productivity, efficiency and strategic contribution of finance to business.

The aim of the future of Talent In Finance Survey 2021 by the CFO Board and KPMG in India is to conduct research via a survey of select group of CXOs including CEOs, Board of Directors, CFOs & Finance leaders to understand the pulse, critical focus areas, and the future imperatives for the talent in Finance. The outcome envisioned is to enable organizations with critical insights and take-aways for them to plan and drive interventions which are critical for the transformation of the CFO and talent in Finance.

Key Objectives of the Study



Getting insights from prominent CXOs operating in a diverse set of industries on the future of CFO and Finance



Consolidation and synthesis of insights on critical areas impacting key future imperatives for the CFO and talent in Finance



Enabling organizations to leverage the insights and drive action planning to support the development & transformation of CFOs & Finance



OUR RESEARCH METHODOLOGY

Our research methodology constitutes of the following key steps:



Finalizing key variables of our research

We leveraged discussions with prominent members of the CFO Board in India and interviews with a select group of Board of Directors to gain perspective on the major variables of our research. Our study focusses on the following key variables:

- a) Economic outlook and changing business priorities
- b) Evolving Roles and Responsibilities of the CFO and Finance
- c) Talent Imperatives for Finance:
 - I. Capability Development for Finance
 - II. Career Roadmap & Aspiration of the CFO

III. Succession Planning to the role of the CFO

IV. Organization Enablers for transformation of CFO and Finance

A combination of these variables, especially gauging the Aspiration of the CFO, is not often covered by other similar research exercises conducted and available in public domain.



Survey & Interviews

We designed and administered the survey to a select group of CXOs including CEOs, CFOs, Finance Executives and Board of Directors from organizations belonging to a wide spectrum of

industries. We also interviewed a select group of Board of Directors to strengthen our overall analysis.



Secondary Research

To ensure we bring in all perspectives and ideas together, we conducted an extensive secondary

research and leveraged in-house knowledge repositories.



SURVEY DEMOGRAPHICS

Demographics

The survey data published in this report is based on a survey of 107 CXOs and Board of Directors including CEOs, and CFOs in India. The survey was conducted in March 2021. The participants operate in over 12 industries covering Industrial Manufacturing, Telecom, Media and Technology, Consumer Market, BFSI, Advisory, Life Sciences/

Pharmaceuticals, Automobiles and Auto components.

Of those surveyed, approximately 40 percent are from organizations with revenue of over 3000 crore INR. Approximately 40 percent are from companies with headcount greater than 5,000.

107

Professionals

63%

CFOs & Finance Leadership

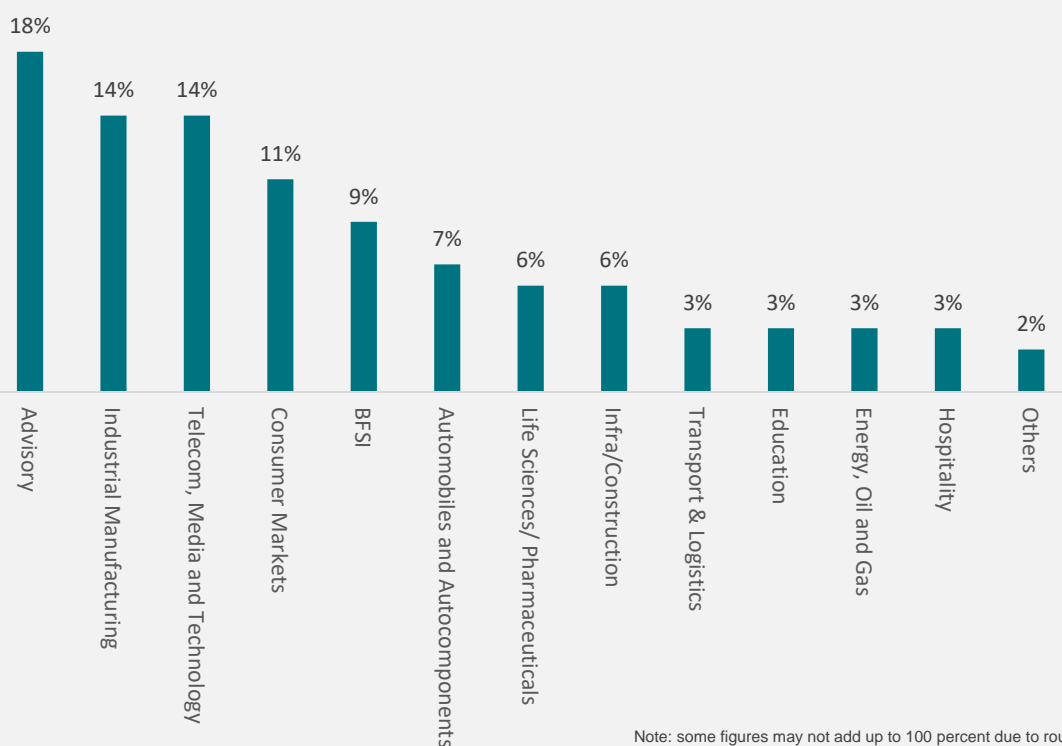
31%

CEOs & Board of Directors

6%

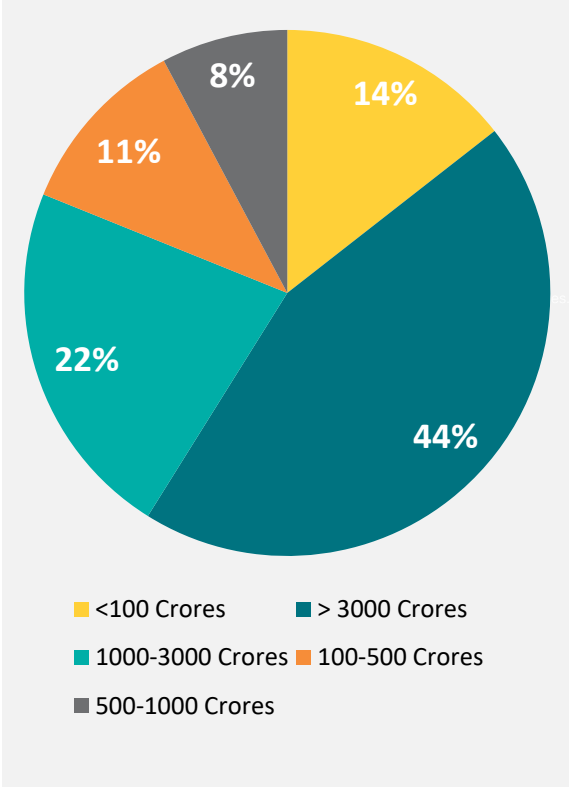
Other CXOs (CHROs, CMOs, etc.)

By Industry

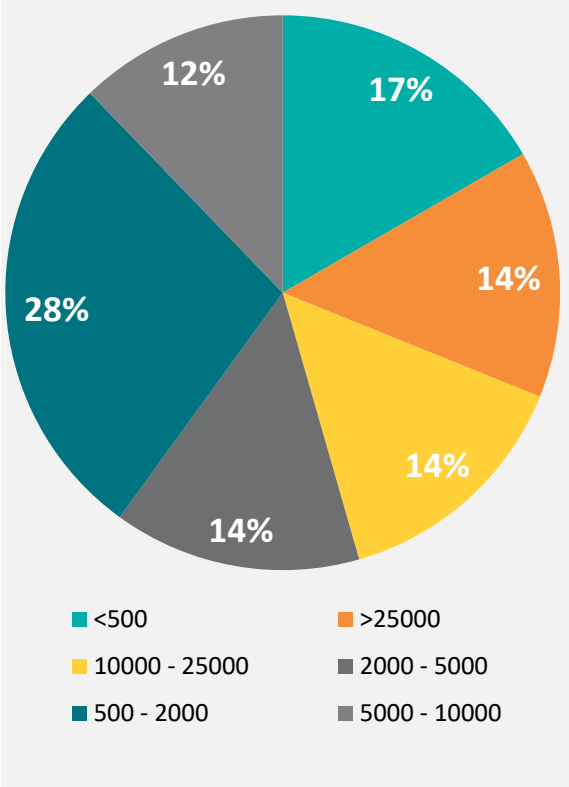


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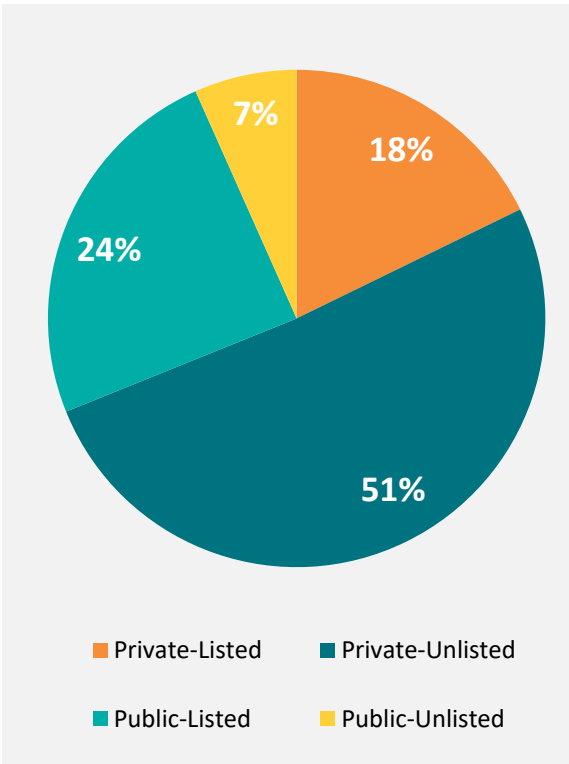
By Sales Turnover (in INR)



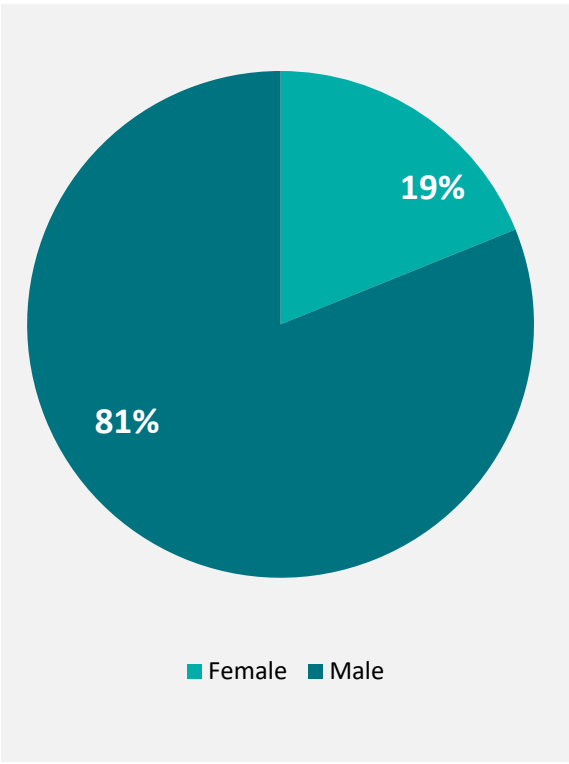
By Employee Strength



By Organization Type



By Gender



Note: some figures may not add up to 100 percent due to rounding.

PULSE OF THE CHANGING BUSINESS SCENARIO: FROM THE LENS OF CXOS AND BOARD MEMBERS

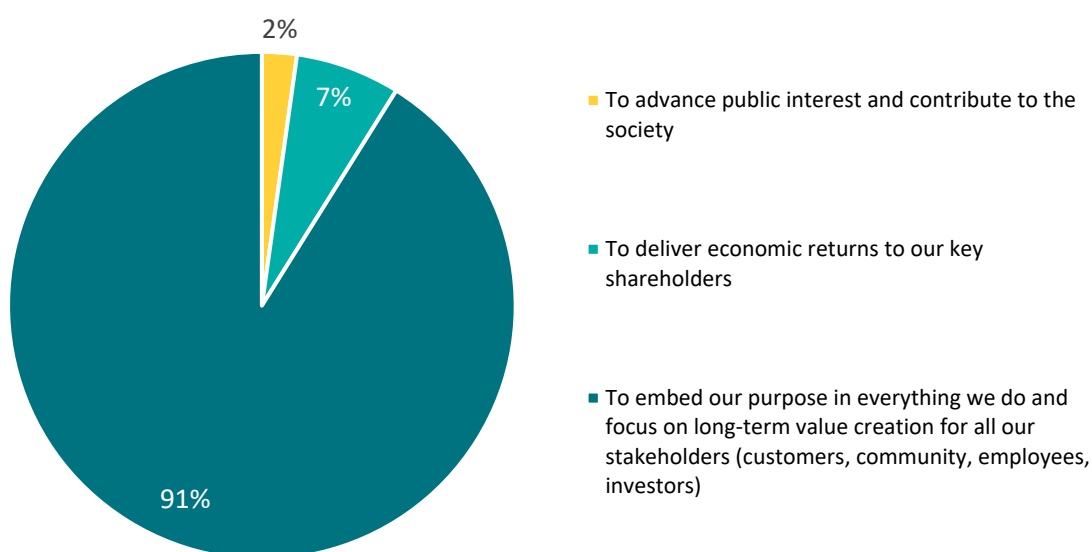




ESTABLISHING BUSINESS PRIORITIES

To understand the business priorities of the organizations today, it is essential to understand their motives and goals which will guide them to take critical decisions for enhancing their purpose. Our research starts with determining the spectrum of our participating audience and the major objective of their organization.

Chart 1: Most organizations are driven by purpose and long-term value creation for their stakeholders



A large majority of organizations surveyed by us claim their major objective as being ***purpose-driven and creating long-term value for their stakeholders*** including their customers, employees, investors and community. This indicates that most organizations are driven by a holistic agenda to create long-term value for all stakeholders and to focus on their established purpose.

The findings indicate a radical shift in the priorities of business enterprises at large and is also corroborated by other studies conducted by KPMG within the last year. As per the KPMG's CEO outlook report 2020, CEOs believe that purpose is more powerful and relevant than ever, and they

feel a stronger emotional connection to their corporate purpose. Especially since the COVID-19 crisis began, we find that most organizations are inclined towards transforming their primary objective from purely profit to also consider their purpose in society.

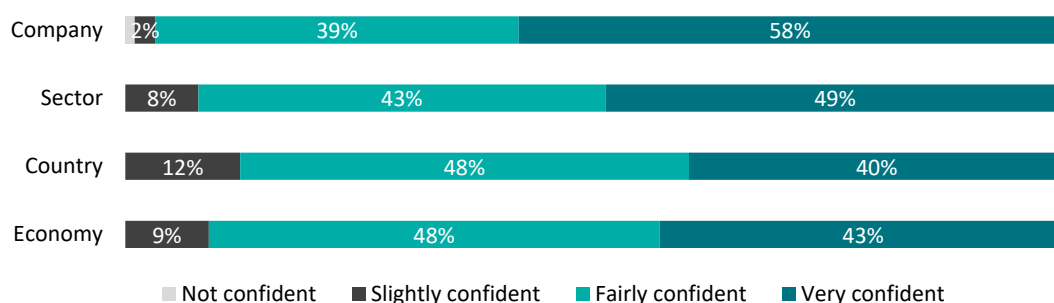
As per the findings of KPMG's Future of HR in New Reality Report, 2020, a long-term focus and purpose-driven priorities made strategic leaders and organizations get through the pandemic with greater agility than their peers.



GROWTH PROSPECTS— A PULSE CHECK

With the COVID-19 pandemic, the economy and macro environment has experienced a radical reboot which has forced organizations to evolve. Before taking a glimpse of the future, it is important to understand the confidence organizations have on how the future will shape up.

Chart 2: Despite shifting risks and a volatile business environment, confidence in the growth prospects of the future remains high



- Our analysis uncovers that most organizations feel either **fairly confident** or **very confident** with the prospects of the future of the economy, their country, their sector and their companies.
- The additional confidence can be attributed to the positive momentum of the COVID-19 vaccine rollout, but further lockdowns may have a negative impact on the overall outlook
- Proportion of organizations who feel very confident about their companies and sectors is higher than that for the country and the economy.
- Additionally, as per the KPMG's CEO outlook report 2021, CEOs identify some risks to company growth over the next 3 years attributed to factors such as Cyber Security, Tax and Regulatory environment



This economy has managed shocks quite well. Growth is bouncing back in the last two quarters. There are a number of positive indicators. There may be some supply chain stress. Growth is possible. Only concern is about inflation building up due to monetary expansion, petroleum prices going up. Watch out for interest rates going up.

Mr. D Sundaram, Ex CFO and Vice Chairman, HUL, currently Board Member and Audit Committee Chairman, Infosys, Vice Chairman, TVS Capital Funds

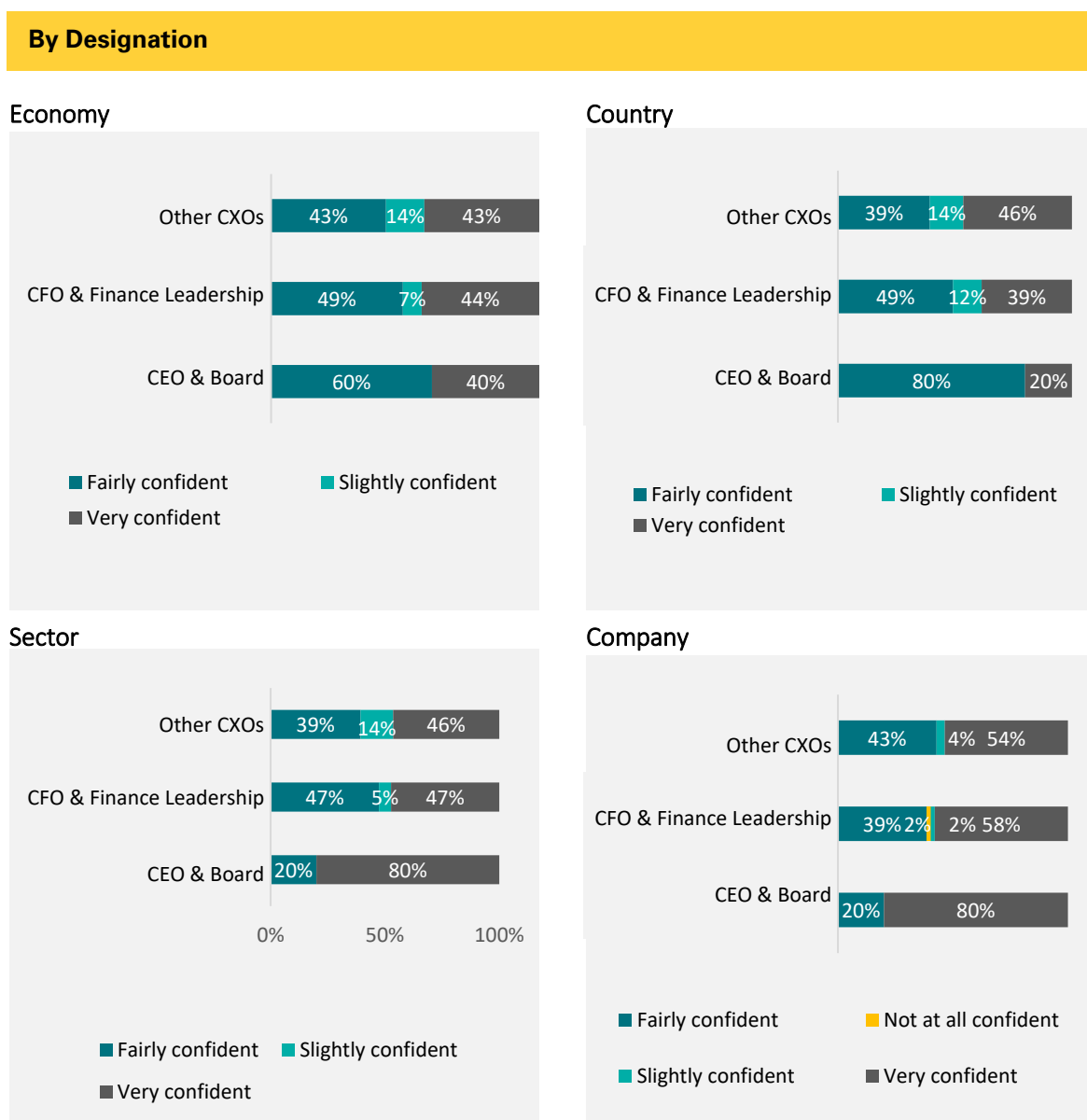


Note: some figures may not add up to 100 percent due to rounding.



While the overall sentiments remain high, we identify variations in sentiments for future growth prospects amongst the CEO and Board member group and the CFO and Finance Leadership groups

Chart 3: CEOs and Board Members remain slightly more confident about the future growth prospects than CFOs and Finance Leaders



Overall, the confidence level of the CEOs, CFOs and the Board of Directors remain high for the Economy, Country, Sector and Company. However, the proportion of CFOs & Finance Leaders who are 'very confident' about the

Country is the lowest as compared to Economy, Sector and Company. Likewise, the proportion of CEO & Board members who are 'very confident' about the economy is the lowest as compared to the other areas.

Chart 4: Companies in the higher sales turnover bracket feel comparatively less confident about the economy and country



The number of organizations who feel ‘very confident’ about the future growth prospects of economy and country tends to decline with increase in overall sales turn-over. Maximum proportion of organizations who feel ‘very confident’ are for the Company, where-as, the least proportion is for Country.

Overall, despite shifting risks and a volatile business environment, confidence in the growth prospects of the future remains high. The participants display relatively highest confidence on future growth for their company and relatively lower for their country.



IMPACT OF COVID-19 ON THE FUTURE OF FINANCE

The impact of COVID-19 pandemic has been felt by business enterprises around the world. While all organizations have been impacted, the perception of the degree of impact to future of finance has a variance, majorly with respect to the industry and the nature of business. In this section we analyze the impact of COVID-19 on the future of finance.

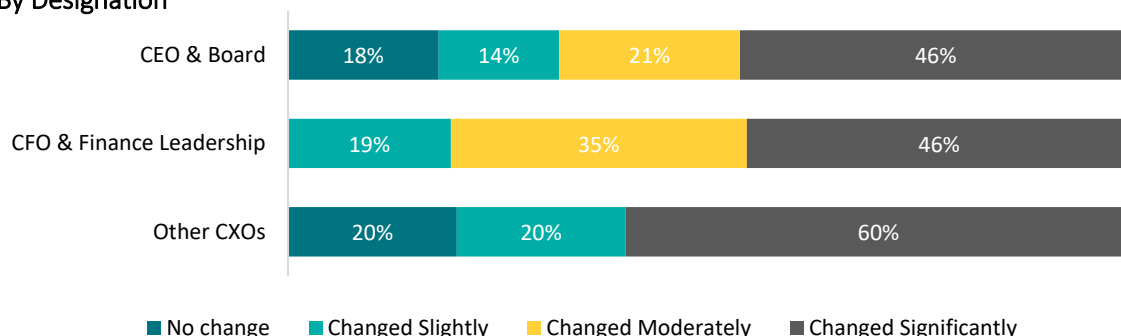
Chart 5: A significant impact of COVID-19 on the future of finance has been perceived



47% participants say that there is a significant change in their ideas on the future of finance as a result of COVID-19. This indicates that organizations need to be prepared for the incoming shifts and continue to align their talent strategies to align with the requirements of the business from finance in the future.

Chart 6: CFOs and Finance Leaders perceived a relatively higher impact of COVID-19 on the future of finance than CEOs and Board Members

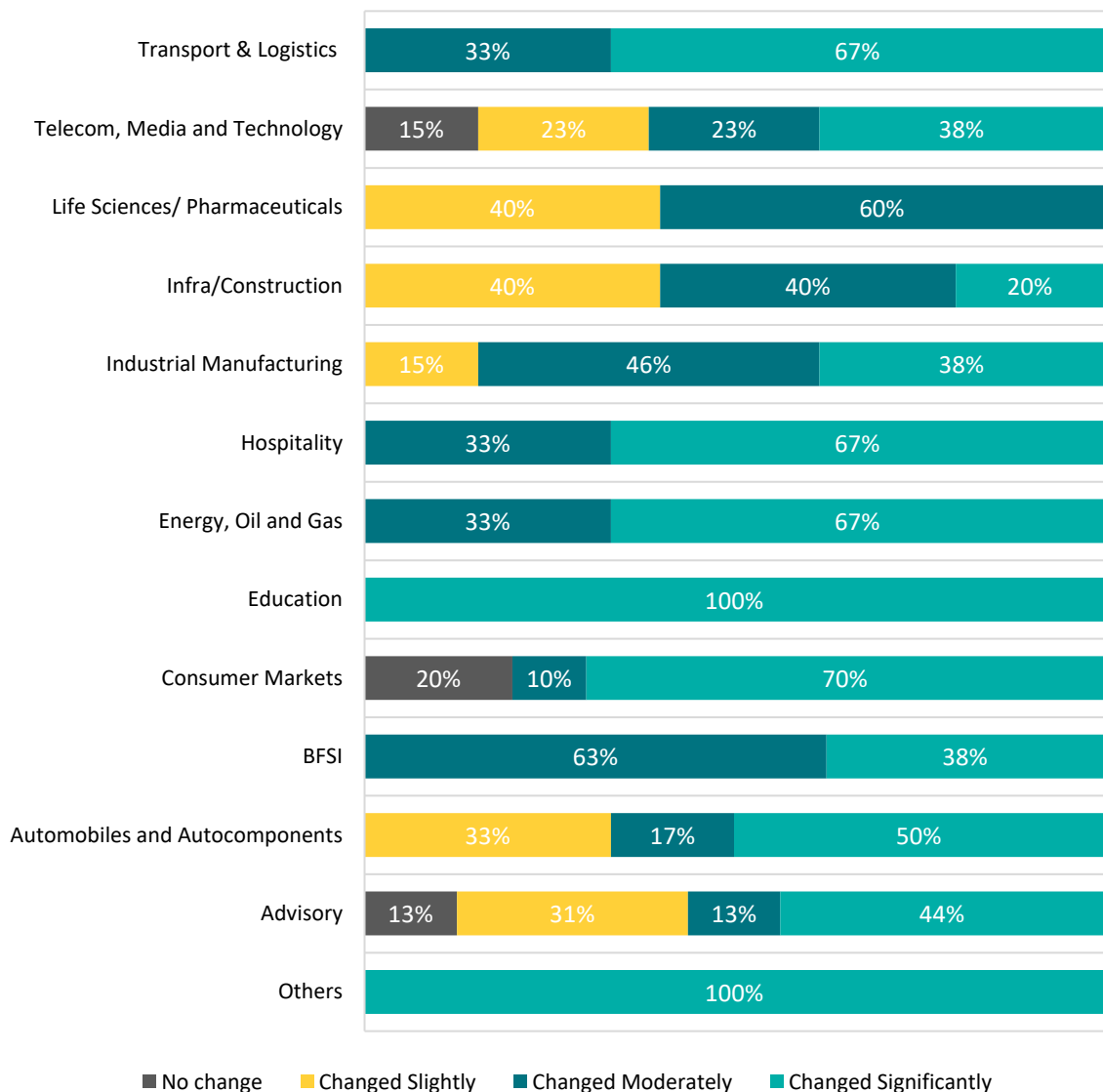
By Designation



81% CFOs believe that impact of COVID will be moderate or significant, as compared to only 67% CEO and Board Members. This trend indicates a strong need for the CFO to articulate the perceived challenges and opportunities to the CEO & Board, and ensure the leadership is on the same page to get the right support and buy-in for transformation.

Note: some figures may not add up to 100 percent due to rounding.

Chart 7: Impact of the pandemic on the Future of Finance, by industry



- Industries which feel the most amount of impact on future of finance as a result of pandemic are **Education, Energy, Oil and Gas, Hospitality, and Transport and Logistics.**
- Industries which feel the least amount of impact on future of finance as a result of pandemic are **Infrastructure & Construction, Lifesciences & pharmaceuticals, and Telecom, Media and Technology**

While the overall impact of COVID-19 has been felt across organizations, there is a significant variation with respect to the level of impact felt across industries. There is a strong co-relation between impact felt across industries and the nature of business, which were subject to varying levels of impact due to restrictions imposed by the lockdowns.

Note: some figures may not add up to 100 percent due to rounding.

EVOLVING JOB PORTFOLIO OF THE CFO

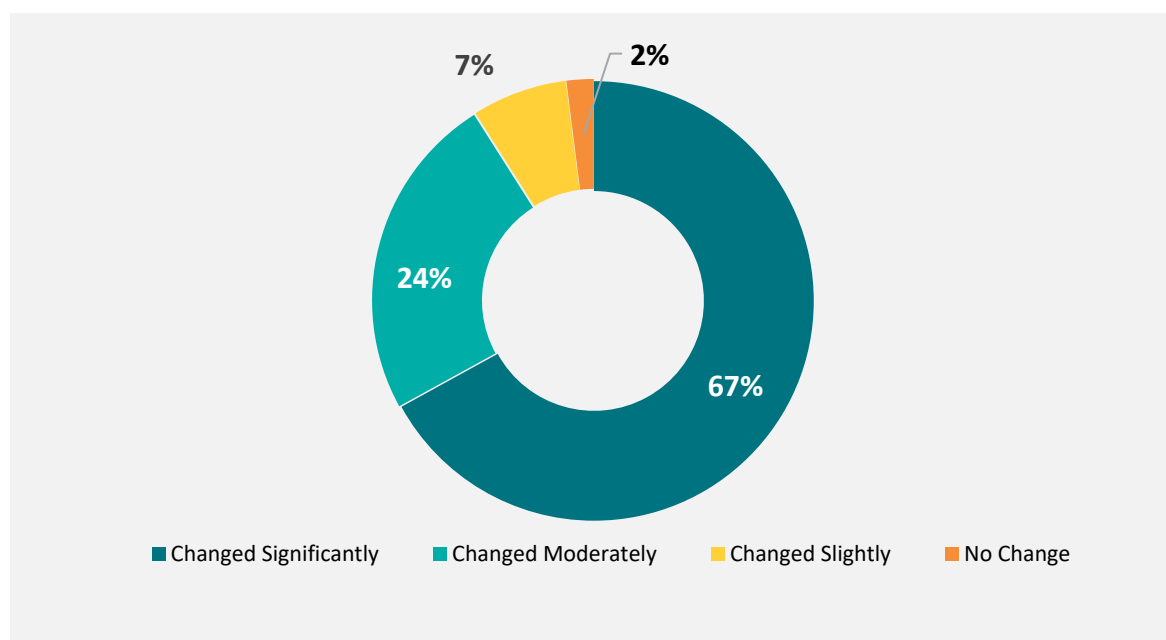




CHANGING ROLE & RESPONSIBILITIES OF THE CFO

With business-as-usual emerging as a non-option in the face of disruption, organizations need to employ some dramatic changes to stay relevant. The role of a CFO is increasingly being sought after by organizations to help steer through these disruptions towards new business opportunities. Thus, it is important for us to analyze and perceive the degree of change to the CFO's role to prepare for the future.

Chart 8: Majority of respondents perceive a significant change to the role of CFO in the next 3-5 years



We asked the participants of the survey to share their perceptions on the level of change the role of CFO would undergo in the next 3-5 years.

As we can see from chart 8, almost two-thirds of the respondents perceive the role of CFO would change significantly. Furthermore, 24% of the respondents feel that CFO's role would at least change moderately if not significantly.

Only 9% of the respondents perceive slight or no change to the CFO's role, almost all of whom are from private and non-listed companies.

Overall, it is observed that 91% of all the respondents perceive moderate to significant change to the role of CFO. This could be due to a variety of factors like increasingly strategic perception of the CFO role, dynamic and disruptive economic and regulatory environment and growing trends in technology that needs to be integrated with the business.

Finance leaders are expected to "co-pilot" with CEOs as they navigate through these changes by leveraging their commercial and financial acumen combined with their understanding of performance insights and business analytics.

Chart 9: CEOs and Board members perceive slightly higher significant change than CFOs and Finance leaders

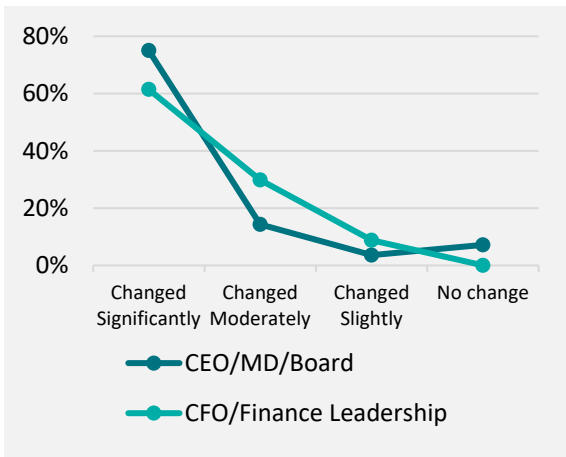


Chart 9 depicts the change perception of the role of CFO from both the lens of CFOs and finance leaders v/s CEOs and Board members.

All the respondents are aligned as nearly 90% of the respondents perceive significant or moderate change to the CFO's role, with CEOs and the Board members perceiving slightly higher degree of significant change.

Chart 10: As revenue increases, the perception of significant change increases as well

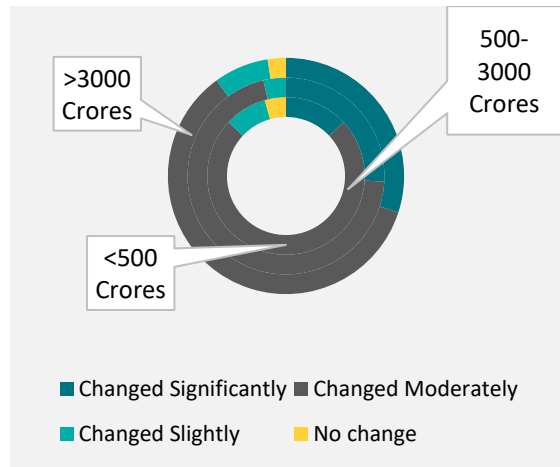


Chart 10 depicts the change perception of the role of CFO with respect to the annual turnover of different organizations.

We see that as the revenue size of the organization increases, the perception of significant change to the role of CFO increases from 13% at <500 crores to 26% at 500-3000 crores and 30% at >3000 crores.

The perception of the change to the role of CFO varies with the demographics but the overall trend signifies a moderate to significant change in the next 3-5 years. This observation lays the foundation for us to delve deeper and understand the specific areas of responsibilities of a CFO which will undergo transformation in the future.



CHANGING FOCUS AREAS & RESPONSIBILITIES OF A CFO

As most organizations perceive moderate to significant change to the role of CFO in the next 3-5 years, it is now important to identify what are some of the changes perceived in the current roles and responsibilities of CFOs with respect to the future.

Chart 11: Significant change to work areas of CFO, with clear upcoming focus areas for the future



Top 5 Areas of Responsibility	
Current	3-5 years in the future
Financial Governance, Compliance and Risk Management	Driving Long Term Business Growth and Performance
Cash Management	Strategic Leadership
Business Operations Transformation	Business Operations Transformation
Capital Allocation	Technology Trends (Digital, Cybersecurity, IT)
Expenditure Control	Talent Management

The table above depicts that areas where CFOs currently spend majority of their time like cash and expense management and handling risk and compliance, are witnessing a downward trend from the perspective of future where areas like driving business growth, managing talent and enabling technology are garnering more focus. It is interesting to observe that business operations transformation remains consistent, suggesting criticality of the role of CFO to the disruptive environment of business operations.



A comparative analysis of the top 5 areas of responsibilities, in present and the future, reveal that the differing areas between the both clearly depicts the current role of CFO to be perceived as a financial planner & controller vs the future role of CFO as more of a strategic visionary and technology enabler. In this section, we further analyze, a comparative study of the perceptions of CEOs and Board members and the CFOs and other finance leaders.

CEOs and Board members	
Top 5 areas of responsibility	
Current	3-5 years in the future
Accounting and Taxation	Business Operations Transformation
Expenditure Control	Driving Long Term Business Growth and Performance
Capital Allocation	Technology Trends
Planning, Budgeting and Forecasting	Talent Management
Financial Governance, Compliance and Risk Management	Strategic Leadership

CFOs and Finance leaders	
Top 5 areas of responsibility	
Current	3-5 years in the future
Business Operations Transformation	Strategic Leadership
Financial Governance, Compliance and Risk Management	Driving Long Term Business Growth and Performance
Cash Management	Financial Governance, Compliance and Risk Management
Planning, Budgeting and Forecasting	Talent Management
Talent Management	Technology Trends

One key difference emerging from tables above is that **Business Operations Transformation**, which emerges as one of the top focus areas for current and future, doesn't appear to be a top priority for the future for CFOs and finance leaders. Instead, CFOs and finance leaders perceive the area of **Financial Governance, Compliance and Risk Management** as an important responsibility area for the CFOs, both in present and future. This is most strongly indicative of the dynamic regulatory environment and its impact on the organization's finances and brand.

Talent Management and **Technology Trends** are some of the new areas which have not been discussed much as part of CFO's current (38% & 23% respectively) portfolio but play a significant role in future (51% & 53% respectively) responsibilities. Even the 'KPMG in India CEO Outlook' Report of 2017 indicates 80% of the CEOs consider investing in disruptive technology as one of top strategic priorities.

Overall, all the stakeholders share similar views on the changing job portfolio of a CFO and agree on majority of the key responsibility areas of the future

"In the past few years, the digital wave has had a great impact on the CFOs' decision making. CFOs are finding new ways and means to get their arms around it. They have to be on top of the information flow at all times. A successful CFO should be in a position to adapt to and embrace the changing requirements."

Mr. Ramaseshan, Chief Financial Officer - India, Cognizant

ORGANIZATIONAL ENABLERS FOR TRANSFORMATION OF CFO's ROLE

We have discussed about the significant degree of change of the role of CFO and the evolving responsibilities for the CFO of future. Also, Future of Finance – CFO Agenda report by KPMG published in March 2021 depicts the organizations' increasing expectations from the CFOs and finance functions to enable effective value management, leverage disruptive technologies, employ modern workforce and align to dynamic regulatory environment. Thus, the focus now turns towards understanding the key factors for enabling this transformation of CFO's role for the future.

Top 5 organizational enablers crucial to the transformation of the CFO



The top 5 organizational enablers to transform the role of a CFO depicted above indicates that more than half of the respondents have voted for these factors. This list remains consistent even through analysis of public v/s private companies and listed v/s non-listed companies.

This gives us a clear list of areas the organizations need to boost in order to channelize the transformation of the role of CFO.

Chart 12: While the CFOs and CEOs share similar perceptions regarding most of the enablers, minor differences are observed in the ranking of the top enablers

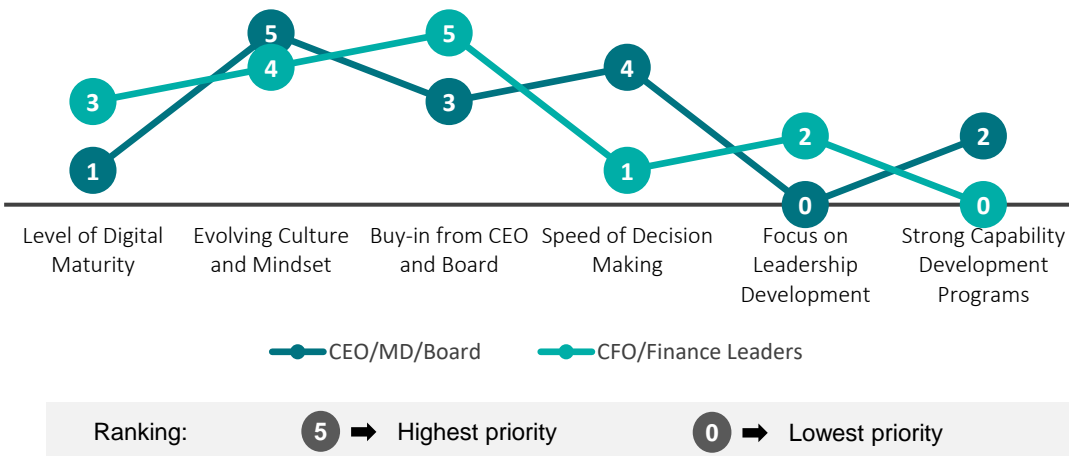


Chart 12 depicts that all the respondents seem to agree on 80% of the overall Top 5 organizational enablers for the transformation of the role of CFO.

The CFOs and finance leaders place the buy-in from CEOs and Board members at a relatively higher priority as an enabler than the CEOs and Board members themselves. This trend indicates a potential disconnect which affects the transformation of the role of CFO.

The CFOs and finance leaders also place digital maturity at a relatively higher priority as an enabler than the CEOs and Board members. This signifies that CFOs and finance leaders perceive technology as a more prioritized enabler than the CEOs and Board Members.

Speed of decision making emerges as highly prioritized area by the CEOs and Board Members for the enablement of transformation of CFO's role which is not seen to be reciprocated by the CFOs and finance leaders.

In a nutshell, the top 5 enablers remain almost consistent and must be implemented to the ecosystem of the organization for enabling CFO's transformation.

The CFO must compliment the CEO and not align every time, so that they come out with the best outcome. There has to be trust between CEO and CFO to have a complementary relationship.

Mr. Ranjan Pant, Board and Audit Committee Member, Schneider Electric Infrastructure Ltd, Advisory to CEO and Board of major conglomerate, former strategy consultant

BUILDING A TALENT PIPELINE FOR FUTURE OF FINANCE

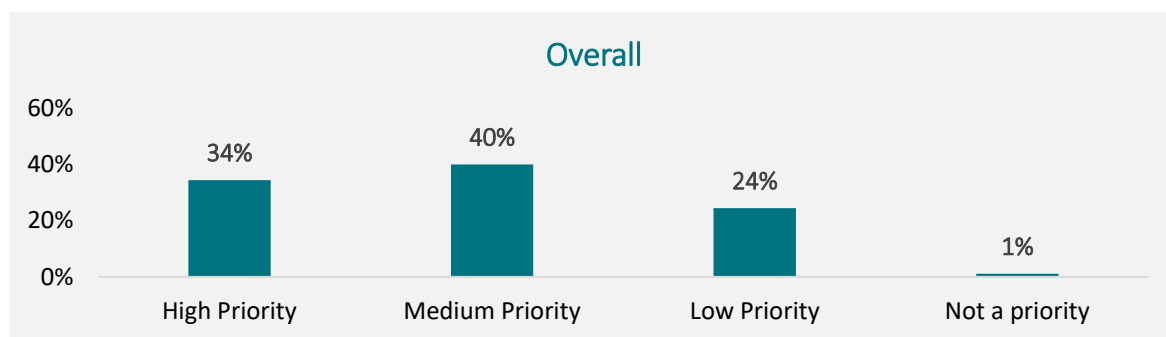




ORGANIZATIONAL PRIORITIES FOR DEVELOPMENT IN FINANCE

Most organisations today are confident about their growth prospects over the next few years and realize the changing responsibilities of finance. This has created a need to prioritize talent management and development in order to meet the changing demands. Our next agenda is to capture the priority that different organisations have set for capability development of employees in finance.

Chart 13: Capability development of finance employees is on medium / high priority for most organisations



74% of leaders said that their organisation considers development of finance employees on medium or high priority which highlights the increased focus on talent post the COVID crisis. Only 1% organisations do not consider development of finance employees on priority.

Chart 14: Listed organisations give higher priority to development of finance employees compared to non-listed organizations

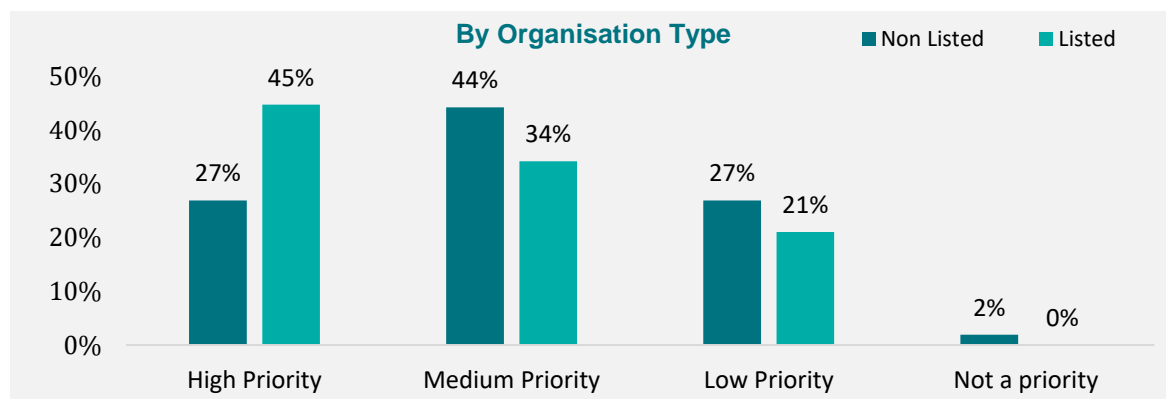


Chart 14 shows a clear difference in the development priorities of employees across listed and not listed companies with the former holding capability development at high priority than the later.



EMERGING FUNCTIONAL SKILLS FOR FINANCE

We linked the changing roles and responsibilities of employees in finance to capability development and derived a list of emerging functional skills for future of finance. The respondents were asked to rate these skills on a scale of 4 on two parameters – a) Importance in the next 3-5 years and b) Readiness of the organisation currently

Chart 15: Relative positioning of emerging functional skills in finance in terms of importance and readiness

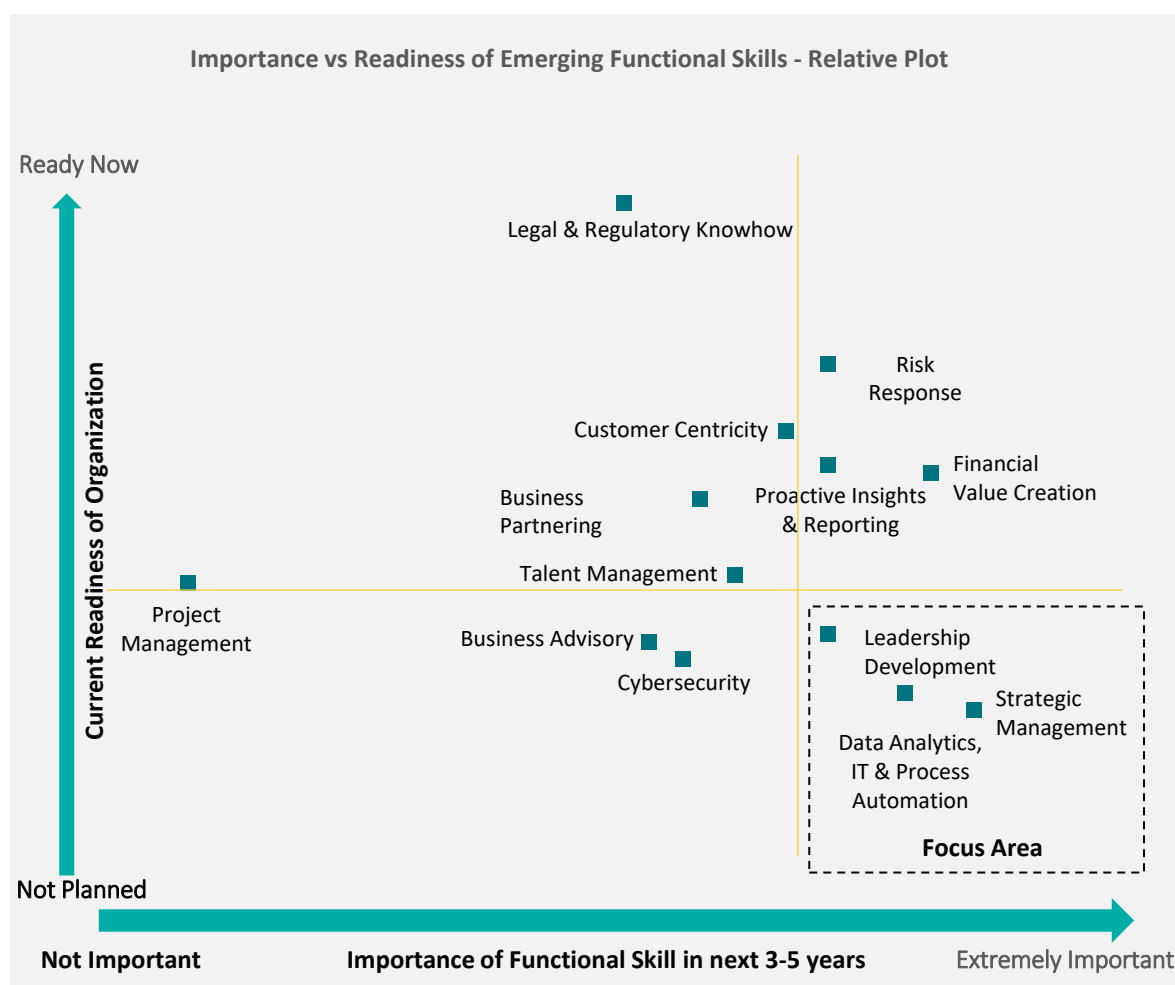


Chart 15 is a relative representation of the emerging functional skills based on the responses of CXOs and board members. The highlighted quadrant 4 shows the area of primary focus for organisations where the placed functional skills have high importance score but low readiness scores. Organisations must drive their talent

strategies to acquire these skills at once – strategic management, data analytics, IT & process automation and leadership development. Strategic Leadership now demands a stronger understanding of the business and investor environment.

As per absolute data from respondents, all functional skills were rated as at least slightly important with respect to the changing roles and needs of the future. So, our focus remains on the relative plot of the functional skills as shown in Chart 15.

As per KPMG’s Finance of the Future – looking forward to 2020 report, the role of finance has shifted from an operations and control agent to a value adding department thereby enhancing the financial performance of the company. In our research, financial value creation emerged as one of the most important skills for the future and even though most organisations are relatively ready with this skill, the high importance demands more focus.

Stakeholders like customers, including regulators, corporate boards, sales and marketing departments, suppliers, and internal and external auditors increasingly expect finance to serve as a true business partner, not a back-office department focused on transactional processing and historical reporting. Chart 15 shows that risk

response, customer centricity and proactive insights/reporting are key strength areas of organisations currently and are ideally placed in quadrant 1 with high importance and high readiness scores. Traditional skills like legal and regulatory knowhow and project management are perceived to be losing its importance.

Talent management is uniquely placed at the centre of the plot and to thrive, companies need a persistent focus on talent to ensure Finance has access to the high-level analytical, design thinking, and technology skills needed in the future.

As per KPMG’s Finance of the Future – looking forward to 2020 report, finance professionals are expected to think and act like business entrepreneurs and strategists with a strong eye on numbers.

The table below summarizes the functional skill requirements of the future in ranked order:

Top 6 by Importance	Top 6 by Readiness	Top 6 Gap Areas
Strategic Management	Legal and Regulatory Knowhow	Strategic Management
Financial Value Creation	Risk Response	Data Analytics/ IT/Automation
Data Analytics/ IT/Automation	Customer Centricity	Leadership Development
Leadership Development	Proactive Insights and Reporting	Financial Value Creation
Proactive Insights & Reporting	Financial Value Creation	Cybersecurity
Risk Response	Business Partnering	Talent Management

Understanding the impact of technology trends is essential for CFOs to understand the new drivers for value creation and resource allocation. This is a clear area for focused development and skill upgradation.

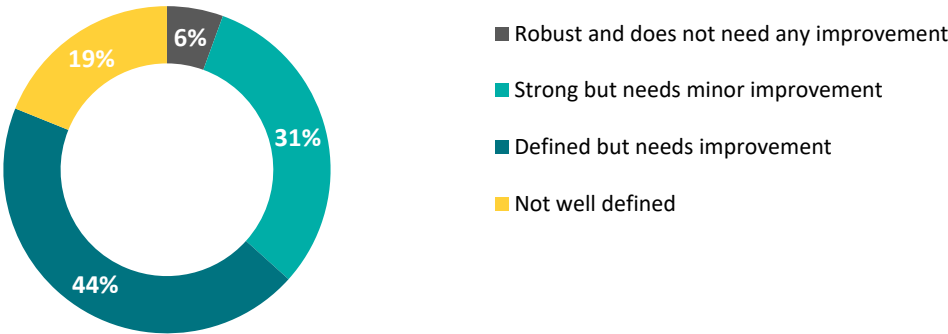
Mr. Sugata Sircar, CFO & Country Finance Partner, Greater India, Schneider Electric



SUCCESSION PLAN TO THE ROLE OF CFO

After narrowing down the areas of development for finance departments of organisations, we asked leaders about their organization’s current succession pipeline to the role of a CFO.

Chart 16: Most organizations have a basic succession plan for the CFO position in place but require significant improvement

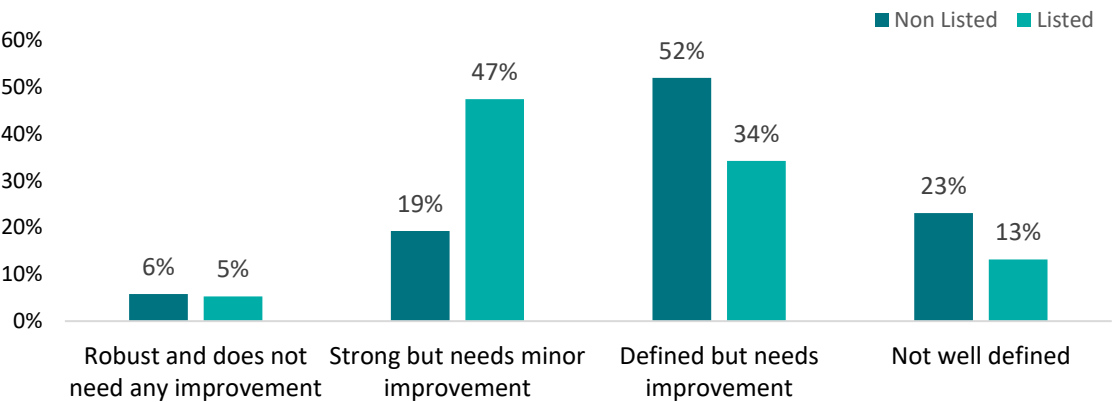


81% of organisations overall have at least a basic succession plan in place, for the role of a CFO. Out of these, only 6% are very confident and believe they have a robust plan which does not need further improvement whereas most others

categorize their succession plan as strong or defined but in need of minor improvements. 19% of organisations do not have a well defined succession plan for the CFO position.

Chart 17: Listed organisations have a stronger succession plan as compared to non-listed organisations

By Organisation Type



A clear difference is observed in the succession planning practice at listed organisations vs those in not listed organisations. Even though they seem to agree on the extremities of the scale, listed companies demonstrate a stronger succession

strategy in place, owing to the compliance requirements of the exchanges. For most of the non-listed companies, a basic succession plan is defined, but needs improvement.



Most smaller organisations with employee strength less than 10000 have a basic succession plan defined, which needs significant improvement. Whereas organisations with employee strength between 10000-25000, have a strong succession plan and larger organisations (>25000) have a comparable distribution across the scale.

Chart 18: Succession plan to the role of a CFO becomes more robust for larger organisations in terms of employee strength

By Employee Strength

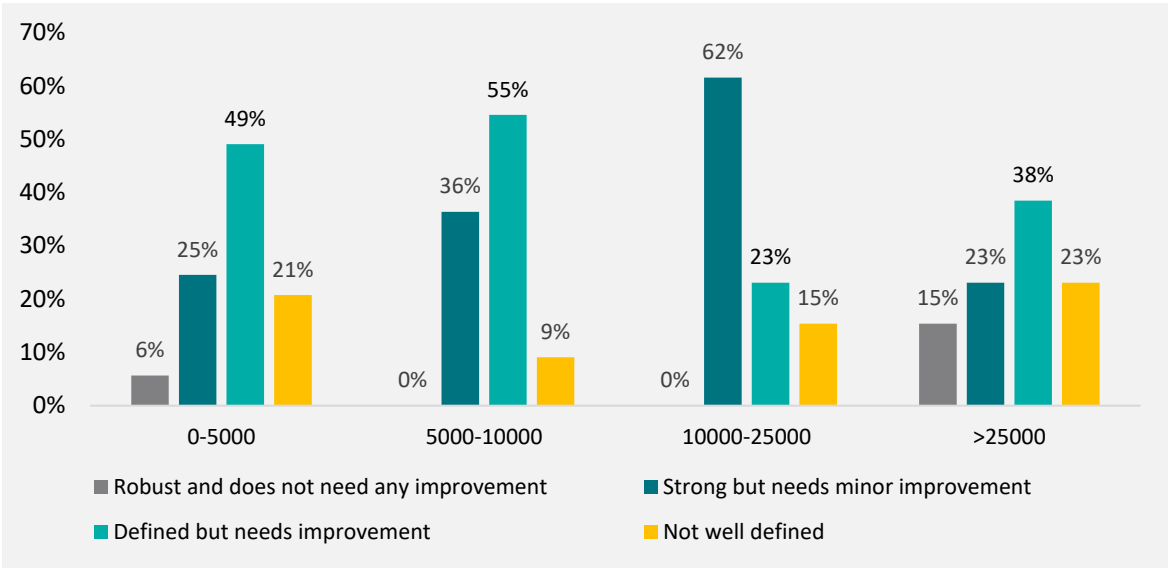
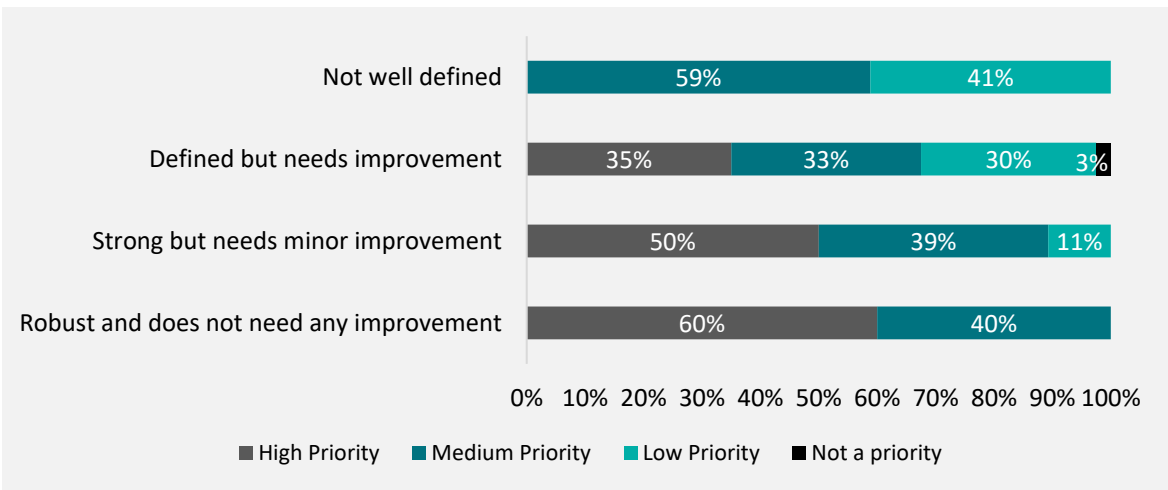


Chart 19: Priority on capability development of employees in finance increases with strength of the succession plan in place

Succession Plan vs Development Priority for organisations



In Chart 19, we have represented a parallel between the robustness of succession plan and priority of development in finance across organizations and observed that for a stronger

succession planning, priority of capability development is also higher and vice-versa. For organizations where succession plan is not defined, development priority is either low or medium.



BUILDING A TALENT PIPELINE FOR FUTURE OF FINANCE



Talent management for finance needs to focus on two levels – Firstly, for the function as a whole, companies need to reskill teams on both hard and soft skills (strategic management, Data analytics etc.). Team composition is moving away from the classical CA/MBA to more diverse business oriented backgrounds. Next, the bigger challenge is the whole area of succession , not just for the CFO position, but also for grooming CFOs to take on CEO responsibilities – board involvement in this is critical.

Mr. Giri Giridhar, EVP & Chief Financial Officer, Indian Hotels Company



More and more organisations are increasing their priority on capability development of finance professionals, with listed companies leading the race. Also, organisations are acknowledging their future needs for finance and realizing the importance of emerging functional areas like strategic management, financial value creation, data analytics/IT/ Process Automation. Partnering with multiple stakeholders and reshaping talent is becoming a core part of finance. Even though organisations are holding talent on high regards, gaps were observed in the current succession planning practices to the role of the CFO, with only

one third of the organisations categorizing their succession plan as ‘robust or strong with minimal improvement’. Although larger organisations seem to have a more robust succession plan in place, the number further reduces for non-listed organisations.

Thus, it is essential for business leaders today, to look beyond acknowledgement and act as change leaders ready to take the leap to the next phase of implementation and transformation to make their practices stronger and drive sustainable growth.



CONSTRUCTING THE CAREER ROADMAP FOR A CFO

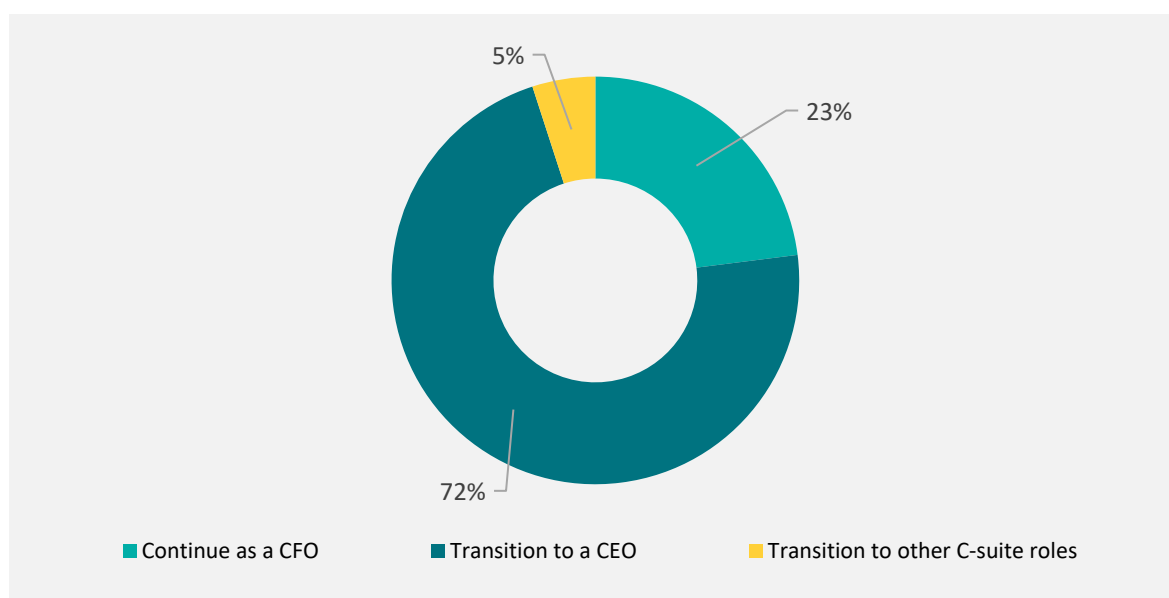




WHAT DOES A CFO ASPIRE TO BE IN THE FUTURE?

Career Pathing for CFOs is important from the perspective of contribution to business development, engagement, and to ensure a strong leadership succession pipeline for the organization. To understand the right career-path for the CFO, it is important to get a sense of the aspirations of the CFOs today to transition to the role of CEO or any other roles, and the demographic factors which may have a bearing on shaping the aspiration.

Chart:20 Nearly Three-fourths of CFOs aspire to transition to CEO



As we can see from Chart 20, 72% of the CFOs have the career aspiration to transition to the role of the CEO while 23% of the CFOs want to continue in their role in the future. The remaining 5% of CFOs aspire to transition to other C-suite roles mention that they want to, in fact, continue as a CFO but with added cross-functional responsibilities.

While analyzing the responses from various industries, it was observed that Education, EOG(Energy, Oil and Gas) and Hospitality sectors have clear aspirations with 100% of CFOs aspiring to transition to the role of CEO.

An analysis on trend of the aspiration of a CFO with respect to employee strength of the organizations, we observe that with increasing employee strength,

the CFO's aspiration to transition to the role of CEO decreases, with minor deviations in between. At the smallest organization size of less than 500 employees, 100% of CFOs aspire to transition to the role of CEO but at organization size of greater than 25,000 employees, only 50% of the CFOs aspire the same.

After observing the trends of evolving responsibility areas of the role of CFO and comparing them with the aspirations of the CFOs, the alignment of both emerges clearly. The 'co-pilot' of the CEO, the CFO, emerges as a strategic leader who aspires to take up the mantle of CEO.



WHICH CRITICAL ROLES ARE CLOSEST TO THAT OF CFO?

It is clear from the last section that the CFOs predominantly aspire to take up the role of a CEO in the future. However, in terms of their career, is the role of the CEO the only option for them? Our analysis reveals that there are other C-Suite leadership roles that a CFO can take up which may align in terms of the nature of work, the skills and competencies required, the areas they enable and the responsibilities they have.

Top 3 roles closest to the CFO role



As depicted above, the C-suite roles, which almost three-fourths of the respondents feel are closest to the role of CFO, are that of the Chief Executive Officer, Chief Strategy Officer and Chief Risk & Compliance Officer.

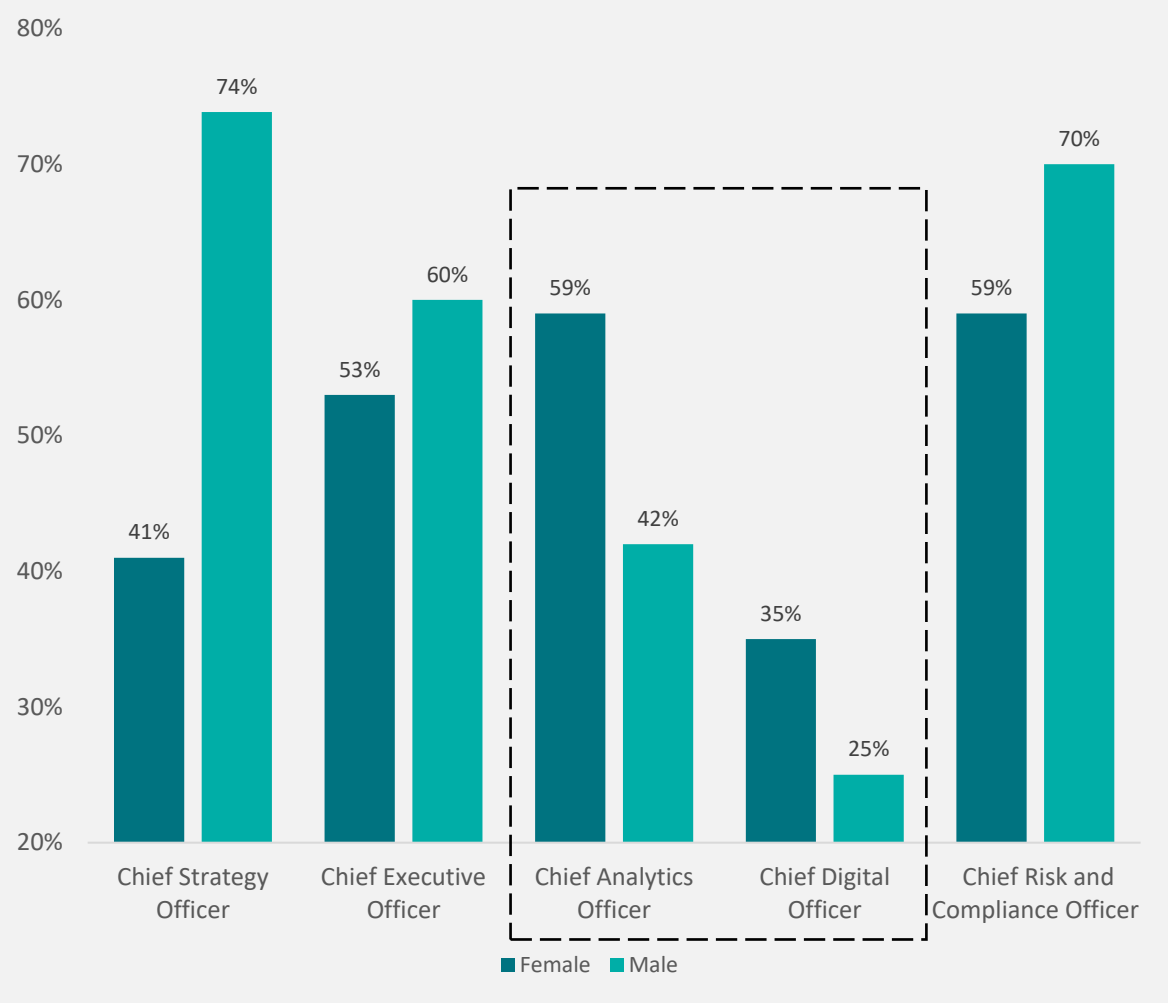
Chief Strategy Officer was one of the most selected option, indicating a strong perception of a CFO as that of a strategic leader and visionary of the organization. Thus, it also aligns with the changing roles and responsibilities earlier indicated as part of future portfolio of CFO.

Chief Marketing Officer and Chief Human Resource Officer were not perceived as roles which are close to that of a CFO. This indicates

that the roles of CMO and CHRO, even after being part of C-suite and handling the similar level of responsibility, are considered functionally far away from the role of CFO.

Chief Executive Officer was selected by 71% of overall respondents, and 50% of the responding CEOs themselves, making it a great opportunity for career progression for a CFO. This also aligns with the aspirations of 72% of the CFOs to transition to the role of CEO in the future.

Chart: 21 Female CFOs perceive the role of CDO and CAO to be closer to that of CFO, than the male CFOs



The chart above depicts that the overall trend seems to be consistent across the two genders regarding the roles of Chief Executive Officer and Chief Risk & Compliance Officer with some deviations.

There seems to be a deviation in perception regarding the roles of Chief Digital Officer and Chief Analytics Officer.

35% of female leaders perceive the role of CDO to be close to that of CFO,

compared to only a 25% of male leaders.

Similarly, 59% of female leaders perceive the role of CAO to be close to that of CFO, compared only a 42% of male leaders.

The female leaders consider CFO to be more of a technology pioneer whereas their male counterparts believe the CFOs have more orientation towards strategy and risk management.



IS THE CFO TODAY READY TO BECOME THE CEO?

As most of the CFOs are aspiring to take on the role of a CEO as their next career step, we questioned the non-finance leadership – (CEOs, Board members & other CXOs) taking the survey, on the current level of readiness of the CFOs of their organisations to assume the role of a CEO.

Chart 22: Most CEOs/Board Members say that their CFO will be ready to transition to CEO in the next 5 years with minimal development



Most of the leaders agree that the CFO's role is taking a strategic turn and the CFO is currently well positioned to understand the C-suite agenda and drive the same in the future by championing transformations oneself. However, chart 22 shows that only 3% of the non-finance leaders feel that their CFO is ready now for the role of a CEO. More than half (57%) of the CEOs and Board Members either don't know or feel that significant development over 5-10 years is required for their CFOs to take on the role of a CEO.

Moreover, as per KPMG's View From the Top Report, 30% of the global CEOs say their CFOs don't understand or assist them enough with the challenges they face with running their organisations.

Interestingly, all the 3% of CEOs who believe their CFOs are ready now, belong to public sector companies. Data also suggests that 54% respondents from private organisations feel the need of significant development in the CFO's transition as compared to public organisations where the number is 25%.

We understand that the potential of CFOs is highly governed by their individual characteristics, personality, skills and learning agility, but let us also look at the exposure and upskilling opportunities that different organisations are investing in for the growth and transformation of their CFOs.





DEVELOPMENT OPPORTUNITIES FOR CFOS

Over the last few years, talent management has become a key agenda for organizations and they have been taking necessary steps to ensure a strong succession pipeline.

Based on the 70-20-10 learning principle, we know that maximum development, specially at the top leadership positions happen on the job through exposure and experiences. Keeping this in mind, we asked leaders about the steps that their organisations were taking to ensure that the CFO gets the right exposure and upskilling opportunities.



According to leaders, collaboration with the board of directors helps the CFO understand the company's vision and future performance needs better. The CFO learns to articulate his/her strategy backed by data and how to get consensus from different stakeholders. Special cross functional projects and global exposure programs also push CFOs to look at problems from multiple perspectives and include learnings from different fields into their work styles.

Data also shows that interventions like job shadowing, reverse mentoring and development

champions are least important and hence limited to a few organisations. These trends remain same as observed across organisations of different sizes and types.

As per KPMG's Finance of the Future – looking forward to 2020 report, the CFOs of the future will need to show courage under fire, having experienced tough jobs, in difficult circumstances, been exposed, early on to strong leaders from whom he or she can learn...And, without doubt, they'll need to have worked across different geographies, businesses and industries."



ENABLING CFO'S TRANSITION TO THE CEO ROLE

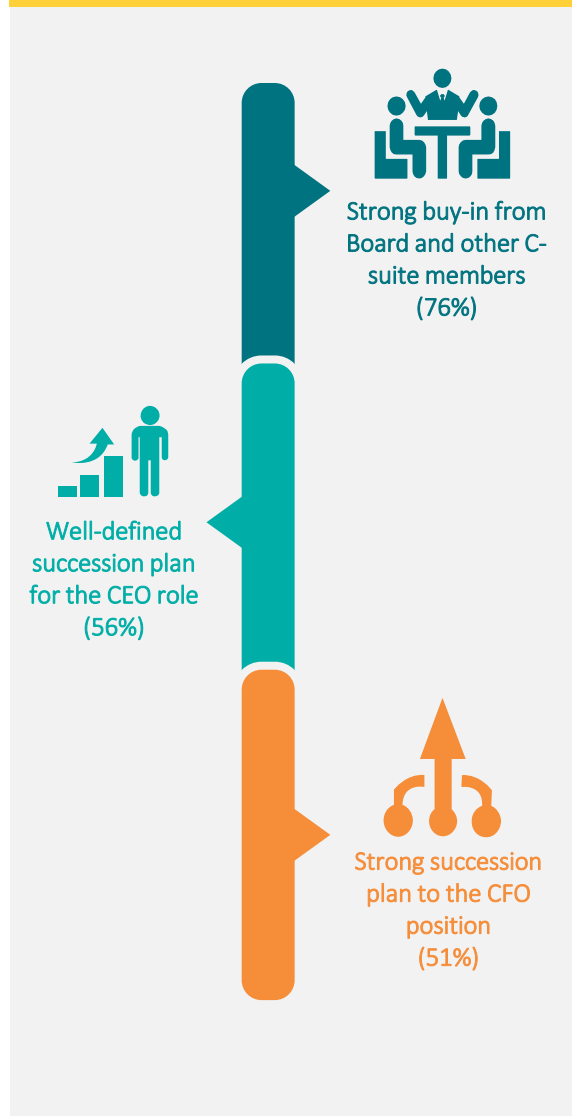




FACTORS ENABLING TRANSITION OF CFO TO CEO

As we have discussed the roadmap of successful transition of a CFO to a CEO, we now need to understand the factors that enable the said transition. There are a multiple action steps that any organization can undertake to help this transition and the survey has concluded upon top 3 internal organizational enablers.

Top 3 internal factors to enable the transition of CFO to CEO



The top enablers for transition of a CFO to CEO as indicated here, have majorly two elements - buy-in from leadership and succession planning of leadership.

An analysis across public, private, listed and non-listed companies indicate similar overall trend with minor deviations. Strong succession plan to the CFO position is prioritized more by the listed and public companies whereas well-defined succession plan for the CEO position is considered as a more effective factor by the private and non-listed companies. While both sides talk about succession planning, they focus upon different stages. The public and listed companies must maintain financial fitness for reporting to shareholders and public. Thus, they need to have a strong CFO in position and for a CFO to transition to a CEO, a strong candidate must be ready to assume the role of CFO.

The key takeaways from the list of top enablers for the transition of a CFO to a CEO are:

1. Strong succession planning to the role of CFO:
To ensure a candidate is ready to replace the current CFO and lack of suitable replacement doesn't hinder the transition of the CFO
2. Succession planning to the role of CEO:
Ensuring that there is a succession plan to the role of CEO, and we are building internal candidates to take up the mantle in the future
3. Buy-in from the C-suite and Board: A supportive culture from the top leadership will encourage the CFO to fulfil her or his aspiration of transitioning to the role of CEO



KEY BEHAVIORAL SKILLS FOR THE DEVELOPMENT OF CFOS

While most companies consider that the CFO’s role is closer to CEO’s, but based on responses from CEOs and non-finance leaders, the CFOs must work on certain aspects to win the confidence of their CEO. This report also covers the key behavioral areas that the CFO must focus on to enable them for this transition.

Chart 23: Behavioral competencies for the development & career progression of CFOs



“The future of CFO is far more strategic than ever before. CFOs now and in the future will be co-piloting with the CEOs to surge through crisis and maintain strong financials which will enable long term value creation.”

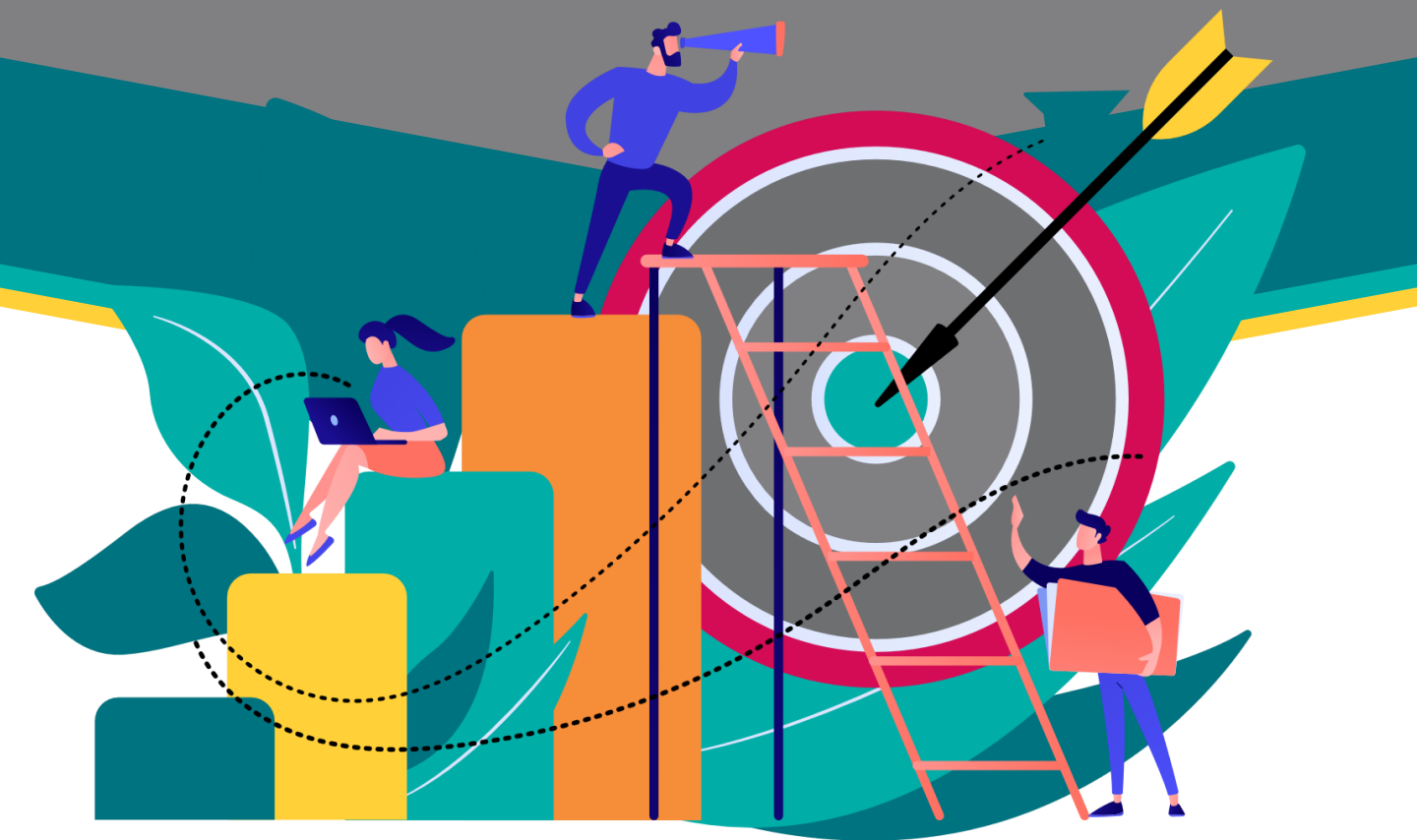
Ms. Vishalli Dongrie, Partner and Head, People and Change, KPMG in India

Chart 23 shows that most leaders believe futurist mindset, business acumen, leadership skills and digital mindset are the top 4 behavioral skills important for the development and progression of CFOs.

While most CFOs agree with the above 4 skills, the CEOs and board members also feel that learning agility and change management are important enablers.



THE CFO OF TOMORROW





FUTURE PERSONA OF THE CFO

CFO: Chief Financial Officer

OTHER JOB TITLES: CFO, VP of Finance, CFO of Business Units, COO

Leads financial planning and value creation for business, manages governance of risk, acts as the Business Partner for driving long term growth and closely involved with CEO to take strategic decisions for the organization.

Role of CFO	Org Position	Other Similar Roles
Business Partner Decision Maker Value Driver	Co-pilot to CEO	CSO, CEO, CRCO, CAO, CDO



Key Responsibility & Focus Areas

- Driving Long Term Business Growth
- Strategic Leadership
- Enabling Technology Trends
- Talent Management
- Business Model & Operations Transformation
- Financial planning and risk governance

Key Enablers for Transformation

- Buy-in from CEO, Board and other C-suite members
- Evolving Culture and Mindset
- Level of Digital Maturity
- Focus on Leadership Development & strong capability building programs
- Speed of Decision Making
- Succession Plan to the role of CFO and CEO

Technical & Functional Competencies

- Strategic Management
- Financial Value Creation
- Data Analytics/IT/Automation
- Leadership Development
- Proactive Insights and Reporting
- Risk Response
- Talent Management
- Cyber Security

Behavioral Competencies

- Futurist Mindset
- Business Acumen
- Leadership Skills
- Digital Mindset
- External Stakeholder Management
- Change Management
- Influencing and Negotiating

ABOUT CFO BOARD

The CFO Board is India's pre-eminent body of financial leaders. Since 2014, the board has engaged in national discourse on policy making and developed a vibrant dialogue platform for CFOs. The Board includes foremost CFOs in the country as members. The Board is dedicated to engage with stakeholders like regulators, policy makers and the larger financial community. The Board works on capacity building activities while interpreting policy and technology change for the community.

The CFO Board crossed a milestone in December 2018 when it became a not-for-profit Section 8 company - 'Association of CFO Welfare India'.

ABOUT KPMG

KPMG India Services LLP, an Indian limited liability partnership firm incorporated on 05 August 2010 and a member of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG is one of the fastest growing professional services firm in India



We are a global network of professional service firms offering multidisciplinary services



We work closely with business corporations and Government agencies, helping them to mitigate risks and grasp opportunities.



Globally, we have over 2,19,000 professionals working across 147 countries.



~10% of global workforce is now based in India.*



Established in September 1993, KPMG today operates from 30 offices* in 14 cities in India



Provide services to over 3000 clients in India, spanning multinationals, domestic, public and private sector companies.



*Including KGS

**Delhi/ NCR includes Gurugram and Noida



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For further queries on this report, please contact secretariat@cfoboard.com. For more details visit www.cfoboard.com

The CFO Board would like to thank and recognize the contribution of the following:

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