Overview

Key Findings

• A CFO transition is a disruptive event for an organization and its people. To get them right, preparation matters.

• A well-engineered transition process accelerates a new CFO’s success and creates more value for the organization.

• Top priorities for CFOs new to post include understanding organizational context, building trust among team members and peers, developing a clear vision and strategy, and establishing a personal brand.

Recommendations

CFOs in transition will be most successful by tailoring an approach (based on the CFO profile and transition scenario) using these four overlapping phases:

Prepare — Understand context-related risks, which can make or break your transition. In particular, mitigate finance team change-aversion and uncertainty, and ensure finance team agility and alignment. These have the largest impact on CFO transition success.

Connect — Develop a structured, not “gut-feel,” approach to relationship building — assess which stakeholders impact the function’s performance and define your personal brand. New CFOs that do this are 50% more likely to succeed in their transitions.

Assess — Assess the finance function’s performance as well as process maturity, talent profile and organization design to ensure it can support the business. Getting the basics right enables the CFO to broaden influence and impact.

Act — Establish a strategic vision for finance, and communicate a roadmap and targets to achieve it. Setting a vision aligns employees’ mental energy and actions around the CFO’s ambitions, ultimately improving productivity.
Analysis

Introduction

Transitioning into a new CFO role can be one of the most stressful, yet rewarding, career milestones for an individual. But a new CFO is also a disruptive event for an organization and its people. A well-engineered transition process accelerates a new CFO's success and creates more value for the organization.

Although transitions can have a dramatic impact on the organization’s performance, most organizations approach new leadership transitions as one-off events. The optimistic scenario, and common expectation, is that transitions present the opportunity to quickly set up the new CFO for future success. Frequently a more negative scenario plays out, as a poor transition risks undermining the value of the new CFO through slow knowledge transfer, employee disengagement and myriad other unwanted outcomes.

In fact, new-to-role CFOs often have to self-navigate their transitions, while trying to establish a new vision for their organizations and quickly execute initiatives and changes. New CFOs face an overwhelming number of competing tasks during their first few months in seat. What should they prioritize?

Figure 1 presents Gartner’s CFO-in-Transition Framework, which provides an approach for addressing priority CFO issues in transition. It is not expected that CFOs new to post will execute all activities listed in the framework, but rather identify the priorities that fit their profile and situation.
Figure 1: CFO-in-Transition Framework

**Prepare**
- Team change management
- Role clarity
- Team alignment and agility

**Connect**
- Stakeholder relationships
- Team trust
- Personal brand

**Act**
- Clarity immediate priorities
- Establish strategic vision, update roadmap
- Address risks
- Measure improvement

**Assess**
- Operating model, governance and organization
- Talent, skills, competencies
- Performance, cost, process, culture

**Leadership Transition Priorities**

Transition Scenario

Transition Profile
**Prepare** — Understand context-related risks, which can make or break your transition. In particular, mitigate finance team change-aversion and uncertainty, and ensure finance team agility and alignment. These have the largest impact on CFO transition success.

**Connect** — Develop a structured, not “gut-feel,” approach to relationship building — assess which stakeholders impact the function’s performance and define your personal brand. New CFOs that do this are 50% more likely to succeed in their transitions.

**Assess** — Assess the finance function’s performance as well as process maturity, talent profile and organization design to ensure it can support the business. Getting the basics right enables the CFO to broaden influence and impact.

**Act** — Establish a strategic vision for finance, and communicate a roadmap and targets to achieve it. Setting a vision aligns employees’ mental energy and actions around the CFO’s ambitions, ultimately improving productivity.

All leaders in transition have common challenges. They are constantly bombarded with new information. They must learn on their feet, adapt as they learn, evolve their personal “brand,” form a new team, establish a new network of stakeholder relationships — and on top of that, make day-to-day operational and strategic decisions. It’s a period of immense opportunity and risk.

The individual CFO profile and enterprise transition scenario will generally drive the top priorities for the new CFO. Table 1 summarizes common CFO profiles transitioning into the role. Table 2 describes common transition scenarios. Coupled together, these two transition drivers will determine the new CFO’s top priorities for effective execution. Figure 2 presents the common top-10 priorities for CFOs in transition.

**Table 1: CFO-in-Transition Profile Summary**

<table>
<thead>
<tr>
<th>CFO Profile</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First-Time CFO</strong></td>
<td>Concerned about executing day-to-day operations, delivering on time and on budget, and solving problems. Opportunities to build business relationships and provide strategic vision.</td>
</tr>
<tr>
<td>Internal hire</td>
<td></td>
</tr>
<tr>
<td><strong>Interim CFO</strong></td>
<td>Concerned with keeping continuity and executing day-to-day operations. Much like the first-time CFO, opportunities exist to develop business relationships and provide strategic vision.</td>
</tr>
<tr>
<td>Internal hire</td>
<td></td>
</tr>
<tr>
<td><strong>Consultant CFO</strong></td>
<td>The consultant hire may have prior knowledge of the organization. Building trust among stakeholders and staff are often a priority, as they need to impress now as a CFO more than an expert.</td>
</tr>
<tr>
<td>External hire</td>
<td></td>
</tr>
</tbody>
</table>
The veteran CFO knows what it takes to be successful. Building stakeholder relationships and establishing their brand early on will accelerate impact. But if they are from another industry, they will have to rapidly come up to speed.

### Table 2: CFO-in-Transition Scenarios

<table>
<thead>
<tr>
<th>Transition Scenario</th>
<th>Keys to Success</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Breaking New Ground</strong></td>
<td>Clearly define responsibilities and objectives, and understand the stakeholder ecosystem.</td>
</tr>
<tr>
<td>The CFO assumes a newly created executive position.</td>
<td></td>
</tr>
<tr>
<td><strong>Jump-Starting</strong></td>
<td>Quickly understand organizational and team contexts, and use networks and the team to drive change.</td>
</tr>
</tbody>
</table>
| The organization needs to move in a new direction quickly.  
Change-agent role. |                                                                                  |
| **Following a Train Wreck**  | Create a clear vision, and strengthen relationships affected by underperformance. |
| The predecessor was not successful. |                                                                                 |
| **Keeping the Train Running Smoothly** | Continue successful programs and operations while identifying opportunities to grow the business. |
| The business is focused on continuity. |                                                                                 |
| **Replacing an Icon**        | Clarify the role and forge relationships to legitimize and advance the new agenda. |
| The predecessor was very successful in the job. |                                                                                 |

Source: Gartner analysis
Many CFO transitions fit into one of the five scenarios listed in Table 2. Clarifying your transition scenarios will help you customize your game plan.

The combination of your profile and organizational context will also provide the appropriate context for addressing key issues as you continuously Prepare, Connect, Assess and Act. This research presents the framework with actionable steps and Gartner resources that can address your key transition issues and accelerate your time to success.

It would be nearly impossible to address every CFO transition element listed in this report during your transition period. The intent of this note is to provide perspective across a broad menu of transition issues you may face so that you can prioritize what matters most to you, and to connect you to the right resources.
Prepare

Prepare to mitigate context-related risks, which can make or break your transition.

Gartner research indicates that the context in which new CFOs find themselves can have a direct impact on their performance. We also found that factors such as change aversion and uncertainty, as well as team agility and alignment (which are discussed below in more detail), can make or break a transition. New CFOs must understand the contextual factors that can impact their performance and proactively plan to address them or account for them (see Figure 3).

Figure 3: Impact of Context Factors on CFO Transition Success

Impact of Context Factors on Leadership Transition Success

Preparing for your CFO transition includes:

- Mitigating team change aversion
- Minimizing team change uncertainty
- Facilitating team agility and alignment
Mitigate Team Change Aversion

Our analysis shows that there is a negative relationship between “Team Pressure to Change” and new CFO performance. The greater the volume and scale of change that the new CFO needs to drive, the higher the probability that finance team performance targets will be hurt. But not everything related to change is negative: If the incoming CFO joins a team that is comfortable with risk and open to change, the chances that the new leader will succeed increase. In fact, the higher the team’s “Risk Tolerance” or “Openness to Change,” the larger the positive impact on new leaders’ performance.

The best way to accomplish this is through an Open Change approach, harnessing the power of the broader finance team to collaborate, create and implement change — ultimately driving employee excitement and buy-in for change. In fact, when an organization uses an Open Change strategy, the probability of change success increases by as much as 24%. The defining actions of an Open Change approach — and what differentiates it from traditional, top-down approaches to change — are:

**Co-create change strategy with employees, don’t just dictate it.** CFOs engage the finance team as active participants in making and shaping change decisions, instead of determining them alone. They communicate options for the future, get feedback and then choose a certain path — the purpose is not to come to a consensus before acting.

**Enable employees to own implementation planning, not just their managers.** CFOs shift ownership for implementation plans to the finance team, recognizing they are too far removed from how work gets done, especially as a new addition to the organization. Many use the V2MOM (vision, values, methods, obstacles and measures) method — cascading the company (or finance adapted) V2MOM throughout the finance team, then letting the team determine how to get there themselves.

**Focus change communications on talking with employees, instead of just telling them about it.** Instead of creating communication campaigns that tell finance about the change and its benefits, change communications focus on building open, employee-driven conversations. Consider hosting in-person workshops to discuss change rather than digital-only communications, and rather than discouraging employees from sharing their negative feelings, allowing employees to express their anxieties as a group.
Minimize Team Change Uncertainty

CFOs must help their teams navigate change uncertainty — uncertainty during change negatively affects engagement and productivity. The best way to do this is by making their teams feel empowered. To accomplish this, new CFOs must:

**Provide teams with support, not just directives.**

- Understand whom finance will need to work with that they don’t already, and how you can connect the team with those who would be helpful.

- Align systems and structures to the change, and provide the team with training for these new systems and structures.

**Create an environment where finance employees feel like they can innovate and experiment and be comfortable with risk taking.**

- Shift change planning to the finance team; for example, provide broad guidance using key milestones that the organization (and function) must achieve, but allow individual teams to identify how they will help achieve those milestones.

- Give the team ownership over specific projects. As long as the vision is clearly articulated, more autonomy can be given by the CFO — define the “lane markers” team members can and should be allowed to innovate within.

**Connect with employees so that they can get the answers and resources they need.**

- Create avenues to support peer-to-peer interactions; encourage finance team members to share change insights horizontally, not just top-down.

- Replace communication campaigns with bottom-up conversations — shift authority for change communication to finance managers, emphasizing personalized, honest, two-way dialogue instead of overly positive storytelling.

**Actively seek feedback from employees.**

- Move from “tell” to “talk” communications by building a finance team of change challengers — encourage employees to challenge the people around them (e.g., leaders, managers, peers) to think and work differently.
Facilitate Team Agility and Alignment

Finance work is highly dependent on collaboration and coordination with others. As such, new CFOs must consider how their teams connect with other stakeholders and understand the trade-offs between agility and alignment. This needs to be on new leaders’ radar even before they get into their new roles, as our research shows that these two factors really do matter and do lead to more successful CFO transitions.

Team agility is the ability to quickly understand new business contexts and change how finance is working to provide the most value for the organization. While CFOs can make a number of changes to improve their function’s agility, these are the most common and successful approaches:

**Master transactional activities:** First, get the basics right — master repeatable, transactional day-to-day activities and processes. Without this, finance will not have the capacity to move quickly to respond to, or pursue, new changes.

**Break down silos:** Technology makes it easier than ever for finance teams to improve information flow and centralize data for easy access. In addition, CFOs can break down silos by integrating their teams — which can also improve productivity and reduce costs.

**Rethink talent strategy:** Although the financial acumen of finance staff is valuable, CFOs should consider additional finance team competencies to continuously adapt to changing internal and external environments. These competencies could include data manipulation and visualization, big data expertise, and entrepreneurial and innovative mindsets.

**Boost analytics capabilities:** With the help of real-time data, cloud technology and even machine learning, CFOs can improve finance’s ability to respond to new business requests, and conduct new types of analysis, in a timely manner.

**Upgrade processes:** Transition from command-and-control, hierarchical processes to more flexible ones. This could include reforecasting frequently to incorporate new information, or continuous planning and driver-based forecasting.

**Build relationships:** It is difficult to be agile when you don’t have the ability to see around the corner to anticipate issues and consider reactions. Dedicated finance business partner roles are one approach CFOs can take to build this capability.
Team alignment is the ability to create focus and rally the team around changes, and move away from legacy behaviors. But as finance teams become more agile, they are more susceptible to being misaligned due to constant change and more moving parts. CFOs can do three things to ensure the team is aligned around the function’s objectives:

1. **Make sure everyone shares the same definition of success.** Ask, don’t tell, finance team members to tell you what the definition of success is — wildly different answers signal misalignment. Take the time to ensure that everyone has the same understanding of the problems to be solved, their implications and what successful outcomes look like.

2. **Help people see their role in the outcome.** Help individual finance team members understand how their roles and responsibilities directly influence the desired outcome. Translate those overall contributions to the tactical and practical day-to-day activities for each person, so they are in alignment with the goals for any given objective.

3. **Align your performance drivers.** Performance systems support the achievement of objectives, but those systems, if not aligned, can become barriers to the attainment of your goals. Reassess the relevance of compensation and career development programs.

**Connect**

Start building stakeholder relationships based on trust and an understanding of boundaries and expectations.

Successful CFO transitions are about building relationships and trust, and establishing credibility. Doing so with your peers, the C-suite and the board is particularly important. Gartner research indicates that new executives who intentionally yet quickly build a strong network among company leaders are 50% more likely to succeed in their transitions.

Connecting during your CFO transition includes:

- Building stakeholder relationships
- Building team trust
- Establishing your personal brand
**Build Stakeholder Relationships**

As work becomes more complex and collaborative, the success of new executives is becoming more dependent on colleagues in other functions. The board, CEO and peer executives who manage these functions are the most important channels for an executive to influence the performance of employees outside the executive’s reporting line.

Incoming CFOs need an intentional, not “gut-feel,” approach to relationship building. Gartner research has identified the principles new CFOs can follow to increase their likelihood of building an internal network that has a net-positive impact on their performance.

**Prioritize stakeholder relationships** — New CFOs don’t have the time to interact with everyone, and when they do, informal conversations typically don’t surface where stakeholders have conflicting views. Instead, new CFOs should take a more structured approach. To get this started, they can take three steps:

1. **Categorize stakeholders into suppliers of support and customers of the finance function.** Suppliers can include external and internal providers (e.g., information technology), suppliers of budget and financial resources (e.g., the board) and suppliers of approvals (e.g., the CEO). Customers include end users of the function, such as BU heads that consume finance’s analysis in order to make decisions.

2. **Formally assess stakeholders.** Once categorized, formally assess each stakeholder. Understand their motivations and incentives, who the primary influencers are and their current posture toward the finance function.

3. **Prioritize stakeholder interaction.** Use questions (see Figure 4) to identify and prioritize key engagement steps for each stakeholder.

**Build relationships based on credibility** — Demonstrating credibility will quickly increase a new CFO’s ability to create relationships and influence. Build credibility throughout the organization by doing these three things:

1. **Demonstrate mastery of the new company:** Comprehend the root causes of business results, understand business goals, obstacles the company faces from reaching those goals and how finance projects drive business value.

2. **Learn your counterparts’ stake in the challenge:** Come to meetings with a clear understanding of your counterparts’ objectives, where they align with yours and (more importantly) where they could conflict. New CFOs build trust by recognizing these potential conflicts in advance, presenting solutions but also a willingness to compromise, and following through on commitments.

3. **Convince business partners to value your advice:** Demonstrate your knowledge of your internal customers’ business environment and objectives. Once aligned, finance can provide more valuable support that helps drive results.
Internal and External Partners

How critical is this supplier/partner to your functional priorities and performance?

What is the health of the current relationship with the stakeholder?

Is the partnership adding value currently?

Are there measurable goals and service levels in place?

Solid

Medium-Term Priority: Engage stakeholder to continue to foster relationship

Short-Term Action Item: Investigate and remedy relationship

Yes

Non-Urgent: Delegate ownership of partnership to member of your team and establish periodic updates

No

Mid-Term Priority: Work with a member of your team who can steward and improve the relationship

Low/Medium

Low

High

Weak

Figure 4: Stakeholder Mapping and Action Plan
**Clarify boundaries and expectations** — Rather than seeking to meet all demands, new CFOs should learn how their function can support the objectives of other functions and set expectations of support. For example, prior to the start of each quarter, front-load conversations with key stakeholders to build consensus on goals/objectives, targets and finance’s role in achieving them. Active management of expectations, and preestablished “rules” early on, make it easier to say “no” to low value-add requests, and ensure there is no disagreement over performance.

**Build Team Trust**

An important component of new CFOs’ success is the team they manage. CFOs’ direct reports can arm them with information about the workings of the organization; help them understand the strengths, weaknesses, opportunities and threats for the function; and provide a sounding board. But direct reports may be apprehensive about the new CFO, depending on their relationship with the previous CFO and their own career interests and ambitions.

When new CFOs build trusting relationships with their new direct reports, their teams feel comfortable providing proactive upward coaching and feedback. CFOs can follow these four principles to build team trust:

1. **Ask, Don’t Tell** — Focus on getting to know each direct report individually. Ask about their motivators and work challenges, and seek their feedback about the team.

2. **Be Transparent** — Communicate expectations to employees of what level of value they should bring to the various activities they work on.

3. **Be Inclusive** — Involve the team in assessments, key decisions and goal setting where appropriate.

4. **Foster an Environment of Team Development** — Enable finance staff to understand, develop and apply the skills and behaviors needed to advance their careers, and teach the team how role profiles and behaviors shift across finance career steps.
Establish Your Personal Brand

Can you define your personal brand in three words or less? A personal brand is your reputation, what you are known for, what people think about you. What type of CFO are you considered to be? The tech-savvy CFO? The disruptive CFO? The growth-guru CFO? A brand communicates your purpose, establishes credibility and creates hype — all are pillars to connecting with stakeholders in the new company. New CFOs who don’t build a brand will have one created for them, and it may be less than flattering. They also know that personal branding is not solely an internal effort, as they must also connect externally, particularly with the investment community.

Incoming CFOs should use the following 5-point checklist to see if they are on track in developing and managing their personal brand:

1. What is your current reputation — for execution, leadership, vision, innovation?
2. What is your target brand in three words or less — and how will you know when you have achieved your brand ambition?
3. What key events are milestones for your brand — board review, etc.?
4. What stakeholder relationships need to be nurtured — up, down and around?
5. How will your personal brand contribute to the enterprise mission?

Assess

Benchmark your function’s maturity level and assess if your team has the skills, resources and operating model to drive stretch performance.

For internal CFO hires, assessing the current state of the function throughout the enterprise may only require a light touch or a drill down into known areas of opportunity. If the transitioning CFO is an external hire, assessing presents both a challenge and opportunity. Review available performance data, benchmarks and feedback surveys to analyze and understand the key issues to address and establish a clear set of initial priorities. Avoid analysis paralysis. Gain insight, and refine over time.

CFO assessment for the purpose of this report is broken down as follows:

• Assessing performance, costs, process maturity and alignment
• Assessing your talent profile
• Assessing organization design
Assess Finance Performance, Costs, Process Maturity and Alignment

Finance leaders struggle to define a clear and comprehensive understanding of their function's effectiveness, leaving them with the wrong priorities, unfocused investments and unsupported initiatives. To avoid this pitfall, new CFOs should assess their organization to identify where opportunities exist to improve performance and efficiency across these four categories:

**Performance:** Understand how major facets of the finance function are performing, including budgeting and forecasting, accounts receivable and payable, management reporting and analysis, planning accuracy, risk management and process payroll.

**Costs:** Analyze personnel, technology, overheads and any other costs necessary to the operation of the finance function to identify opportunities to reduce spend.

**Process maturity:** Determine how advanced the finance function's capabilities are relative to other organizations. Go beyond a simple maturity assessment — with finite resources, CFOs have to prioritize the capabilities that matter most. Prioritize those based on impact to meeting business objectives, then compare maturity to importance in order to identify highest-priority activities for improvement.

**Alignment:** Understand which activities matter most to internal stakeholders, and stakeholders’ perception of the value of finance's support for those activities. The goal is to eliminate finance decision support activities that don’t align with top stakeholder priorities, and even if aligned, to ensure that finance’s support meets the quality bar.

Assessment tools in this category to consider are summarized in Table 3.

### Table 3: Recommended CFO Transition Assessment Tools

These tools are all available to Gartner for Finance Leaders clients

<table>
<thead>
<tr>
<th>Assessment Tool</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting Close, Budgeting and Forecasting Benchmarks</td>
<td>Assess your organization’s accounting close, budgeting and forecasting benchmarks, including use of technology, forecasting variance, time spend, etc.</td>
</tr>
<tr>
<td>SG&amp;A Benchmarks</td>
<td>Assess your organization’s spend and head count across major enterprise functions, including Finance, HR, IT, Sales, Marketing, Legal and more.</td>
</tr>
</tbody>
</table>
Assessment Tool Description

<table>
<thead>
<tr>
<th>Assessment Tool</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gartner Finance Score</td>
<td>Understand which activities are most important to your finance team and measure how mature your team is at each activity.</td>
</tr>
<tr>
<td>Finance Business Alignment Tool (BAT)</td>
<td>The Finance Business Alignment Tool (BAT), completed by your key business partners, provides insight into which activities matter most to them and how effective your finance team is today at performing those activities.</td>
</tr>
</tbody>
</table>

Source: Gartner analysis

Assess Your Talent Profile

Knowing how well the organization’s current talent pool can meet current and future business needs is a priority for most transitioning CFOs. New CFOs should start a regular cadence to self-assess their function’s skills and competencies as part of updating the talent plan and investing in the development of the team. Keep these five recommendations in mind to assess current and potential talent:

1. **Align Talent Expectations With Business Objectives** — Set clear talent expectations by aligning them to finance’s (and the organization’s) strategic objectives.

2. **Identify Appropriate Competencies to Evaluate Finance Talent** — Align finance competency requirements with the drivers of business value.

3. **Clearly Articulate Competencies** — Make sure the finance team understands exactly what you expect of them and how they can execute on the set competencies.

4. **Identify Proficiency and Growth Potential of Current Talent** — Consider which finance talent currently meets expectations, and which has the highest potential to grow.

5. **Proactively Account for Possible Skill Shortages** — Ensure that training and education meets the skill needs of the finance function.
Assess Organization Design

Despite making changes to their finance functions’ organizational structures, even tenured CFOs continue to struggle to organize finance in a way that supports its efficiency and value-creation mandate. The best finance organizations choose structures based on how actual work is performed rather than rely on standard templates. Below are three major considerations that new CFOs can use to help accomplish this:

- **Centralization versus decentralization.** Evaluate finance service delivery models (i.e., corporate finance center, CoE, shared services organization (SSO), business unit (BU)- or regionally aligned finance) based on the objectives you want to achieve. For example, if the objective is scalability to reduce costs, then an SSO may be more appropriate than BU-aligned finance. And when dividing responsibilities between corporate and embedded finance teams, consider factors such as proximity to the decision (e.g., geographic-specific analysis), ability to access information from systems inside and outside corporate or the business, and location of skills/expertise needed for the activity.

- **Sourcing.** To determine an outsourcing strategy, consider factors such as contribution to competitive advantage and impact on day-to-day operational performance. Understand the trade-offs of keeping activities in house or not, such as developing internal core competences, labor cost and availability, and time zone and language requirements.

- **Finance sub-function structure.** Categorize the scope of finance sub-functions into whether they are narrow or broad, then think about their pros and cons in terms of costs of internal coordination, opportunities for specialization, agility and responsiveness, and customer experience. For example, finance sub-functions with a narrow scope allow employees to specialize in specific domains and respond to business partners in a timely manner. Sub-functions with a broad scope do not.

Act

*Iteratively plan and act to address the most pressing issues while paving a vision and strategy for the future.*

New CFOs should set out a clear, forward-looking vision for the function early on — help the team picture where the function is headed and how each individual role will contribute to team and business outcomes. Without a vision the team may lose focus, as employees’ mental energy and actions may not align with the new CFO’s ambitions — ultimately reducing productivity.
According to our research, a good mission statement will:

1. Articulate the goals of the function and tie these goals to the larger corporate strategy.
2. Be appropriate for the history, culture and shared values of the organization.
3. Generate finance team commitment and reinforce corporate culture.
4. Clarify key hurdles the function faces in achieving the vision.
5. Construct a message that is long-term in scope but also adaptable to major business (internal or external) changes.
6. Provide an image of ideal performance that enables measurement of progress over the coming quarters and years.

New CFOs should also make it clear how to accomplish that vision. Create a roadmap that mobilizes executive leadership, employee activity and resources against the initiatives that drive strategic execution.

At a minimum, a useful roadmap addresses these four themes:

**Finance talent and knowledge.** To achieve the finance function’s vision, what is required? New skills, or simply retention of finance’s high performers?

**Finance process and policy.** Do current processes and controls need to be broken to achieve the vision? If so, which ones and how? For example, does transactional efficiency need to be sacrificed to support higher value judgment decisions?

**Finance technology and data.** What IT changes are needed to succeed? Is it breaking down data silos to access new data, or finding new tools to improve the delivery of management reports?

**Finance decision support.** What is the role of finance’s business partners? Does finance have to provide more accurate, timely reporting to existing constituents, or do new relationships need to be formed to accomplish the vision?
Identify Potential Functional Risks

Meeting finance’s objectives is contingent on identifying, and addressing, risks in a timely manner. While risks to the CFO’s vision can vary greatly, keep these common ones top of mind:

**New business requirements.** As businesses respond to disruption and change business models, finance must adapt accordingly. This could mean new roles or priorities for finance that conflict, or distract, the function from achieving its objectives.

**Cost and efficiency demands.** Broader company performance can put pressure on the finance function’s ability to execute its strategy. For example, if new skills or technology are required, cost pressure can reduce the CFO’s resources to fulfill those requirements.

**Technological disruption.** The pace of technology change is rapid — current, or even new, technologies acquired by the CFO to support objectives can become obsolete.

**Governance and risk.** Regulatory, legislative and supervisory pressures often mean new policy and process changes for the finance function. These are often non-negotiable, and can force CFOs to reallocate resources away from key initiatives on the roadmap.

Measure Improvement

The new CFO should support the vision with a set of aspirational but realistic performance targets, and key performance indicators (KPIs) to measure them. Set a combination of functional efficiency and effectiveness targets that, when executed well, drive to the desired outcomes. Table 4 shows a collection of sample finance efficiency and effectiveness targets and KPIs.
### Table 4: Sample Finance Targets and KPIs

<table>
<thead>
<tr>
<th>Sample Efficiency Targets</th>
<th>Sample Effectiveness Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reduce overhead expenditure.</td>
<td>• Eliminate errors in financial reporting.</td>
</tr>
<tr>
<td>• Minimize disruption to the business.</td>
<td>• Support business development decisions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sample Efficiency KPIs</th>
<th>Sample Effectiveness KPIs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Total finance staff expense as a percentage of revenue</td>
<td>• Average forecast variance</td>
</tr>
<tr>
<td>• Working days required to complete annual budgeting cycle</td>
<td>• Internal customer satisfaction scores</td>
</tr>
<tr>
<td>• Business days, after period end, required to close the books</td>
<td></td>
</tr>
</tbody>
</table>

Source: Gartner analysis

Last, CFOs should schedule regular meetings with senior managers and employees to ask questions about financial functional performance. These interactions help draw out conclusions regarding the current state of the function and if progress is being made to the end vision. Opportunities for conversations to measure improvement include weekly check-ins, post-project discussions and after periods of heavy change.

**Gartner Recommended Reading**

*The First 100 Days: Succeeding as a New Finance Leader*
Conclusion

Transitioning into a new CFO role can be one of the most stressful yet rewarding career milestones for an individual. A new CFO in the business is also a disruptive event for an organization and its people. A well-engineered transition process accelerates a new CFO’s success and creates more value for the organization.

The individual CFO profile and enterprise transition scenario will generally drive the top priorities for the new CFO.

Gartner’s CFO-in-Transition Framework provides an approach for addressing priority CFO issues in transition, via four phases:

Prepare — Understand context-related risks, which can make or break your transition. In particular, mitigate finance team change-aversion and uncertainty, and ensure finance team agility and alignment. These have the largest impact on CFO transition success.

Connect — Develop a structured, not “gut-feel,” approach to relationship building — assess which stakeholders impact the function’s performance and define your personal brand. New CFOs that do this are 50% more likely to succeed in their transitions.

Assess — Assess the finance function’s performance as well as process maturity, talent profile and organization design to ensure it can support the business. Getting the basics right enables the CFO to broaden influence and impact.

Act — Establish a strategic vision for finance, and communicate a roadmap and targets to achieve it. Setting a vision aligns employees’ mental energy and actions around the CFO’s ambitions, ultimately improving productivity.

Accelerate new CFO success by following these steps and creating a structured but adaptable transition plan. This will help the organization capitalize on this key event and benefit from the significant value created by effective CFOs.

Note: This document was originally published on gartner.com and may have been contextualized for the needs of other business audiences.