



CFO Focus

Top of mind issues confronting the CFO

Issue #2: Talent

CFOs are seeing their role continue to evolve and become more complex. That means keeping up with today's most pressing issues can be a challenge. KPMG created this series to provide cross-functional updates on the top-of-mind issues facing CFOs. This report includes information on trends and topics collected from discussions and interactions between KPMG professionals and the CFOs at some of our client companies. It also provides related resources on the topics as they pertain to the CFO and the finance function.



Talent acquisition and development

The changing talent landscape has caused CFOs to review their talent acquisition and development programs. A shortage of qualified workers, particularly those with technical skills, is forcing organizations to create internal training processes to develop the skills that are not readily available in the talent market. Several executives use rotational programs that give employees exposure to other areas of the business or function. Rotations can be based on roles (e.g., operations roles outside of Finance) or locations (e.g., a finance call center in a different country). Organizations also use talent development to entice Millennial workers—the promise to teach valuable skills can help companies recruit and retain new talent. One executive highlighted the importance of early-career development at their company: if the company can develop talent within the first three years, they tend to keep the talent for the long term.

KPMG has discussed the various mix of offshore talent, shared services and onshore talent with clients, and agreed that the appropriate mix is determined by which capabilities a company needs and where it wants those skills to reside. For example, some companies increase analytics capabilities within the finance function by outsourcing other tasks so as to create room in the budget for hiring expensive analytics talent. Others highlight the changes that outsourcing

has brought to career progression. Moving entry-level positions abroad has created a gap in the development path for new workers (e.g., accounting hires no longer perform basic accounting tasks since the tasks have been moved abroad). Some clients respond by shifting more accountability to the location where the tasks are performed (i.e., US operations formerly supported resources in India; now the opposite is true).

In some finance structures, “shadow” finance organizations arise within business units, creating redundancy and taking control of the process away from Finance. The existence of these teams has exposed the need for Finance to partner with business units and understand business processes so that business leaders do not feel the need to create their own teams apart from Finance.

Attracting and retaining diverse talent

CFOs are taking active roles in increasing talent diversity at their organizations. At a high level, this takes the form of CFOs making diversity an organizational priority by reinforcing the value of diversity to their teams and granting it as much emphasis as other initiatives. At the functional level, CFOs are employing a variety of measures to increase the number of diverse candidates and hires. Some executives have found success by

broadening their university partnerships to schools outside of the highest tier. This approach gives them better access to and management of the talent pools due to decreased competition with other companies. KPMG has, at times, employed a similar approach: we have been proactive about our involvement at partner universities, sometimes molding the curriculum or providing instructors. This level of engagement gives KPMG frontline access to candidates, letting us see the diversity of the pool as well as the skills being developed.

Certain CFOs have found success through targeted development of existing diverse talent (e.g., resource groups, specific training, engagement of executives, etc.) These executives also targets the training of managers to make them more aware of unconscious biases during the hiring process. Additionally, they invite “reverse mentoring” from younger, diverse employees who offer insight into areas where hiring and talent acquisition can improve.

What are CFO’s Asking KPMG?:

- As emerging technologies such as RPA & AI become more prevalent, how can we be preparing our workforce for the future?
- How can we improve business acumen and teach finance professionals to engage with business?
- What are leading practices in succession planning? How deep into the finance function does succession planning extend?
- Which initiatives can be most impactful for diversity hiring?



Finance talent

As the finance function evolves, so do its requirements for talent. Finance increasingly demands professionals who possess specialized skill sets, with CFOs highlighting specific desirable technical competencies that are beyond traditional finance skills (e.g., codifying and analyzing data). Since finance work overlaps with other business areas, CFOs believe it will become increasingly important for finance to retain ownership of these competencies so that it can continue to guide forecasting and business decisions.

Finance’s strategic value within a company depends in large part on its ability to engage other business units. KPMG sees capacity, capability, and commitment as three constraints that hinder finance personnel from effectively working across the enterprise. Finance workers either lack the time capacity to work outside of their regular roles, fail to possess



Claudia Saran
Principal, Advisory—
Leader of KPMG’s US People and
Change Practice
csaran@kpmg.com
Area of Expertise:
*Talent Acquisition and
Development*

“...you do have to be very eyes-wide-open about your operating model: What are the different units, from centers of excellence to shared services to variants of offshore and onshore? What skills and capabilities are you going to have in each of those, and what are the career paths?”

— **Related KPMG resources**

- Rise of the Humans—The integration of digital and human labor
- Rise of the Humans 2: Practical advice for shaping a workforce of bots and their bosses
- Rise of the Robots: Robotic process automation can cut costs for financial services firms by up to 75%

interpersonal or critical thinking capabilities, or are missing the executive commitment to truly engage business partners.

The automation of data gathering and reporting makes soft skills such as communication, leadership, and critical thinking more valuable than ever. To address the need for a variety of skills, many companies are building a competency framework which establishes the expectations for technical skills, leadership competencies, capabilities and experiences across finance areas. The framework serves as a roadmap of the required competency mixes at different levels of the organization. Conversely, other CFOs see a limited future for professionals with broad finance experience and shared a forecast—specialization and automation will lead to much smaller headcounts within finance with all remaining roles focused on high-value tasks.



Labor markets

CFOs have observed a tightness in the labor market on both ends of the skills spectrum, with some facing increased competition when hiring finance and digital technology staff, while others having to raise their minimum starting wage for entry-level employees in order to remain competitive. Several CFOs that KPMG

has talked with have noted that the high demand for tech talent has made it difficult to find capable workers, particularly those with data analytics skills. Another affect of the tight labor market: once talent is found, CFOs are finding they need to make offers and close hiring processes more quickly than before.



Managing flexible workforces

The tight labor market is also forcing CFOs to address some of the changing priorities of today's workforce. CFOs noted the increasing number of finance employees desiring flexible work hours, prompting many leaders to grant additional flexibility while weighing the potential drawbacks of doing so. Some CFOs are working to develop a balance between in-house work and remote work, looking closely at which competitive differentiators need to be close to the office and which can be offsite. CFOs are also testing home-based agents, with the understanding that such workers may present challenges around engaging and building team consistency. Other CFOs and their organizations promote cross-functional collaboration and flexibility for specific roles, while pushing for more traditional positions and workflows for roles that benefit from being located in an office.

Of course, sometimes work-at-home simply isn't practical for the organization. Due to information security risks and lower productivity levels associated with work-at-home employees, several CFOs are trending towards requiring employees to work more frequently, if not exclusively, in the office again. In response to employees needing a compelling reason to move away from the work-at-home environment, CFOs often emphasize the importance of getting these employees to recognize the value of the relationships they build within the organization.

What are CFO's asking KPMG:

- Is wage inflation causing people to rethink external hires?
- How are other CFOs evaluating the skillsets that will be needed in the future as opposed to just today?
- What should our finance department look like in 2025?



Jill Hemphill

Partner, Global Reward Services
KPMG LLP
jhemphill@kpmg.com

Area of Expertise:
Human Capital Management,
Compensation, Tax, and Benefits

"Employees' value flexibility, but (perhaps) we have to put something more precise on that value. Consider valuing it in the same way you would value a compensation element, and then start to layout the pros and cons. For a certain amount of flexibility, are people willing to take a different comp strategy, or are there certain roles where it's simply not going to work - roles that require being in the office? The time may be here to get a little more surgical with our unique populations."

- How do we build a talent strategy that is most beneficial seven years down the road?
- Should we be changing incentive plans to retain key people?

Related KPMG resources

- Evolving finance
- Reshaping finance

Contact us

P. Scott Ozanus
Deputy Chairman and
Chief Operating Officer
KPMG LLP
T: 212-909-5571
E: psozanus@kpmg.com

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