

ACCELERATE

What Boards Need to Know About the CFO's Changing Priorities

As board members engage with CFOs, they should keep in mind that CFO priorities increasingly overlap with the company's top strategic goals and risks. Case in point: Environmental, social and governance (ESG) metrics and measurement rate as the CFO's topmost priority in Protiviti's latest [Global Finance Trends Survey](#). Further evidence of this trend lies in the fact that a majority of finance organizations are putting new generative artificial intelligence (GenAI) applications through their paces as CFOs address GenAI-related opportunities and risks throughout the organization.

This year's top overall finance priorities feature a blend of business planning and analysis (BP&A) activities (e.g., financial planning and analysis, profitability reporting and analysis, and advanced analytics), automation investments (e.g., cloud-based applications), traditional financial reporting and closing activities, and non-financial reporting concerns such as ESG.

To make the best use of their interactions with CFOs, board members should consider posing questions about opportunities, threats and progress in the following areas:

ESG

Along with stakeholder demands which have driven high "voluntary" ESG disclosures, a new breed of compliance requirements, including the EU's [Corporate Sustainability Reporting Directive](#) and forthcoming [climate impact reporting requirements](#) from the U.S. Securities and Exchange Commission (SEC), have propelled ESG metrics and measurement to the top of the CFO priority list. Finance organizations play a leading role in elevating the rigor of ESG data collection, controls and reporting to the level of financial reporting. ESG reporting – whether voluntary or required by regulation – also requires the board's attention and oversight.

- How is management assessing and managing ESG compliance risks? What steps are being taken to build an ESG disclosure capability that produces information that can stand up to attestation and audits?
- How effectively does the organization address ESG threats and opportunities throughout the supply chain? What is our sustainable sourcing strategy? How is management monitoring ethical labor and social practices throughout the supply chain?
- How are stakeholder interests, regulatory requirements and the rising cost of capital affecting the prioritization of the organization's ESG initiatives? Is management treating ESG opportunities and threats as part of their fiduciary responsibility to ensure the long-term viability and well-being of the company?

Generative AI

GenAI applications can deliver major productivity and performance benefits, as well as innovative improvements to products and services. Leveraging these benefits requires organizations to strike a sound risk-reward balance between pursuing GenAI initiatives and managing risks related to intellectual property/ownership, regulatory and legal compliance, and data privacy, security, accuracy and authenticity.

- What AI governance framework does the organization use to evaluate and manage GenAI solutions? How does this framework address governance, data, engineering, security and operations?
- Does the organization have access to the talent and skills needed to assess potential AI uses that harness the technology's benefits in a risk-intelligent manner?
- How does management intend to brief the audit committee and the rest of the board on GenAI trends, risks, benefits, test cases and usage?

Talent management

In a year defined by persistent inflation, sweeping cost reductions, major ESG reporting demands and rising GenAI adoption, talent management remains a top board concern – and a factor that determines the organization's ability to deal with most other top risks and opportunities. CFOs share this talent management concern (one that hinders the performance of the finance team), and they are working with CEOs and CHROs to overhaul the organization's talent strategy.

- What investments are needed to upgrade the organization's talent strategy so that it is sufficiently data-driven and leverages leading talent management processes, such as enterprisewide skills inventories, rolling talent forecasts, skills modeling, and plans for adapting work and jobs to new technologies such as GenAI and other innovations?
- What types of skills analytics and talent KPIs are being used in HR forecasting and talent-related scenario planning? What do these measures reveal about how the workforce is delivering on strategic objectives?
- What steps is management taking to upgrade succession planning and leadership development activities to reduce current and future talent management risks?

Cost optimization

The strategies and activities CFOs design and deploy to pursue cost optimization and achieve profitability goals must strike a delicate balance between reducing costs and avoiding damaging side effects such as controls degradation, customer defections, talent drain, and the loss of valuable suppliers and trading partners.

- Is the organization designing cost-reduction actions that simultaneously position the organization to achieve revenue and profitability improvements and maintain proper controls?
- To what extent is the organization leveraging technology cost containment, procurement spending analyses and new organizational assessments to achieve cost reductions and profitability targets?
- Is the organization measuring supply chain risks holistically based on costs, reliability and responsiveness? Can investments in supply chain orchestration processes and platforms help drive cost optimization?

Finance transformation and automation

Investments in cloud-based applications are another top finance priority. These and related automation investments are critical enablers of digital transformation. New systems and tools also help strengthen strategic planning, financial planning and analysis, profitability reporting and analysis, and enhanced data analytics – all of which rank in the top 10 finance priorities for CFOs and finance leaders. Also of note, security and privacy of data remains a highly ranked priority globally for CFOs. And while organizations may believe they have this critical issue under better control, finance leaders cannot afford to become complacent amid ongoing transformation initiatives.

- Can investments in traditional finance technologies such as ERP systems advance the finance organization’s capabilities to deliver timely and accurate financial and non-financial data and reporting to key stakeholders while creating efficiencies to reduce costs over the long term?
- How is the finance organization prioritizing investments in advanced technologies, strengthening data models and data governance, and expanding data collection activities to elevate BP&A to a higher level?
- How is the CFO ensuring that data governance is treated as a companywide strategy with clear methods that establish control and oversight of the use of organizational data?
- How is management measuring the organization’s data security and data privacy efficacy and performance? How do current data security and privacy programs align with new and emerging regulatory requirements such as the [SEC’s updated rules](#) on cybersecurity risk management, strategy, governance and incident reporting by public companies?

Interested in learning more? Read our research report, *Accelerate: Assessing CFO and finance leader perspectives and priorities for the coming year*, available at www.protiviti.com/financesurvey.

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