The expanding role of a Private Equity CFO

The days of CFOs just doing the numbers have been consigned to history. The contemporary Private Equity portfolio company CFO is increasingly viewed as a commercial leader, they are expected to weigh in on non-finance matters and play an active role in helping their organisation implement new initiatives. Adding value beyond finance, by improving operational processes and becoming proficient in non-finance functions is a necessity of the role and demands that a CFO makes continuous development in new areas of expertise.

At our recent CFO Forum, we spoke to headhunters Adam Akbar and Aled Homer from Bronzegate about how the CFO role is becoming more dynamic, and the unique challenges facing finance leaders at PE-owned businesses.

EQ vs. IQ

An increasing prerequisite for success as a PE CFO is emotional intelligence and this is as important as general intellect when building relationships at all levels of the firm, from 'boardroom to factory floor.'

In addition to internal relationships, a CFO needs the diplomacy to effectively bridge the requirements between investors and the board.

Operational Focus

These relationship skills are key to forging meaningful partnerships across the business, especially with operational teams such as commercial, sales, and operations. CFOs are now expected to add value beyond finance through focus on operational processes - partnerships with the team in its entirety helps to drive value creation plans throughout the business.

Taking on Non-Financial Responsibilities

As the role broadens, CFOs are becoming responsible for non-finance functions such as IT, and so their skillset and expertise are continuously evolving. Studies have shown that the top areas in which CFOs are taking on non-financial responsibility are strategy and development, scaling the business, legal issues and operational projects.

Effective Communicator

Often seen as the 'glue' that gels the Boardroom, the PE CFO needs to be precise, knowledgeable and commercial in their Boardroom interactions. In recent years, CFOs have begun to be viewed as commercial leaders not just finance leaders and they are expected to play a vocal and visible role in helping an organisation implement initiatives. With this, comes a complex array of internal and external relationships and an ability to communicate at all levels is important.

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Change Agent

Transformation is the norm for a PE CFO and often they are the leader driving this change. A CFO will be expected to remain resilient and flexible as they navigate diverse changes, from M&A to turnaround - all while ensuring the change is driven in the context of what can create value and align with the wider business objectives.

The Full Spectrum CFO Doesn't Exist!

The above attributes of a CFO cover a broad spectrum, and they will not necessarily have strengths in each category but will be judged on the robustness of delivery from the finance team across each aspect. From Systems & Processes, Technical Accounting, Financial Control, Commercial and Strategic Finance to FP&A, it is rare to be an expert in each category and the importance of having the right support through the finance team cannot be understated. A talented team to whom day-to-day responsibilities can be entrusted is paramount for a CFO to maintain focus on the bigger picture and create value for investors, despite the challenges of such a varied role.

Oakley works with expert advisers such as Bronzegate, as well as our in-house specialists, to help our portfolio companies recruit and retain the best CFO talent for your business.