



**CFOs role needs
to be upgraded into CFIO**

humani



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Time has come for a Chief Finance & Investment Officer whose traditional virtues across the 'old-school' of finance must be combined with serious investment skills.

Investing matters. Particularly in the new Global Economy that calls for a Cultural Change in the way we look at the role of CFO.

Time has come for a Chief Finance & Investment Officer whose traditional virtues across the 'old-school' of finance must be combined with serious investment skills in the realms of project finance, private equity, hedge funds, infrastructure, real estate, alternative financing and other asset classes beyond corporate bonds and outdated IPOs.





Introduction

About 40% of the world's capital, some \$64 trillion, is under professional management and that number is growing fast as financial markets mature around the world. That's extremely important especially given that in a post-crisis environment, institutional banks are becoming always more reluctant to finance growth, particularly corporate growth. The last decade has also seen a dramatic change in the landscape of the global economy. There is a wealth of different investment products like alternative financing, crowdfunding as well as a number of funds like distress funds, hedge funds, crowd funds, each playing a different role that can be combined with relevant degrees of freedom. The contemporary CFOs are expected to interpret and make efficient use of them.

To make things even more complicated we have the new cryptocurrencies that virtually would worth another article as well as an unprecedented growth of new regulations IFRS, USGAAP, Sarbanes Oxley, Basil, Solvency 2, MIFID.

At a glance, the era of learnability is here. Financial professionals are expected to learn cope fast and thrive. To do so the new era also mandates for active citizens. The finance profession further to technical skills needs strong socio-psychological background in analyzing the trends of economics combined with a strong algorithmic knowledge and applied financial modeling to get into safer results. Such a combination, though very intriguing from a people expert point of view, it is also very hard to find. It should come as no surprise that we will continue to face a steep increase in the skills shortage in the west if we do not do something at a collective level now.

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The article clearly advocates that the CFO role as it was evolved provides stereotypic rigidity and needs to be further extended to integrate a CIO (Chief Investment Officer) component that will support companies to the next level. In Human Intelligence we see it clearly that such change will also come if and when companies and educational systems invest into developing their financial professionals in areas where there is not a clear map of technical knowhow; but where soft skills will prevail. We see even more flexible schemes on self development, e-learning and crowd knowledge sharing may need to be high in their agenda.

Basic Definitions

Before continuing let us start with some basic definitions as the aim is for this article to reach to audiences beyond the Financial Professionals:

A Chief Investment Officer (CIO) is dealing with the company's investment portfolios, usually reports to the owners or the Board of Directors, and is typically overseeing a team of professionals who monitor the investment activity, work with external analysts and maintain good investor relations. The aim is to interpret the market and manage their organization's portfolio of assets by devising long and short term growth strategies and investment policies; acting as the liaison with investors and recognizing and avoiding serious risks, including those never before encountered. A CIO is expected to explore also innovative and new approaches to the investment process like family investments and crowdfunding as well as project financing. Typically, what we find in south EU is that some of the responsibilities of the above role being combined with other areas of finance within a company and taken on by the Chief Financial Officer (CFO) or Finance Director (FD). The position holds the primary responsibility for managing the corporate finances. This usually includes the overview of all accounting and tax processes, cash flow management, financial planning, data analysis, reporting, planning and record keeping. The CFO typically reports to the Chief Executive Officer (CEO) and the Board of Directors and nowadays it is very common to have a seat on the board where it is usually expected to safeguard the company against financial as well as regulatory risks.

Now that the definitions are clear let us go back to the original question of how the role of CFO changes



A Call for a cultural change



The CFO corporate title is seen much more often than the CIO and this is the aftermath of the role evolution in its core; from the Chief Accountant to Tax and Regulatory Specialist to Accounting Reporting to Financial Planning and Analysis, to the Controlling Officer who may also touch base with the banks and funding institutions, or safeguard that the company follows the stock exchange. A CFO role has to a greater or lesser extent all of the above. Investment management is also been attached to the role. It is rare for companies to have a dedicated CIO.

In HumanI we clearly advocate that it is this exact gradual role evolution that created much damage as many people still see the CFO as a glorified accountant or cashier manager and still attach much of the 'the gatekeeper' demands to the role. This is one of the most crucial cultural barriers hindering its evolution to a real strategic partner. CFOs as strategic partners combine regulatory mandates with innovative thinking and a continuous investment in networking. This is way much more than a simple gatekeeper /regulatory /compliance role.

A further issue is that culturally many of us still see the CEOs as the ultimate strategists. This is a really "paternalistic" view, which leaves clearly to the CFO the role of a financial analyst or at its best a role of numbers interpreter and maybe proposals formation based on financial data.

Indeed, contemporary CEOs evolving from the commercial functions tend to be preoccupied with revenues and commercial activity neglecting that there is at least an equally or even more important function of investment or funding management that the role of the CFO needs to bring to the table.

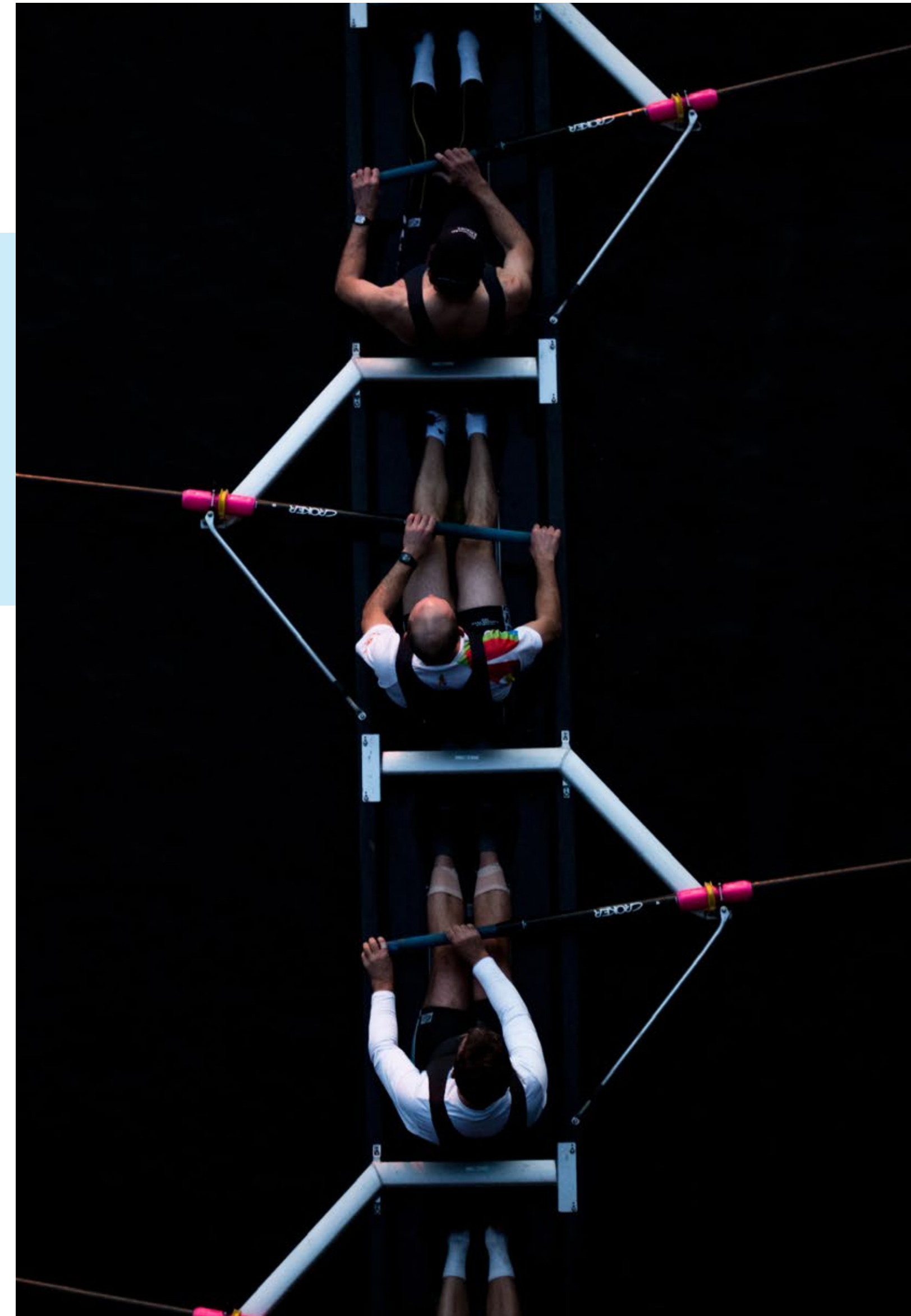


As the experts in finance people, in HumanI we have witnessed many financial professionals struggling to go beyond the traditional gatekeeper role as they are either denied the budget, or have superficial ERP systems (or just excel) and more importantly, sometimes lack the knowledge or the roadmap to change to the strategist role. We have also witnessed that though there is an increase of demand in sound investment skills, companies proceed without taking out some burdens of the other responsibilities connected with a rather 'gatekeeper' role. For instance CFOs are found covering the role of controllers leaving no time for investment responsibilities.

A Call for a cultural change

Against such cultural hinders there are strong advocates calling for a role evolvement from the traditionally viewed financial gatekeeper to a strategic advisor and partner of the CEO [1], [2]. In fact McKinsey does report that 88% of 164 CFOs surveyed claimed that their CEOs expectations of their role is to be more active participants in shaping the strategy of their organizations. Half of them also indicated that CEOs counted on them to challenge the company's strategy [3]. However, we should also spot that the road is till bleared as a similar 2016 survey of CFOs suggests that their new role has been overhyped; with 52% of CFOs still finding themselves bogged down in the basics of traditional accounting practices such as transaction reporting and unable to make time for business partnering [4].


Indeed, the rising of technologies and globalization bring a stronger focus on data analytics and modeling needed to support decision making , which adds more pressure on the Finance Professionals to address the tension on finding the time to meet the expectations of their C-Suite colleagues [5].





A Call for a cultural change




For many organisations these have meant the creation of an extended finance function based on 4 distinct pillars:

 An Accounting organisation structured sometimes as a shared service;

 A Financial Planning & Analysis organisation responsible for driving financial planning processes as well as insights into financial and non financial KPIs that drive business performance;

 A Finance Business Partnering organisation that supports the leadership of divisions, regions, functions to drive performance improvement and, last but not least.

 Expertise centres around the areas of Tax, Treasury, Internal Audit, M&A, Investments and Funding, Project Financing. Sometimes these particular expertises are outsourced.

The above set an alarming message in the competences needed for the finance professionals. It is obvious all of the duties of the CIO could be vested in the role of CFO. A practice that could also partly be sustained by budget cuts or by the fact that Accounting and Finance are, in reality, the distinctive parts of the same corporate financial cycle that can be taken over by accountants and controllers. Strategically, the CFO should, further to the overview of the daily functions, start moving towards dealing with the bank loans, funding or looking for other sources of financing. There is much common ground in both CFO and CIO. Common formal training, relevant know how, as well as competencies and skills needed in data analytics, risk assessment, strategic funding development and modeling and of course sound competences in managing strong specialists and external stakeholders.

However, we should not downgrade the fact that when the duties of overseeing the corporate finances, treasury and investments are combined in one single role then we call for professionals who need to be clearly strategic; An open mind towards delegation, a strong business acumen, and very active memberships in the society. Indeed, Human1 is not the only one firm who calls that the role needs to be seen from the part of the human and cultural aspect and not purely on the mechanistic view of competences.

A Call for a cultural change



“The CFO of tomorrow should be a big-picture thinker, rather than detail-oriented, outspoken rather than reserved, prefer to delegate rather than be hands-on, emphasize what gets done rather than how things are done, and make collaborative rather than unilateral decisions” [6].

“The CFO must serve as the financial authority in the organization, ensuring the integrity of fiscal data and modeling transparency and accountability. It should not be confined to that of the gate keeper or the policeman, but play an equal part of the governance and oversight as the Chief Executive Officer (CEO). Both roles should play a fundamental part in strategy development and its critique. Companies cannot afford to have a CFO work in a vacuum or simply view the role as one implementing regulatory frameworks, KPIs, overseeing accounting, tax and reporting. The CFO is a strategic player in stockholder education and communication” [7]. “The CFO in the new era of complexity and volatility entails a clear leadership agenda. A strong team builder who sets the financial agenda for the organization, supports the CEO directly and provides timely advice to the board of directors” [8]

All of the above voices call for an extended CFO to CEO role way beyond an extension to CIO that we clearly advocate. In HumanI we strongly believe that if further regulations are to be implemented we also need a safeguarded framework to allow CFOs have a clear saying in the board without the threat of exit in case their views are not liked. Indeed, the CFOs /CIOs who have survived through the recent challenging market cycles, wherein yields remained low for extended periods do have quite of stories to share as they were expected by the Boards to navigate through these challenges and uphold the fiscal security of the organization.



The Corporate Word to Grow needs a Finance & Investment Officer (FIO)



We call for the companies who wish to become our business partners to understand the demand of the new era for sharing of the strategic responsibilities between their CEO /CFO /CIO. Especially in in the post austerity and capital controls Greece we call for CFO people who hold strong innovative thinking that goes beyond mere expense cuts, regulatory implementations or bank loans renegotiations into new ways of funding and investment management. During these turbulent times there were CFOs who managed a complete strategic shift leading the way to new unregulated markets, taking extreme risks like entrepreneurs supporting their companies strategically in finding their way to to export or invest into China, Iran, South Africa or the UAE.

In HumanI we clearly advocate that progressive thinking business partners need those handful professionals who will take the risks to search and go after alternative financing. However, we do not see yet that the Greek companies do value such profiles. Even large, internationally focused, companies or groups see it difficult to have a CFO who goes beyond a mere negotiation with the systemic banks to support strong modeling, aiming for alternative financing. This does not deter us at all to state clearly that our partners need to have CFOs who do have the know how or at least the networks to check if their ideas or projects are bankable. They may need people who do hold the know how and the riddles to get to the investment banks like Mijuho and Morgan Stanley and get the financing, and avoid pushing their companies under expensive systemic loans or EU supported programs of questionable worth or value.

Being experts in the field with a combination of front line and corporate experience we clearly make the case that we need professionals with strong people skills that can support the transformation of the role, become internal and external advocates aiming to build strong teams to support strategic functions like Commerce and Supply Chain with proper KPIs.

We need people who are capable to support and manage risk successfully while thinking strategically of the bigger picture and of course out of the financial or better the accounting and tax box. This is a very crucial factor when one considers that current duties of the CFO will often include deciding what feasible amount of an organization's operating funds may be put towards investment activity with as a low overall risk to the organization as possible. This needs strong know how on both corporate finances and investment management to tailor the portfolio of the company's investments in order to create a desirable balance between risks and returns of investments [8] [9]. We need CFOs who under the pressure of funds deprivation will need to make the call to invite funds to take over parts of the company but hold the know how and the personas to treat the funds in a way to avoid putting at risk the company's mere existence. A short look of what has happened to Folli Folie in Hellas will convince even the fainthearted that the CFO who knows how to play the game with the funds is the one who puts the company ahead of the game in financing and ahead of the competition [10].



HumanI Calls for Investment in Training and Development

We are faced with yet another paradox of asking too much from a single role without investing at all in its training and development. Indeed, our Educational Systems, the Academia and Regulatory Organizations, promote largely the role of the 'gatekeeper' rather than that of the strategic progressive partner. They clearly prefer to train people in CIMA, ACCA, IFRS and create more regulations to increase conformity levels rather than challenge the status quo and have the skills to find alternative financing. In HumanI being people oriented we see a clear call for training and development.

It is not due to luck that in project financing and investment firms we see people coming from engineering, physics, mathematics and computer science. The profile needed is an amalgam of sound engineering principles, physics work and may also need the idea of the small computer gods. As a social scientist I do know that in the near future we will see psychology and sociology also incorporated in the companies.

The new era calls for extended and combined skills that go beyond the simplistic approach of a glorified chief accountant or an analyst to a strategic innovator. In HumanI we clearly see that the new era calls for an open-minded, supportive and strategic CFOs, capable of understanding the investment products, bold in accepting the accountability and capable to sustain the risk to navigate the companies through continuous turbulence.

Companies, Board of Directors and CEOs need to be more open to accept and promote such a role to lead also their investments further to their expenses and corporate finances. The era calls for an extended CFO to CEO profile. The investment privilege been vested only in the CEO or the ownership of the companies is long gone. It is time to attain the future properly. Progress will prevail one way or the other [11]

In HumanI, being part of the corporate world accepts its fair share of its own responsibility for not pushing further for a cultural change or at least safeguard through regulation that the conflicting aspects of the 'gatekeeper' with 'the challenger of the status quo' will be surfaced and dealt with effectively. We aim to increase awareness through strong advocacy and disruptive thinking and hope to find business partners willing to support our efforts.

***We call for a Chief Finance
& Investment Officer*** —



CFO | Senior Project Finance Investment Consultant, ICONIC Project Finance Advisory

Yiorgos has + 20 years experience in Athens, London, Middle East. Strong specialization in Financial Management of Large Corporations with deep experience in buyouts/ Mergers/ Acquisitions and Project Finance for Maritime/ Solar /Wind deploying Project Finance, Corporate and Alternative Financing facilities. Being an engineer from the National Technical University of Athens with a 'laissez-faire' leadership style have made him a distinguished financial executive in its field and is currently considered one of the top three Investment Managers / Project Finance Structurers in the City.

His career path is indicative of his strong experience. Started working as an Analyst for 6 years in one of the BIG5 of London, proceeded to 5 years in Financial P3 /PPP modeling in EU /Belgium and passed through Greece for 4 years as a CFO for a Group Media /Athens, where he implemented probably the only one project financing in the country. Over the past 11 years he has been working at London City as a Senior Associate Partner evaluating / funding 18+ public / semi-public projects in Europe, the Middle East and Africa.

He is a strong mind but very comfortable and patient in communicating demanding concepts to non experts; characterized by completeness in his analytical thinking, reliable mathematical logic and creative initiative. A Strong people manager and experienced in establishing and managing heterogeneous /multicultural groups. He holds a Postgraduate Diploma in Business Administration & Finance Engineering from the National Technical University of Athens. He is registered both as Professional Engineer and Financial Analyst.



**Yiorgos
Andrianopoulos**



Returning the persistent call for the transformation of the traditional CFO towards an integrated Chief Finance Investment Officer role, humani in cooperation with top-tier professionals from the global Project Finance community is to run the first ever real-world Financial Engineering seminar.

With a focus on the practical implementation of advanced quantitative techniques and cream-of-the-crop qualitative system we expect the CFIO Seminar to showcase how advanced analytics and data combined to solve bigger problems. When CFIOs follow this approach to provide actionable insights, their organization realizes exponential benefits, with a greater than 10x return on investment.

The CFIO Seminar is designed to assist Science, Technology, Engineering, Mathematics graduates; Economic/Finance degree holders upgrowing Financial Managers, as well as seasoned CFOs to advance in the ever-transforming financial engineering landscape. It is flexibly delivered over a hybrid format consisting of in-class and online sessions taught by leading practitioners.

Members are to start learning structured financial modeling and alternative financing tools that are deemed to become mandatory surviving kits in the complex economic environment.

The CFIO Seminar is converging the Knowledge Partnership of ICONIC Project Finance Advisory under the Academic Supervision of the CFIO and Socially Responsible Project Finance Structurer Yiorgos, Andrianopoulos, PE|EUR-Ing|MS.



HumanI is an Executive Search firm, satisfying the needs of organizations for C-level, Senior and Middle positions, or specialized projects in the Engineering and Software functions. In parallel, through our partnerships we support HR Digital Transformation initiatives and build data analytics to facilitate informed decision making.

Founded in 2018, we offer a combination of different experiences, international exposure, networking and a solid ethical ground that guarantees bringing the best talents on board. We operate on a continuous sourcing process; assessing market opportunities, building our networks, meeting talented people with a fair potential for current and future needs. Our competitive advantage stems from the collaboration of diversified people with backgrounds in HR, Psychology, Coaching, IT and Finance.

Our brand “HumanI”, stands for Human Intelligence, encompassing our belief that no matter how multifaceted, digitally advanced or artificially intelligent a system may seem, it will always be a creation of Humans. This human aspect and ethical part of our work makes us unique in what we do. Ethical Headhunting; treating our candidates as our true clients, investing time and effort, consulting them on their careers. Supporting our companies as genuine strategic partners, investing in understanding their own internal needs and market trends.

Our people follow ethical codes of practice, towards both our candidates and partnered companies. As partners, we will explore true underlying needs, providing solutions that add value and match companies’ potential to change. Likewise, after placing a candidate, we periodically follow up to see how the executive adapts and provide support when truly needed.

Each person is UNIQUE to us.
After all, talent resides in deviations; embracing it, is the only way forward.

About HumanI

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Specialties

Ethical Headhunting
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Data Analytics
HR Digital Transformation
and HR Positions

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