



Business partners needed: Results of Deloitte's 2013 Global finance talent survey



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Business partners needed: Finance leaders should innovate to develop the next generation of CFOs

Among finance leaders, there's really no argument about the importance of talent management. In a recent Deloitte survey of finance executives, 92% said it was important, with 34% indicating it was their top concern. So it is perhaps not so surprising to find that a significant majority of respondents – 72% – also indicated that they have a finance talent strategy.

But dig deeper into the survey results, and you'll find a pattern that should be a cause for concern among finance leaders. When it comes to the results of their talent strategies, particularly in the areas of talent acquisition and development, finance actually appears to be losing ground. Forty percent, for example, are not optimistic about their ability to meet talent demands in the future, despite expanding their recruiting and development strategies.

Plus, they're increasingly being asked to meet new needs from the business. Business leaders are looking to their peers in finance for a deeper, more hands-on approach to collaboration. While CFOs and other finance leaders understand the importance of partnering, many of them lead organizations that simply weren't built for that purpose. They didn't hire for partnering skills, aren't outfitted to provide in-depth partnering experiences, and haven't developed the infrastructure to deliver partnering relationships to the business. Likewise, the pressures of globalization and increased regulation are reshaping the finance landscape, leading to new talent needs.

Talent has a big role to play in making the transition to a new model. After all, skills in areas like partnering, market value creation, project management, transformation, analytics and communications are not traditional strengths in finance and accounting. Talent may likely have to bridge the gap.

Figure 1. How important is finance talent management to your finance strategy?

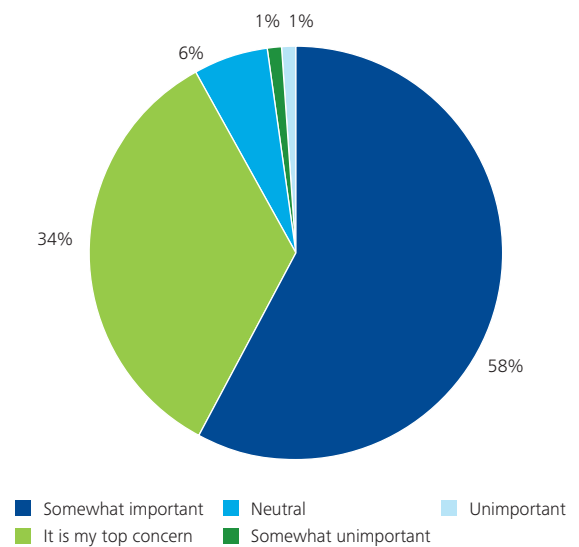
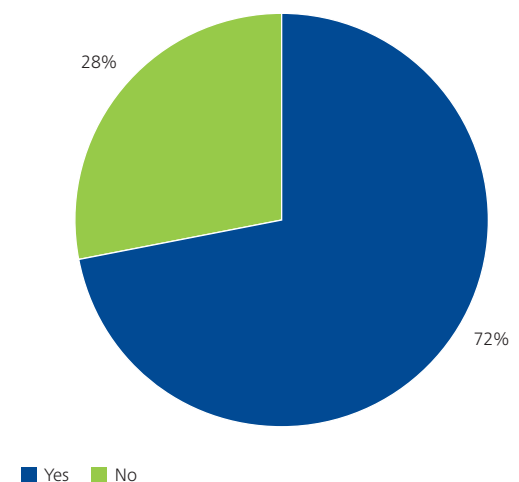


Figure 2. Do you have a talent strategy that is specific to your finance organization?



Our survey results suggest that the talent strategies in place today are insufficient, and finance leaders are finding them difficult to execute. This can be an unacceptable scenario for the finance function, which is facing a moment of significant opportunity: Business leaders are inviting the finance team to step into a more strategic role, but is finance ready to deliver?

In this report, we'll share five key findings from our survey, as well as some thoughts on their implications.

What's in a name?

When survey respondents say they have a finance-focused talent strategy, what does that really mean? While our research to date has not explored what constitutes a talent strategy, our hands-on experience with clients suggests that this often serves as a catch-all term that masks serious inadequacies. For example, a "finance talent strategy" can refer to the finance team's participation in a talent planning and review process developed by the HR function – a worthy activity, but certainly not a comprehensive strategy. An annual or semiannual review isn't nearly enough – the best talent strategies are supported by thoughtful plans for acquiring, developing, and retaining top talent.

Survey methodology and demographics

This report revisits many of the same themes explored in Deloitte's 2007 finance talent survey report, entitled "The finance talent challenge: How CFOs are taking charge." This year's survey was conducted by Deloitte Consulting LLP in the first quarter of 2013. The survey included 312 respondents from three regions: North America; Europe, the Middle East and Africa (EMEA); and Asia Pacific (one-third of respondents came from each region). Industries represented in the survey were: consumer and industrial products; life sciences and healthcare; technology, media, and telecommunications; energy and utilities; and financial services. The largest group of respondents was from financial services (43%), and the second largest group came from consumer and industrial products (23%).

All of the respondents were from companies with revenues of at least \$800 million. A third of respondents were from companies with revenues from \$5 billion to \$20 billion, and 23% were from companies with revenues higher than \$20 billion. Roughly three-quarters of respondents had a title of vice president or higher. Almost half had the title of CFO, business unit CFO, treasurer, or controller. The majority (78%) have been with their company for more than five years and have worked in finance for most of their careers (75%).



Key survey findings

1. Finance, we have a brand problem

Ask finance leaders to rank their talent acquisition efforts in order of importance, and “marketing finance as an attractive option” is near the bottom of the list – it comes in eighth on a list of nine activities. Meanwhile, prospective recruits may see finance as scorekeepers rather than strategists, fueling their move into non-finance positions. In fact, our survey respondents listed the issue of talent being lured by managerial or non-finance positions as their top challenge in attracting talent in 2013.

It’s not for a lack of trying. Finance executives are using more of every method at their disposal, plus new methods, to face their talent challenges – and they are still reporting challenges to finding qualified people in critical areas.

The finance function has changed dramatically in a short time, but public perceptions may have not yet caught up with those changes. As a result, many potential recruits may be making career choices based on outdated views of the opportunities afforded by a finance career. CFOs and other leaders should consider pursuing a targeted, organized brand-building strategy designed to get the word out about the shift to strategy in finance.

Figure 3. Indicate your level of agreement with the following statements about your finance organization’s approach to talent management



Only **41%** of finance executives believe their organization markets finance as an attractive career option

38% of finance executives indicate that financial planning and analysis roles that require broad and evolving skill sets are the most challenging to recruit for

2. The most important talent is the toughest to recruit

Finance executives are looking for talent who can bring more advanced skill sets to their organizations – even when there are plenty of people on the job market, that doesn't mean they meet the criteria finance leaders are seeking. In fact, there is a direct correlation between the areas in which it is most difficult to recruit and those in which talent demand remains unmet. For example, finance leaders report that it is easy to find talent in areas such as procurement, treasury, and accounting. Meanwhile, finance planning and analysis skills are very difficult to recruit for, and many of those positions remain unfilled. These roles require broad skill sets, including the ability to partner with the business – an area that remains a weak point in terms of developing talent.

This may be why so many respondents were so pessimistic about the prospect of meeting talent demands. In 2007, respondents were more optimistic about the future than they were about the present. But in 2013, respondents felt less optimistic about the present than predicted in 2007, and they feel even worse about the future.

Leading practices show a commitment to aggressively implementing programs that deliver a superior employee value proposition, branding the finance organization as a career destination. Not sure where to start? Consider the following: First, define the brand attributes that top talent is seeking, and which your organization is prepared to deliver. Be sure to customize your message to focus on specific, key job markets. Next, have a plan. Are organizational leaders prepared to “walk the talk?” Are the experiences your brand promises consistent with those actually delivered in acquisition and onboarding processes? Do you have a finance-specific branding strategy? If the answer to any of these questions is “no,” it could be time to create a plan for addressing these issues, and more.

With a clear brand proposition and a plan to build it, execution is the logical next step. Remember to focus on both internal and external-facing activities.

One-third of finance executives think they will be unable to adequately meet finance talent in three years

3. Finance leaders are on the hunt for new and different skills

Finance executives report that they have dramatically increased their reliance on novel structures such as shared services, outsourcing, and centers of excellence. What does this development have to do with talent? The skills and competencies required to “own” a financial process from beginning to end are in many cases fundamentally different than those required before the dawn of shared services, outsourcing, and centers of excellence-based approaches.

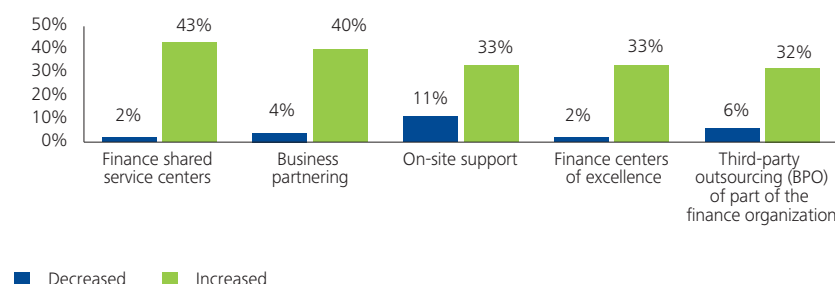
For example, businesses continue to ask for more decision support and business partnering capabilities from their finance peers. Meanwhile, however, the results of our survey show little improvement in the finance function’s ability to support strategic planning or to provide strategic partnering capabilities. Since 2007, finance organizations

Since 2007, the use of all operating models and/or practices has increased by more than 20%

report that they have basically maintained their ability to protect and preserve the assets and ensure finance operational efficiency. During that same time, they report that they have only marginally improved their ability to support strategic planning, and support the business to achieve strategic and financial goals.

This can have serious implications not just for talent acquisition but for development as well. For example, business partnering increasingly shows up as a desired skill, but just under half of respondents say their organizations are prepared to provide the experiences their people need to cultivate the required capabilities. As their organizational strategies shift, so should their talent strategies.

Figure 4. How has the use of the following operating model structures and/or practices changed over the last three years?



4. Finance leaders aren't providing the experiences their people need most

Acquiring the right talent for the future is only half the battle – leaders should have a plan for developing and retaining talent to help ensure that their acquisition efforts pay off well into the future. What does it take for finance talent to develop in their careers and become tomorrow's leaders?

They should have experience communicating with senior executives, board members, and executives. They should have hands-on experience partnering with or working in business units. They should participate in strategic planning and lead special projects. And more. Meanwhile, in the very areas where they say it's most important to lead – and where their talent strategies are presumably focused – the executives we surveyed indicated they're still coming up short.

For instance, survey respondents ranked “communicating with senior executives, board members, and investors” at the top of their list of essential experiences for progressing. But it's dead last on the list of opportunities they are able to provide. Finance organizations should improve their ability to provide critical development experiences to their organizations – for the ability to grow and develop their people and create a pipeline of leaders, but also for morale and retention purposes.

52% of survey respondents ranked “communicating with senior executives, board members, and investors” at the top of their list of essential experiences for progressing. But it is last on the list of top 5 experiences that the finance organization has the means, mechanisms, and programs to provide

Figure 5: Ranking of top five essential experiences vs. opportunities provided

	Ranking of essential experiences for progression	Ranking of opportunity that was provided
Communicating with senior executives, board members, and investors	1	5
Partnering with or working in business units	2	2
Participating in strategic planning	3	4
Leading special projects	4	1
Leading/participating in a financial systems implementation	5	3

5. The leadership pipeline needs replenishing

Where do today's finance leaders look for tomorrow's leaders? The answer says much about the state of finance talent today. The top source of future finance leaders is external – fewer than half of future finance leaders come from internal sources. Plus, most CFOs have not identified a successor.

Finance leaders can begin taking a number of actions today to shore up their approach to developing tomorrow's leaders. Given the rising importance of partnering, training updates focused on this issue can help. While there is no replacement for real-world partnering experience, training has a role to play, too. Finance leaders should also seek opportunities to offer lateral opportunities in the organization to provide valuable experiences in partnering as well as alternative delivery models such as outsourcing and shared services.

Mentoring is another key piece of the puzzle. Many organizations have mentoring programs in place but don't fully exploit them. Focus your mentoring agenda on providing unique developmental experiences where future leaders can witness and practice critical skills, and make sure senior leaders are on board. It can be as simple as bringing a junior colleague to a meeting, using it as a laboratory for exploring a specific skill such as good communication.

Step up to the opportunity

If you're a finance leader who has been concerned that your talent strategy isn't delivering the desired results fast enough, the results of our survey may serve as cold comfort. On one hand, you're not alone. But on the other, the practical challenges ahead may be more difficult to resolve than most leaders expected only a few years ago.

Figure 6. From which of the following sources have you found highly skilled finance leaders (CFO and direct reports) over the last three years?



40% of respondents indicated that they find highly skilled finance leaders from internal talent

However, these findings arrive at a time of rare opportunity for the finance function. After years of working to have a voice in setting the strategy for their organizations, finance leaders are finally being welcomed into the fold by their counterparts in the business. Many of these business leaders received a reality check by way of the global economic crisis, when the need for deeper financial insights became apparent. So today, business leaders are inviting finance leaders to the table for their strategic insights and ability to contribute to smarter decision making. Finance leaders who are focused on evolving their talent strategy along with the needs of the business are likely to find themselves – and their finance organizations – right where they need to be.

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