



THE CHANGING ROLE OF CFO's CFO's Help Companies to Survive In Tough Times



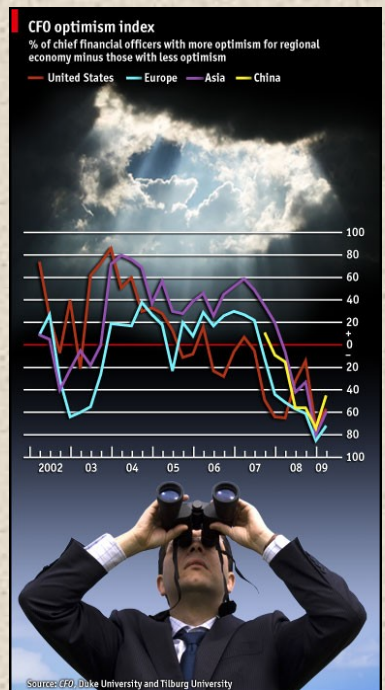
CFO, the abbreviated form of Chief Financial Officer holds a great position in any company. In a company, it is the CFO who acts as the corporate officer and primarily is in charge of managing the financial risks associated with the business. In fact, they are the finance director who is in charge of the financing department as well as the accounting department. The accounting department is bound to answer to the CFO in case of any financial problems. Along with this it is the task of the accounting department to regularly send reports to them.

Not only do private companies hire a Chief Financial Officer. Government agencies and organizations throughout the world also hire CFO's for management of their financial affairs in the business. They generally handle the financial side of the agency or

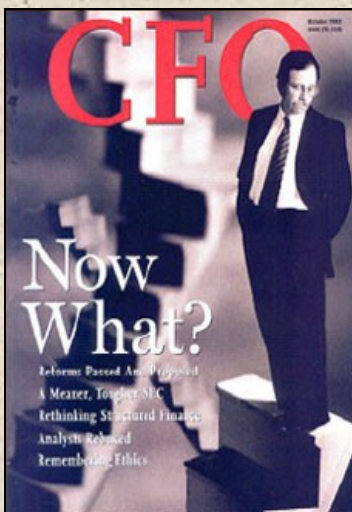
organization.

Some of the financial functions of the Chief Financial Officer include, financial reporting, payment of the bills, billing and collection from customers, payment to the employees, carrying out financial audits by means of internal auditors or through external audit firms and last but not the least give financial reports of the stock holders. A CFO can also not only manage the finances of the company, but they can also help the company to gain profits. Sometimes the affairs and dealings of some companies are quite huge. Such company's hire the Chief Financial Officer not only for the mentioned purposes, but are hired for management of the Human Resources and Information Technology departments.

There are many companies, which in its initial



stage do not pay much attention to the hiring of a CFO. They consider that the financial functions can be managed and performed by other persons in the company. However, this is a great misconception especially if the size of the company is large. In course of time, most companies will require a CFO to manage huge financial dealings of



the company. Therefore it is always important to consider hiring a Chief Financial Officer right from the time the company is launched.

At times, it is the Chief Financial Officer who knows what specific lenders and banks would like to see from the owner of the company before lending finances. If finances cannot be available through traditional means, the CFO will make every attempt to manage the finances from some private investors to make the business successful.

The role of the CFO has undergone significant and dramatic change since the early 1980s, with some of the biggest changes taking place in the last decade. Businesses have grappled with a range of developments in the economic and regulatory environments since the late 1990s.

Given these changes, it is not surprising that the CFO's role is often far from easy or predictable. During the 1990s, CFOs were expected to assume the role of business partner, helping the CEO to develop and execute successful growth strategies. Then, as the economic slump took hold, CFOs had to switch their focus to efficiency and cost control. Today, the CFO's role is more complex and challenging than ever, as he or she is expected to make significant contributions in three key areas:

- Providing strategic business advice and guidance to the CEO;
- Improving the company's organizational controls to comply with new regulations;
- Ensuring the cost efficiency of the finance and accounting function.

One potential solution to the CFO's

challenges is to outsource F&A processes. Indeed, according to Accenture research, F&A outsourcing is rapidly gaining favor as a way to deal with a job that has simply grown too big for most CFOs to handle on their own. F&A outsourcing can help CFOs in a number of ways:

- **Infusing flexibility.** Outsourcing gives finance organizations the flexibility to change with the marketplace—especially as it relates to maintaining profitability. Through outsourcing, fixed F&A costs become variable, which makes it easier for a company to scale down costs when revenues are slow. This helps companies maintain shareholder value even during slow economic cycles.

- **Effectively executing the company's growth strategy.** F&A is the heart of the business, and any growth initiative ultimately has to be linked tightly to F&A to succeed. In outsourcing F&A to a qualified third party, companies can capitalize on standard system platforms and processes that more easily accommodate new acquisitions and ventures into new channels or markets.

- **Gaining access to skills and expertise.** In addition to providing lower costs, FAO offers access to a range of experts who can deliver higher-value services. While this helps all types of companies, it is especially beneficial to organizations in industries that are suffering from a dwindling talent pool.

- **Helping to address regulatory compliance issues.** In an outsourcing arrangement, all processes are standardized and automated by the outsource provider, creating an environment in which highly accurate

data is readily accessible—precisely what is needed to help satisfy compliance requirements. A company outsourcing F&A also benefits from a vast network of professionals who are experts in understanding all the regulations and interpreting them for specific companies.

- **Reducing overall F&A costs.** Outsourcing F&A typically results in lower costs because costs are spread across the outsourcing provider's entire client base, thus generating economies of scale, and the provider has automated standard F&A transactions, which reduces the cost per transaction. In our experience, companies outsourcing F&A typically have shaved F&A costs by 25 percent—some as much as 60 percent.

- **Free CFO time to concentrate on other issues.** By helping to address costs—and to some extent, the compliance and control issue—outsourcing can free up time for the CFO to pay more attention to his or her role as a strategic business partner.

While some may think that the role of CFO has shifted away from strategic advisor to more of a cost-cutter and controller, that's simply not true. The CFO role, in fact, has not become less of anything; it's just become more of several things. By outsourcing F&A processes, the CFO's time is used wisely to make the right decisions, balance the changing demands of the CFO role, and help the company on its journey toward becoming a high-performance business.