At a time when finance chiefs and their organizations are all, to varying degrees, experiencing uncertainty, only 20% of CFOs from 61 large enterprises proved to be personally effective when analyzed against our CFO-informed model (see Figure 1).*

The select few personally effective CFOs differentiated themselves in four ways:

- Orienting more to the customer
- Creating constructive tension with the CEO and the board
- Getting more involved in business-level issues
- Applying finance leadership practices to their personal time management

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*We measure CFOs’ personal effectiveness by assessing their ability to encourage company behaviors that we’ve found will sustain top- and bottom-line growth while also outperforming CEO expectations for the CFO’s contribution to short-term financial outcomes.
Cultivate a Strong Customer Orientation

These CFOs, who encourage risk taking for long-term growth and deliver on CEO expectations for financial performance, make understanding customer behaviors and preferences (and how they’re changing) a natural and recurring part of their workflow. They spend 40% more time with customers than the average CFO, and they personally prioritize activities and relationships that improve their insight into customers (see Figure 2):

• They own, rather than delegate, pricing strategy.
• They cultivate high-quality, not strained, relationships with their heads of sales.
• They own working capital and its impact on customer experience and the buying decision.

CFOs can rapidly improve their knowledge of customer needs by setting out to develop their own “theories of the customer.” To do so, they should review and synthesize their teams’ macroeconomic analyses, sales trends for different customer segments, buying patterns, customer research surveys and potential responses to shifting customer demographics and preferences. They can then test and refine their theories by shadowing sales calls, attending customer events and taking on executive sponsorship of key customers (see Figure 3).

Create Constructive Tension With the CEO and the Board

Three out of four CFOs have a strong relationship with the board and the CEO. But personally effective CFOs go beyond strong relationships to bring constructive tension to their dialogues with both (see Figure 4). Make tension constructive by using a different strategy when challenging stakeholders. The common method — directly challenging experienced executives’ beliefs with counterevidence — often doesn’t work.

In fact, this tactic can stiffen their refusal to change their minds. One CFO told us that the company’s CEO made it to the top by “trusting a certain set of beliefs” and would therefore “resist if I attack them head-on, even with data.” Instead, as that CFO did, target the assumptions underlying strongly held beliefs (see Figure 5).

This increases the likelihood that stakeholders will recognize on their own the need to shift without triggering a defensive stance. Personally effective CFOs do this more frequently to get stakeholders to rethink their positions.

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**Figure 2: Customer Orientation Attributes Driving CFO Personal Effectiveness**

Percent Improvement in CFO Effectiveness Index Scores as a Result of Moving From the 10th Percentile to the 90th

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Percent Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personally Prioritize Pricing Strategy</td>
<td>45%</td>
</tr>
<tr>
<td>Quality of Relationship with Head of Sales</td>
<td>37%</td>
</tr>
<tr>
<td>Personally Prioritize Working Capital</td>
<td>36%</td>
</tr>
<tr>
<td>Ideal Time Spent With Customer</td>
<td>36%</td>
</tr>
<tr>
<td>Current Time Spent With Customer</td>
<td>28%</td>
</tr>
</tbody>
</table>

n = 61 CFOs of large global enterprises
Source: 2019 Gartner CFO Personal Effectiveness Research Model

Effective CFOs spend at least 5% of their time with customers — and are increasing it to 10%.
Plug Into Business Performance

Personally effective CFOs keep business-level performance front and center to their work (see Figure 6). They prioritize and don’t delegate decisions on how to accelerate business performance and mitigate business performance risks. They engage general managers on these decisions with an eye toward building close ties. The quality of the GM relationship is the strongest driver of CFO personal effectiveness.

And personally effective CFOs structure their teams to give themselves a pulse on performance at the business level by taking on business-unit CFOs as direct reports.

Personally effective CFOs also use operating reviews differently than the average CFO.

They don’t explicitly pressure business units to improve performance because they recognize that doing so puts business leaders in a defensive posture and limits the amount of insight business leaders are willing to share. Instead, effective CFOs take the opportunity presented by these reviews to create an open dialogue that helps them better learn about and add value to business performance.

“The last thing you need to talk about is the financials because everyone in the room understands them already. And if the business leader won’t understand, I’ll meet with them before the meeting to prevent a ‘gotcha’ moment, which isn’t productive.”

CFO, Insurance

Figure 3: Customer Orientation Considerations and Tactics

<table>
<thead>
<tr>
<th>Considerations</th>
<th>Tactics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. How are other executives spending time with customers, and how can I complement their efforts?</td>
<td>1. Shadow sales calls.</td>
</tr>
<tr>
<td>1. Which customer segments will I get the most benefit from interacting with?</td>
<td>2. Attend customer events (with no formal speaking role).</td>
</tr>
<tr>
<td>1. How do I make sure I am involved with more than just the problem customers and get a balanced viewpoint?</td>
<td>3. Tell business leaders you are interested in customer exposure.</td>
</tr>
<tr>
<td>1. How can I communicate to other executives the underlying benefits of being close to customers?</td>
<td>4. Take on executive sponsorship of key customers.</td>
</tr>
<tr>
<td>1. How difficult is it for customers to do business with us?</td>
<td>5. Read customer surveys and voice-of-the-customer updates.</td>
</tr>
</tbody>
</table>

CFO Goal: Develop your own theory of the customer.

Source: Gartner
We’ve seen some personally effective CFOs take a simple yet powerful step for a more productive session. They concentrate operating review agendas on qualitative discussion of important issues rather than on reporting variance from financial plans. This emphasis better positions CFOs to address controllable performance, outdated assumptions and changes in customer preferences.

**Apply Capital Allocation Tactics to Personal Time Management**

Building a theory of the customer, creating constructive tension and plugging into business performance takes time that few CFOs can find. The complexity, dynamism and ambiguity of the CFO job makes it difficult to allocate time well. In fact, every week the average CFO loses almost eight hours — roughly one business day — to the wrong activities (see Figure 7).

While no CFO can completely overcome “calendar remorse,” the most effective CFOs have cut the difference between where they want to spend time and where they do spend time by almost half. They simply decide to treat their personal time with the same rigor they ask their companies to apply when allocating capital.

Time Tactic 1: Announce Personal Priorities Publicly

Effective CFOs explicitly announce their personal priorities — not just their companies’ priorities or their functions’ priorities — to their stakeholders, their peers and their teams. They can keep their time aligned with what’s important by:

- Signaling to direct reports that they should take ownership of activities that aren’t the CFO’s personal priorities

“Sharing my personal priorities with my team and my stakeholders creates clarity for everyone about where I will and will not focus my time. And I expect — and encourage — my team to do the same.”

Fredrik Hedlund, SVP and CFO of Global Connect, Nielsen

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**Figure 4: Leader Relationship Attributes Driving CFO Personal Effectiveness**

Percent Improvement in CFO Personal Effectiveness Index Scores as a Result of Moving From the 10th Percentile to the 90th

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to Wear Many Different Hats</td>
<td>39%</td>
</tr>
<tr>
<td>Ownership of Strategic Risk Mitigation</td>
<td>39%</td>
</tr>
<tr>
<td>High Performance in Unfamiliar Work</td>
<td>37%</td>
</tr>
<tr>
<td>Strong Board Relationship</td>
<td>36%</td>
</tr>
<tr>
<td>Good Appetite for Unfamiliar Work</td>
<td>35%</td>
</tr>
<tr>
<td>Strong CEO Relationship</td>
<td>34%</td>
</tr>
<tr>
<td>Partnership With CEO on Company Strategy</td>
<td>28%</td>
</tr>
<tr>
<td>Ability to Influence CEO on Major Issues</td>
<td>26%</td>
</tr>
</tbody>
</table>

Dark blue bars are attributes at which most CFOs are already effective.

n = 61 CFOs of large global enterprises
Source: 2019 Gartner CFO Personal Effectiveness Research Model
Raising the bar for interrupting their work
Reducing the relationship cost when opting out of meetings and work that aren’t aligned with their personal priorities

Time Tactic 2: Zero-Base Your Calendar
When companies need to more closely manage capital, they zero-base their budgets. So when personally effective CFOs need to more closely manage their time, they zero-base their calendars.
The principles are the same. Zero-based budgets remove preexisting resource allocations and then bring them back based on their alignment with the company’s strategy. Similarly, zero-based calendars remove all preexisting meetings and then bring them back based on their alignment with the CFO’s priorities. As they add activities back into their calendars, personally effective CFOs are careful to allocate time not only for the right meetings but also for activities necessary for success, such as reflection and sleep.

Time Tactic 3: Carve Out Concentrated Blocks of Time
All CFOs, including the personally effective ones, rely mostly on iterative interventions and use recurring, short check-ins to manage their responsibilities.

Figure 5: What Science Says About the Effect of Targeting Assumptions That Underlie Strongly Held Beliefs

However, personally effective CFOs use concentrated interventions more frequently than average CFOs. Concentrated interventions are like agile “sprints” — long periods of continuous time devoted to a single challenge. Certain problems are not only CFO-worthy but also come with especially ambiguous or incomplete information, complex dynamics and uncertain outcomes. Personally effective CFOs tell us they can’t wrap their minds around these problems without dedicated time and energy.

Their responsibilities are too broad to do this regularly, but personally effective CFOs carve out time for this concentration when the problem warrants it.

Time Tactic 4: Compare Planned and Actual Time Allocation

Personally effective CFOs learn from history, creating a learning loop to continuously improve their time allocation. They use calendar postaudits, usually relying on an executive assistant, to answer the following questions:

- Where did I spend more time than I expected? Was that additional time worth it?
- What priorities should I have spent more time on?
- What responsibilities can I delegate next time?

Figure 6: Business Performance Attributes Driving CFO Personal Effectiveness

Percent Improvement in CFO Personal Effectiveness Index Scores as a Result of Moving From the 10th Percentile to the 90th

![Bar chart showing percent improvement in personal effectiveness index scores for various business performance attributes.]

n = 61 CFOs of large global enterprises
Source: 2019 Gartner CFO Personal Effectiveness Research Model

Figure 7: Difference Between Current and Ideal CFO Time Allocation

Number of Hours in a 50-Hour Week

![Bar chart showing hours underinvested and overinvested in various business functions.]

n = 61 CFOs of large global enterprises
Source: 2019 Gartner Model for CFO Personal Effectiveness

CFOs want to reallocate one day a week to different activities.
About Gartner

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