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# The CFO's Guide to Human Leadership

3 actions to unlock your influence  
and drive digital transformation

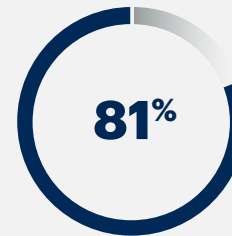
## Introduction

The expanding scope of what technology is now able to do for us has fundamentally changed what employees need from their leaders. Finance leaders need to access **human leadership skills** to guide not just their own teams but the broader enterprise in this environment.

Without the ability to earn stakeholder buy-in, full staff engagement and leadership support, CFOs will fail to lead and execute digital transformation initiatives.



Turnover will be nearly **20%** higher than the prepandemic annual average.



**81%** of boards have not made progress toward or achieved their digital business transformation goals.

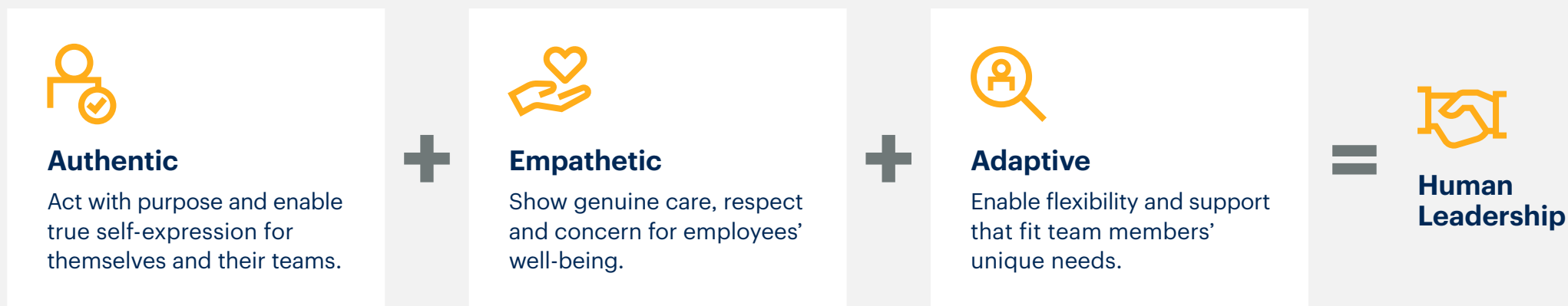
Source: Gartner

## What is human leadership?

To drive impact, CFOs today need to be human leaders: **authentic, empathetic and adaptive**. While these traits have always been among the key qualities of great leaders in the past, today's environment has made them imperatives. Employees no longer just desire these qualities — they demand them.

Human leaders drive employee intentions to stay with their current employer up by 12 percentage points over the average leader, and drive improvements in employee well-being and engagement by 30 and 37 percentage points, respectively.

### Components of human leadership



## Human leadership can drive growth through digital transformation

When done right, the mission of driving financial discipline is the same as the mission of being a human leader. Putting people at the center of the job makes you not just a more effective manager of people — but a more effective CFO. Being a human CFO means that the impact of your authenticity, empathy and adaptivity shows up in the quality of your interactions, the feedback from

your employees and improving your ability to make those tough economic trade-offs to protect financial outcomes for the entire enterprise.

In fact, the three core traits of human leadership can help you **achieve three critical must-do's to drive transformation and enterprise outcomes** in the years and decades ahead.



### Must-Do No. 1

Obtain better information about business performance.



### Must-Do No. 2

Enable business innovation and risk taking.



### Must-Do No. 3

Ensure your team is fully engaged amid disruption.

✓ Must-Do No. 1

✓ Must-Do No. 2

✓ Must-Do No. 3

## Obtain better information about business performance



### Challenge

- CFOs struggle to get critical information around business risks and opportunities.
- Underperforming business units feel like they have to play a numbers game to gain funding.
- More rigid, project-based funding models aren't appropriate for iterative [digital initiatives](#).



### Diagnosing questions

- Where in your business is it hardest to get full information about potential investments?
- How are you encouraging a more transparent conversation about uses of capital, instead of a numbers game?



**Two-thirds** of CFOs say their business is not fully transparent with finance about all the digital investments they are making.



On average, **over one-third** of all funded initiatives are underperforming relative to their business case.

Source: Gartner



Must-Do No. 1



Must-Do No. 2



Must-Do No. 3



## What to do differently

- Enable cooperation (not forced compliance) by cultivating a deliberate understanding of your stakeholders and business performance.
- Get beyond the financial discipline playbook into a more open and transparent dialogue.
- Build comfort around uncertainty on digital investments.
- Include a small number of nonfinancial, leading metrics that account for interdependence and nonfinancial benefits of digital business outcomes.



## Your next steps

- ☑ Adopt scorecards and metrics to capture digital investments' full value.
- ☑ Align digital funding to products rather than projects.
- ☑ Adapt business cases to accept outcome ranges, and map out what is uncertain and what will be learned as initiatives progress.



**Related complimentary research to get started:**  
[The CFO's Guide to Funding the Enterprise's Digital Investments](#)



### Peer best practice

#### Overview

To evaluate digital business outcomes beyond revenue metrics, a financial services provider phased in a product funding model with an adapted KPI scorecard to allow for greater uncertainty and more iterative decision making.

#### Solution highlights

**1. Equip finance and delivery teams to transition from project to product funding:** Make the case to stakeholders with an incremental approach. Begin the transition by chunking projects into three- to six-month increments and simplifying business case justification to build confidence and capability.

**2. Redesign delivery metrics to focus on business outcomes:** Change spending categorization to reflect customer and business outcomes rather than organizational units. Reporting should reflect alignment with digital strategy and track if that strategy results in better business outcomes.

**Industry** — Financial Services  
**Revenue** — \$10B-\$50B  
**Employees** — 10,000-50,000

✓ Must-Do No. 1

✓ Must-Do No. 2

✓ Must-Do No. 3

# Enable business innovation and risk taking



## Challenge

- To drive growth from digital spending, organizations need to connect spending on digital initiatives to enterprise-level outcomes and partner more effectively with key stakeholders, such as CIOs.
- CFO priorities tend to focus on more scrutiny, better data, more accountability, and while these things are intended to drive better financial discipline, they also can be alienating to the wider business because finance can be seen to stifle innovation and create burdens for other departments.
- CFOs believe responsible spending means narrow experimentation with technology and waiting to scale until the application is proven, but this [mindset](#) can hinder adoption of autonomous technologies.



## Diagnosing questions

- How do you identify places where finance might be overgoverning the business to the point of harm?
- How do you make sure your traditional finance processes for approving funding aren't overly biased toward business as usual?



**61%** of CFOs see themselves as growth leaders for the enterprise, but only **37%** of their colleagues see them that way.

Source: Gartner





## What to do differently

- Build and model an [empathetic partnership](#) with the CIO, driven by mutual discovery of common ground, such as elevating the role of the CIO and improving visibility into digital spending.
- Within the function, [embrace broad experimentation](#). Set a minimum failure rate for innovators, signaling that if the team isn't failing a minimum amount, it's not innovating properly.
- Be authentic about what you are feeling to show employees they can also put themselves out there without feeling like they will be punished by the system for doing so.



## Your next steps

- ☑ Explore with the finance team how technologies and algorithms make decisions and create guardrails around them.
- ☑ Invest time in learning about the technologies and demonstrating new behaviors that will influence the culture.
- ☑ Complete a fear-setting exercise to define fears that could hold a team or individual back from pursuing a bold innovation.



**Related complimentary research to get started:**  
[CFO Mindset Shifts to Achieve Autonomous Finance](#)



## Peer best practice

### Overview

The perception of competing interests between finance and IT leads to friction in the prioritization and budgeting of technology investments. To solve this, the CFO and CIO of a large consumer products enterprise have built an empathetic partnership through shared priority mapping, learning-oriented interactions and visibly modeling their partnership to the rest of the organization.

### Solution highlights

**1. Shared objective mapping:** Executives align their functional priorities by periodically verifying that key technology and IT operations metrics are effectively driving the strategic and financial outcomes at the enterprise level. They do this to highlight the common ground between functions and ensure that digital investments support their five-year enterprise strategic plan.

**2. Learning-oriented CFO-CIO interactions:** Each executive enters interactions with preprepared questions and primed by reminders to ask at least one question for every statement they make and to seek full understanding of the other's position on an issue before stating their own.

This allows them to shift the balance of their conversations from assertion-focused to learning-focused.

**3. Executive modeled teamwork:** The CFO and CIO have worked to create a shared vision, and they make their partnership visible by advocating for one another's priorities, co-chairing the digital steering committee, releasing joint statements and typically sharing a unified position on project approvals and other key decisions. This partnership models knowledge sharing and collaboration that drives stronger "network performance" on digital initiatives across the enterprise.

**Industry** — Consumer Products  
**Revenue** — \$10B-\$50B  
**Employees** — 10,000-50,000

✓ Must-Do No. 1

✓ Must-Do No. 2

✓ Must-Do No. 3

## Engage your team amid disruption



### Challenge

- Your team members are concerned about the impact of AI on their roles, and few leaders have the human leadership skills to guide their teams through this monumental transformation.
- The composition of your team is changing as finance requires new skills to meet digital transformation goals, but this shift in talent profile brings with it increased staff retention risks.



### Diagnosing questions

- How are you thinking about well-being on your team — its role in enabling your critical outcomes and your personal role in nurturing it?
- What jobs and roles on your team do you see being most disrupted by AI in the next two years?



Just over **50%** of finance team members worry that they won't have the skills to do the job in three years.



Less than **25%** of finance leaders are meeting their employee expectations for human leadership.

Source: Gartner



Must-Do No. 1



Must-Do No. 2



Must-Do No. 3



## What to do differently

- Identify the digital knowledge, skills and abilities you need on your team, and then help your teams focus on said skills they need to build and work in a more digital finance function.
- Develop a [finance talent strategy](#) that's aligned with your digital transformation vision. New technology capabilities will make new digital, analytic and data science skill sets a priority for CFOs across the function, while traditional skill sets, such as accounting knowledge, will no longer be a hiring priority.
- Help [digital talent fit into finance](#) by nurturing a sense of belonging to bolster digital employees' connection to the function's purpose, possibilities and people.



## Your next steps

- Develop and communicate an employee upskilling plan aligned to your digital transformation ambitions.
- Empower your team through flexible career pathing and greater opportunities for bottom-up input.
- Work with HR to create hiring profiles and priorities that focus on identifying talent with technological or AI-related backgrounds.

✓ Must-Do No. 1

✓ Must-Do No. 2

✓ Must-Do No. 3



**Related complimentary research to get started:**  
[Help Digital Talent Fit Into Finance](#)



## Peer best practice

### Overview

A global IT services provider uses a project-embedded, dynamic buddy system to ensure there is purpose and structure to the interactions between digital talent and finance process staff, thus ensuring digital finance talent and their finance peers build a stronger sense of kinship while also improving their ability to execute digital projects.

### Solution highlights

**1. Digital initiative segmentation:** Identify opportunities for project-embedded buddy pairings by breaking down digital initiatives into discrete digital projects, allocating staff and rotating them periodically across digital projects and initiatives.


**2. Buddy priming:** Prepare staff for project-based buddy partnerships to ensure productive pairings in the actual buddy program by piloting the program with partnerships between junior and tenured peers, from both digital and core finance domains.

**3. Buddy matching criteria:** Ensure buddy pairs complement and can learn from each other by matching buddies using criteria centered on experience and familiarity with the project topic.

**Industry** — IT Services  
**Revenue** — \$10B-\$50B  
**Employees** — 100,000+

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