Partnering for performance
Emerging markets perspective
Part 3: the CFO and the chief executive officer
EY’s Partnering for performance: emerging markets perspective

The Partnering for performance series explores ways in which CFOs can grow, protect and transform their organization by partnering with the leaders of different functions.

EY’s Partnering for performance: emerging markets perspective series is tailored for emerging markets and covers the relationship between the CFO and:

- The CIO, demonstrating the need for strong collaboration required with the CIO as well as for a “digital CFO” who plays a key role in driving value from investments in IT and the technologies that enable digital
- The CMO, as success in a digital world relies on the CFO and the CMO developing a collaborative, focused relationship
- The CEO (further details in this document)

In this – the third and last part of the series – we explore the relationship between the CFO and the chief executive officer (CEO) while focusing on the contribution that CFOs are making to four vital strategic priorities:

- Driving and enabling the shift to digital
- Measuring performance against strategy
- Redesigning the operating model
- Developing an M&A strategy

Our findings are based on a survey of 652 CFOs, of which 329 are from emerging markets.

For more insights for CFOs and future finance leaders, visit ey.com/cfo.

Key findings

Toward a strategic partnership between emerging market CFOs and CEOs

In the last three years:

- 64% report greater collaboration with the CEO.
- 74% say they have increased their involvement in corporate strategy.

CFOs are collaborating more closely with the CEOs for three main reasons:

- Changes in strategy (35%)
- New growth opportunities (34%)
- A need to understand the KPIs that are most important in tracking successful strategy execution (30%)

These reasons are quite different from the global results. The top two reasons are the same, but in reverse order, and the third reason is “new products and services”: with 34%, 33% and 27% respectively.

Challenges to an effective alliance remain

Cost management is the CFO’s main contribution to collaboration with the CEO

<table>
<thead>
<tr>
<th>Top three CFO contributions</th>
<th>Managing costs and profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting budgets and costs</td>
<td>47%</td>
</tr>
<tr>
<td>Financing</td>
<td>30%</td>
</tr>
</tbody>
</table>

CFOs perceive significant relationship barriers with the CEO

<table>
<thead>
<tr>
<th>Top three relationship barriers</th>
<th>Organizational boundaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of effective data analytics to provide business insight</td>
<td>40%</td>
</tr>
<tr>
<td>Lack of demand from CEO for insight from finance into strategic issues</td>
<td>37%</td>
</tr>
</tbody>
</table>
Shift to digital

Digital technology is only just getting started: CFOs and CEOs need to develop a strategic response and consider pre-emptive changes.

In the next three years:

- 45% of CFOs consider digital to be a high or very high priority.
- 48% of CFOs consider they will make a high or very high contribution.

Measuring performance against strategy

- 61% of the emerging market CFOs we surveyed feel they make a significant or very significant contribution to measuring performance against strategy.
- 62% of the same group make performance measurement an important priority for their organization in the next three years.

Redesigning the operating model

- 45% of the emerging market CFOs we surveyed make operating model redesign a high or very high priority.
- 56% of the emerging market CFOs feel they make a significant or very significant contribution to operating model redesign.

Developing an M&A strategy

- 37% of emerging market CFOs make M&A decisions a high or very high priority.
- 48% of the emerging market CFOs we surveyed feel that they make a significant or very significant contribution to M&A decisions.

Increased contribution needed

Performance measurement against strategy is cited as the number one area where emerging market CFOs feel they need to make a bigger contribution in their collaboration with the CEO.

The emerging market CFOs we surveyed said they would need the following to make a bigger contribution to these activities:

- 20% Greater alignment between finance and strategy
- 20% More finance resources
- 19% Better data
Emerging market survey respondents

The following is a snapshot of the geographic location and designation of the 329 CFOs who participated in this study:

<table>
<thead>
<tr>
<th>Country</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>80</td>
</tr>
<tr>
<td>Brazil</td>
<td>42</td>
</tr>
<tr>
<td>Mexico</td>
<td>31</td>
</tr>
<tr>
<td>India</td>
<td>30</td>
</tr>
<tr>
<td>Russia</td>
<td>25</td>
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<tr>
<td>Indonesia</td>
<td>20</td>
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<tr>
<td>South Africa</td>
<td>20</td>
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<tr>
<td>Argentina</td>
<td>20</td>
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<tr>
<td>Philippines</td>
<td>15</td>
</tr>
<tr>
<td>Colombia</td>
<td>11</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>10</td>
</tr>
<tr>
<td>Turkey</td>
<td>10</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>10</td>
</tr>
<tr>
<td>Nigeria</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Finance roles</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group CFO or finance director</td>
<td>181</td>
</tr>
<tr>
<td>Regional CFO or finance director</td>
<td>78</td>
</tr>
<tr>
<td>Divisional CFO or finance director</td>
<td>70</td>
</tr>
</tbody>
</table>

Find more information on the survey respondents demographics at ey.com/em-cfo-and-cio.

Learn more online

- For further insights into the global results and global CFO role, visit ey.com/cfo.
- Follow us on Twitter at @EY_EmergingMkts.

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