



## DO YOU GET VALUE FROM YOUR CFO/FD?

We are frequently asked by firms to help them add value with business support staff and the key word that always comes to the fore is “strategic”. This might be a HR Director who they feel can add more value, an IT Director who can help plan for the future and more frequently a CFO or Finance Director who is more than just a number cruncher who has kept the firm in-line regarding expenses and runs so many spreadsheets they are the only one that understands them. Firm’s want a CFO who adds value from the day they join the firm, who is integral to the success of the business. More than ever CFO’s are getting involved with all aspects of decision making, they are becoming trusted partners and are far removed from being number crunchers.

Undoubtedly there are stereotypes in Finance Director roles within the sector, who have been with the firm for years and have often grown as the business does, not qualified accountants but qualified by experience. They will never dream of challenging assumptions made in the firm about the business. For the role to really succeed it must be allowed to adapt so that CFO’s have a place at the table with partners and are recognised as being vital for business success. We are now seeing CFO’s being given shadow equity, directly linked to profitability, this ensures that they take the pleasure and pain of success. If they make you more profitable, they are awarded accordingly. If, however the market changes and recession hits they are not rewarded.

## WHAT SHOULD THEY ADD?

They must add value to your business plans not just in the present, but in the long-term future and the analysis they run will be vital to that. Commercial acumen and seeing the bigger picture will help you to advise teams because with accurate figures you may well challenge revenues, performance and profitability. That in turn will help operationally and can be used in a collaborative way to get the best from your teams. If your CFO is at the heart of the business working to help partners and fee-earners in the longer-term clients will see value creation within the firm.

Every function within the firm will benefit from a financial thought process to help that function and the firm as a whole. They will help functions be cost effective and more efficient if they are seen as integral to the firm and not an interference to that individual business function. The bottom line will improve if the silo mentality is broken down to a more collaborative approach.

## WHAT SHOULD YOU LOOK FOR?

A high performing CFO will help you identify and articulate key performance indicators, will provide high level management information to support and help you drive decision making within the bigger picture of your strategic business plans. The role is evolving to a degree where we are seeing CFOO roles, where individuals are so valued, they are now seen as part of operational considerations, not

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just finance, which becomes even more of a central role and helps firm wide operational transformation.

Technological changes and analytics tools enable significant efficiencies, leveraging data to draw out commercial insights critical to give your firm an advantage in a marketplace where everyone strives to be different or better than their competitors and gain strategic advantage.

The board needs to be able to trust the financial information and debate it with their CFO, knowing the numbers are not ambiguous and really will aid complex business decisions and mitigate risk.

The CFO should be able to help you become more forward looking, help you see where future challenges and opportunities may arise.

Of course, the CFO needs the right experience, they should be able to evidence strategic capabilities and commercial acumen and above all will contribute to business improvements across all areas of the firm.

As the legal market consolidates, the CFO is an integral part of any acquisition process, particularly where firms need scale to compete. They should also be integral to the integration process. The financial analysis that they provide is a critical aid to the CEO or Managing Partner.

The CFO should have a combination of skills to help you meet your business objectives. The right individual will motivate and inspire not just their own team but the wider firm staff at all levels. We have certainly seen a higher demand in CFO's becoming CEO's.

If this resonates with you and you would welcome further discussion, please call Anne Harnetty 020 7350 0800

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