

# The 21st Century CFO



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Globally, the past decade has witnessed enormous changes bringing with it a volatile, uncertain, complex and ambiguous (VUCA) environment. Hence, the CFOs responsibility has become more critical to hedge his or her organization from external macro-economic factors, industry moves, pressure on profitability etc.

The 21st century CFO wears more hats than just one. In this new role, CFOs are creating enormous value for the various stakeholders within and outside the organization, by providing guidance on matters of strategy, ensuring and enforcing regulatory compliance, anticipating operational impacts of business decisions, and mitigating risks. They are enablers of organizational change, positioned at the absolute center with complete control on the financial aspects of the business, as well as being abreast on the technical aspects for being future ready.

*For the 21<sup>st</sup> Century CFO, it is critical to:*

- *Know Your Environment*
- *Be a Valued Financial Expert*
- *Manage Your Relationships*
- *Ensure Adherence to Policies and Standards*
- *Flex Your Mind*
- *Lead Your Team*
- *Manage All Core Financial Activities*
- *Be a Credible Business Leader*
- *Influence Business Direction*
- *Support Key Business Initiatives*

Expected to be business generalists, risk management experts and business intelligence sources, the new-age CFO is called upon to catalyze organizational transformation and act as a strategic partner to the CEO. There is no denying, that the rapid pace of the current business and economic climate necessitated this change, where CFOs had to look beyond just putting in cost control and risk management measures. The changing dynamics of the market has led to challenging situations, especially finance, which requires major innovation and tremendous amount of hard work, thus making the role of a CFO extremely crucial.

The good work done by the CFO is eclipsed in the performance of the company. With such a broad range of responsibilities, modern CFOs have quietly transitioned into the role of being the CEO's 'go-to' person in all matters concerning the business.

In my view, being in the finance function enables you to have a bird's eye view into the business. The finance function is in a unique position to support or lead the creation of sustainable success for the business and influence the strategy of the organisation.

It is important that organizations & its CFOs can change, flex and adapt to the demanding world around them to succeed, although many businesses feel uneasy at the prospect of change. The top challenge remains preserving and sustaining revenue growth in existing and new markets while grappling with low consumer demand and high borrowing costs. The CFO will need to up his/her game in a wide range of growth-related activities while balancing long-term growth with short-term investor pressures. Apart from this, cost management and talent retention would be the next level of challenges for the CFO to address.

*In order that we stay ahead of competition, there is a clear focus that I drive:*

- *To focus on value-added activities that can differentiate and drive the business forward*
- *Apply emerging technologies to drive the next generation of efficiencies in the business*
- *Achieve service quality excellence through automation or outsourcing wherever possible*
- *Monitor market opportunities and make investments that allow the organization to take advantage of emerging demand*
- *Equip the organization with the agility to accept and implement a continual flood of new regulatory, control and reporting requirements*

The day-to-day tasks of a CFO extend from providing commercial insights to leading multiple projects, building trusted relationships and even being the face of the brand. Being a CFO translates into wearing many hats, thinking strategically about investments, and working closely with every department of the company. It is a cog in the wheel, which keeps the company running on a day-to-day basis.

### **New skill-set acquired with the changing role to CFO**

The CFO's role has so far been stereotyped. The CFO has always been seen as the controller, but I believe that a CFO actually contributes to more than 80% of the roles in the company and must have various skill sets to help the business operate in a dynamic environment. As a CFO, it is necessary to establish systems and processes at every level where revenue and expenses are involved, besides identifying the right platforms and tools that will help monitor growth, achieve transparency and support data mining.

Resource mobilization, merger and acquisition, corporate finance, compliance and risk management are areas that give a CFO a bird's eye view into the business. It is essential to have in-depth knowledge and understanding of the business, its financial status and regulatory and tax requirements.

It is also extremely essential to forecast, plan and analyze the company's growth chart at every stage. Financial leaders play a vital role in the creation of long-term sustainable value. The finance function is in a unique position to support or lead the creation of sustainable success for the business and influence the strategy of the organization.

CFOs today also don the role of a chief brand custodian that is passionately involved in the success of the brand and is as involved as the CMO in reinforcing the brand in their words and actions.

In the given economic scenario, financial and operational forecasting is something, which can allay losses or lessen it largely. In addition, this state of preparedness cannot be built overnight. As the Group Chief Financial Officer and Chief Strategy Officer of a national trade facilitator Blue Dart, I follow a very simple thumb rule – starting a month / quarter / year by assuming that, it will be the most difficult one. This enables better planning and ensuring prudent measures. It is not what you do, but what is your planning strategy that makes one a winner.

At Blue Dart, cost-saving measures are applied at a more holistic level. The obvious strategies we implement are cost optimization and rationalization and revenue increase from new products, introducing new value added features and penetrating new markets. We are sure that even if we curtail costs, it cannot be at the cost of service quality, since service quality matters the most as customers become choosy of spending and want more from less.

### **CFO: The Risk-taker**

Today's CFO has an expansive financial perspective with a view of the "big picture". That is why risk – with its bearing on all aspects of an organization – must be viewed through the CFO lens. By monitoring the economic impact of risk, CFOs are most adept at managing resource allocation and scenario planning. CFOs must use risk management to improve the predictability of results, optimize resources, protect organizational assets and enable growth. Seizing business opportunities is often heavily dependent on the CFO's ability to identify, assess and manage risks.

Risk management demands top-tier attention for three primary reasons:

- The pace of business complexity is so brisk that it's outpacing the sophistication of risk management, leaving businesses vulnerable
- The risk implications of unfavorable media are tremendous and impact on the business is immediate
- The correlation between risk management and bottom-line performance is strong and direct

With inflation rising, there is no denying that cost pressures have been increasing. Though the express industry is highly dependent on the economy, our financial results have been good. Blue Dart performed reasonably well on all fronts and capitalized on its strong brand equity and focused growth plans, customer loyalty, service quality and strong workings with group companies. Over the years, Blue Dart, as a brand, has evolved to become synonymous with reliability and trustworthiness in delivering shipments across the length and breadth of India. It has always made a conscious effort

to create a bond with its customers and has, today, become synonymous with value, quality, speed, efficiency, responsiveness and service excellence. These are the reasons why customers trust Blue Dart with their consignments which has resulted in Blue Dart winning the 'Business Superbrand' for the tenth time in a row in 2017.

We have implemented various cost-mitigating measures like the Fuel Surcharge Mechanism for Aviation Turbine Fuel (ATF) cost and Diesel Mechanism, Currency Adjustment Factor (CAF), reduction in working capital, renegotiations of real estate cost, and attractive long term contracts during the slowdown. Amongst the various optimization efforts undertaken, key ones have been the reduction of Operating Cost per Move (OCPM), Operating Cost per Kg (OCPK), and Cost per Kg (CPK) in air and ground network, Sweating of Assets, Better Return on Capital Employed (ROCE) and others. Whilst staying focused on cost, we have also propelled the organization in the direction of innovation and sustainability.

### **Enterprise Risk Management (ERM)**

As the enterprise, landscape becomes more complex, customers more demanding, and computing devices more abundant and powerful, the need for business resiliency is of critical importance. Resilience is the ability for Blue

Dart to adapt and recover from any unplanned impact to the business environment by managing risk and implementing contingency and continuity planning.

Blue Dart developed its disaster recovery plan to ensure a documented, detailed, tested blueprint for directing the recovery process in the event of a man-made or natural disaster. In general, a “disaster” is defined as any event that causes sufficient interruption of computer operations that the decision is made to move those operations to an off-site recovery location.

Disaster recovery plans are designed to restore the company’s applications, data, and physical network within established critical timeframes that minimize the impact on the business, with respect to lost revenue and operational interference. Furthermore, disaster recovery planning is also critical to ensure compliance with mandatory business regulations.

### **Looking ahead**

My goal is to create more CFOs in future, to identify and recognize these future CFOs that demonstrate outstanding potential and leadership capabilities combined with a great record of accomplishment of excellence and integrity. There is an enormous need for organizations to formalize succession planning and talent development processes in order to cultivate a healthy pipeline of future finance leaders. Blue Dart, as a company, knows the value of second-line development and succession planning. Our leaders strictly follow this philosophy and approach, and at all levels communicate, engage and guide our people in achieving their goals and ambitions.

I have always considered myself a ‘scalable’ professional, always willing to learn and re-learn. Disruption is the new normal, I would like to be a person who constantly stays ahead of the curve and is on the cusp of innovation always, and indulges in the finer aspects of life with great work life balance.

My personal motto has been “Stop Doing Nothing”. I love to engage myself in new, unexplored activities that lead to personal milestones of happiness for me and people in my immediate surroundings, family, friends and colleagues.

Increasing our personal happiness quotient, believe me, is the best thing one can do to improve one’s health, performance and contribute to the organization and society. The fire in the belly is still intact.

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