The 2018 CFO of the Future Summit:

The Next Frontier of Value Creation

May 16-18, 2018 at Harvard University
Cambridge, Massachusetts



LEADERSHIP FOR A NETWORKED WORLD

The 2018 CFO of the Future Summit: The Next Frontier of Value Creation

The next frontier of value creation will increasingly be built on ecosystems: a digitally-driven world where firm boundaries are blurred, multi-organization collaboration is the norm, data and analytics are the new currency, and customer outcomes are paramount.

For chief financial officers, balancing the spectrum of traditional and ecosystem-based business models will not only be game-changing, but also bring unprecedented challenges and opportunities. As industries and organizations begin to shift to more ecosystem-driven environments, the CFO growth agenda will need to pivot from firm-specific operations to ecosystem-wide operations, as well as from balancing customer value to maximizing ecosystem value. Throughout this evolution, CFOs will continue to reinvent firm-wide capabilities, build new collaborations and revenue models, deploy cutting-edge machine learning and analytics, and cultivate human capital that can thrive in a rapidly evolving digital world.

At ***The 2018 CFO of the Future Summit: The Next Frontier of Value Creation***, CFOs wrestled with key issues including: How is value created, measured, and shared across organizations and customers in traditional and ecosystem-based business models? What will the role of the CFO look like in an ecosystem-based world? How will human capital need to adjust to a spectrum of traditional and ecosystem-based strategy?

- This report highlights key findings from the Summit. In particular, it features several cases illuminating value creation in an ecosystem-based world, the evolving role of the CFO, and effective leadership strategies for finance innovators.

- Dominic Caruso, outgoing CFO at Johnson & Johnson, explains how creating a framework of excellence with clear expectations around financial performance for the finance team has helped the company raise its dividend each year without cutting into innovation.
- Kathy Waller, Executive Vice President, Chief Financial Officer, and President of Enabling Services at Coca-Cola, explains how the company has reinvented itself, pivoting from being a volume-driven bottler to a total beverage company - a move that has increased the relevancy of Coca-Cola's brand across consumer segments.
- Carolyn Nash, Senior Director of Business Finance at Red Hat, explains how company-wide input on business decisions was pivotal to creating value in unlikely places and how the finance team learned to operate in Red Hat's ecosystem, rather than trying to control it.

We hope this report offers new ideas, strategies, and insights to finance leaders and their organizations as they develop strategies and approaches to generating the next frontier of value creation.

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Technology and Entrepreneurship Center at Harvard

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Reflections from the Executive Director

Colleagues,

What does it take to survive and thrive in a digital world? Or perhaps a better question is: In this digital world, what does it take to create the the next frontier of value creation?

This year's CFO of the Future Summit strove to answer both questions. To accomplish this, we focused on what it means for a CFO to create ecosystems – defined for the Summit as: *a network of cross-industry players who work together to define, build, and execute market-creating customer and consumer solutions.*

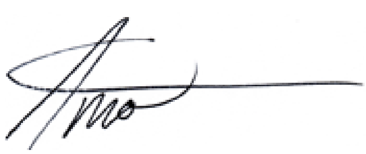
What was clear coming into the Summit is that ecosystem-based business models are increasingly driving the next frontier of value creation. In fact, participants in the Summit identified building an ecosystem as the key to enhancing revenue growth, competing against traditional competitors, and building the capabilities to innovate.

What was unclear is how finance teams should move from a firm-centric mindset to an ecosystem-centric mindset, and what that means for organizational design, people, and culture. Together, we tackled these challenges and opportunities at the Summit, and we hope this report will help you build on the work we started in Cambridge.

As you dig into the report, please join me in thanking Accenture Strategy for three years of partnership on this Summit, as without their generous insights, resources, and support, this important program would not be possible. We would also like to extend our gratitude to the Executive Leadership Group – their subject matter knowledge and insights provided a solid foundation for this Summit. And most importantly, thank you for investing your time and energy into this report. I'm certain you will find it valuable to your journey into the future of value creation.

Now, let's get to work!

Sincerely,



Dr. Antonio M. Oftelie

Fellow, Technology and
Entrepreneurship Center at Harvard

Executive Director, Leadership for a Networked World
Harvard John A. Paulson School of Engineering and Applied Sciences

"In order to differentiate ourselves in our industry, we have to constantly reinvent ourselves and keep a foot in tomorrow."

- Grant Ireland

Senior Managing Director of Corporate Finance Planning & Strategy, Accenture

Building an Ecosystem of People to Drive Value at Johnson & Johnson

General Robert Wood Johnson created "Our Credo" right before Johnson & Johnson (J&J) went public in 1944. More than a mission statement or a set of values, J&J's Credo was designed to shape the expectations for potential investors by detailing how the company would operate. It states that J&J is committed to serving and delivering value to its four key stakeholders—customers, employees, communities, and shareholders, and is held together through the repeated use of the word "must" — an action term that signifies the principles are more than just words on paper.

> *"You don't want to deflate aspirations. An important part of being an effective CFO is enabling business growth. You have to be objective about various plans, but you also have to be an enabler of those plans."*
>
> \- Dominic Caruso
> Retiring Chief Financial Officer, Johnson & Johnson

Seventy-five years later, the document persists as the guiding force for business decisions at J&J. With each business decision, the CEO, CFO, Executive Committee and other key business and functional partners work together and identify solutions that will benefit J&J's key stakeholders.

Dominic Caruso, Johnson & Johnson's retiring CFO, says that getting the next generation to live into Our Credo in the context of a sprawling global corporation, with a workforce increasingly composed of humans and machines working together, will be critical to value creation. No matter how many new technologies take hold, if all four parts of J&J's defining ecosystem are not being served, the entire organization is impacted. For Caruso, the finance team of the future must continue to embody what General Robert Wood Johnson wrote all those years ago, even as they keep their eyes on the horizon.

Creating Value Through Finance Competency Modeling

One of the defining characteristics of Caruso's 12-year tenure as CFO of J&J has been to reorient the finance team around a specific standard of excellence and core principles. Rather than relying on Key Performance Indicators (KPIs) or other performance measures, Caruso redefined the baseline of business proficiency he expected of the finance team. He calls it the finance competency model.

The model has three components—performance, leadership, and integrity. For Caruso, each component forms one side of a pyramid with value in the middle. Lose one side of the pyramid and value escapes. Ultimately the model is designed to evolve the finance team from a group of forecasters and monitors into a group of business leaders. To drive value within J&J, the finance team is expected to deliver superior financial performance by finding solutions that enable business growth, increase shareholder value, and address the needs of its ecosystem stakeholders.

The model is also designed to develop talent within the finance team. If the team is operating with integrity and delivering performance, clear leaders should emerge. Those leaders are prepared to become the next generation of CFOs, and beyond that, company presidents and even the CEO. When the model is working well, the finance team is the front line for company innovation and future leadership.

Allocating Capital to Maximize Value

In Caruso's view, any CFO can create top line growth. However, creating top- and bottom-line growth consistently, year after year, takes real skill and muscle memory. CFOs that are good at this have a few key attributes including strategic vision, a principles-based stewardship of finance, objectivity, and credibility. It falls to the CFO to be a data-driven arbiter of business decisions and to ensure that those decisions will ultimately drive business growth. Maintaining credibility is critical—it's not just about making the decisions, it's also about communicating them back to the organization with transparency and candor.

"We believe that the principles that we set forth will serve us well, even though we're going into uncharted territory or areas of our business where no one really knows what the answer will be. I'm confident that having strong principles in place will get us to the right answer."

- Dominic Caruso

Retiring Chief Financial Officer, Johnson & Johnson

These attributes also serve as a foundation for how Caruso and his team crafted the competency model. If future CFOs are to come from within the finance team, it was important for them to start developing the skills and abilities necessary for the role early on. Once he had reoriented the finance team around the competency model, Caruso set specific deliverables with the goal of allocating capital to maximize shareholder value.

As a publicly traded company, J&J is very focused on the level of cash returned for earnings generated. The result of this focus has meant that shareholders have seen dividends go up each year for the last consecutive 56 years—a track record few companies can claim. J&J achieved this by articulating very specifically what value creation and superior financial performance really mean within J&J. In addition to risk management, financial modeling and forecasting, the finance team is also tasked with keeping track of receivables, inventory billed, and payables in order to ensure that they are making informed decisions about how to achieve sustainable cash flow and superior financial performance. Getting specific has driven results. J&J is one of only two AAA-credit-rated companies in the world at the time of the Summit as of May 18, 2018. (The other is Microsoft).

By having a finance team focused on performance, J&J not only creates shareholder value, but also helps to maintain market share. In all, J&J's 27-billion-dollar brands are consistently in the top one or two slots for their market segments. This standing puts the company in a powerful position when it comes to mergers and acquisitions. Acquiring top companies to add value is in J&J's DNA. At the same time, the company is just as aggressive about divesting businesses that no longer fit. Altogether, over the past six years, J&J has increased its market capitalization by $175 billion.

A New Pricing Model Emerges

No matter how much work a finance team does in the present to guarantee value in the future, the future always seems to have something unexpected in store. At its roots, J&J is a broad-based healthcare business and the future of healthcare is increasingly defined by a new pricing model. Rather than collecting a blanket fee for products like medical devices or medication, companies like J&J will be paid on outcomes.

Another way to think about outcomes-based pricing is: How much value did a medication or a medical device create for the consumer? Were they aided? Cured? How do companies track something like that without violating patient privacy? In order to survive, J&J will have to rethink how it tracks consumer interactions with its products. According to Caruso, the Credo and the financial competency model are designed to be responsive to major paradigm shifts like outcomes-based pricing. The key is for finance teams to define their ecosystem of stakeholders and use the guardrails of competency to find solutions that work for everyone.

> *"Never compromise your level of excellence that you are standing for, even though you'll be challenged to do so."*
>
> \- Dominic Caruso
>
> Retiring Chief Financial Officer, Johnson & Johnson

Conclusion

When organizations talk about ecosystems, they are often thinking about new technologies, new products, or new ways to carve out a niche in the market. However, that model will only take an organization so far. J&J has stayed relevant and in control of its market segments for more than one hundred years by staying true to the ecosystem of people that keep the organization going. J&J focuses on the future by staying firmly rooted in what never changes—customers, employees, communities and shareholders. From there, business leaders can leverage new technologies and new ways of thinking in ways that benefit the whole ecosystem over the long-term.

This type of big-picture thinking will be necessary for the CFO of the future. Business models change and evolve, technologies come and go, but people are forever. By taking the time to build a team that can handle both the basics of financial management and the forward-thinking required of business management, the CFO can consistently drive superior financial performance—and ultimately growth.

Leadership Insights:

- **Set a Standard of Excellence.** To create value, the finance team must be oriented around a specific standard of excellence. CFOs have to be thinking about the bottom line, but it is also important to pursue sustainable, repeatable performance.
- **Rely on Your Team and Focus on Value Creation.** In the past, CFOs have traditionally spent too much time focused on financial models. Delivering superior financial performance is a critical aspect of the J&J finance pyramid. By authorizing the finance team to take ownership of more granular information, CFOs are empowered with the information they need to think about long-term value creation the way a business owner would.
- **Give Back.** Value creation isn't just about new sources of revenue. Long-term CFOs have to be focused on the level of earnings going back to shareholders, employees, and the community. An organization's impact on people is just as important as a new product's impact might be on profitability.

“For many of us, whether you’re in technology, in any part of finance, or any industry, you feel like the pace of change is so dramatic that things can happen around you faster than ever before.”

- Zane Rowe

Executive Vice President and Chief Financial Officer, VMware

Developing a Growth Mindset at Coca-Cola

It's not news that the role of the CFO has changed. Finance teams dominated by accountants, risk officers, and administrators are a thing of the past. To create value in the future, finance will have to move beyond controlling the risks of the present to anticipating the opportunities and risks of the future. Traditional tools, such as strong governance, rigorous risk management and sound forecasting, are still important, but they must be supported by a willingness to innovate and experiment with new ideas that may not immediately pay off.

> *"I've got to see that risk is an opportunity. I can't let my risk mindset get in the way of opportunity."*
>
> \- Kathy Waller
>
> Executive Vice President, Chief Financial Officer and President, Enabling Services, Coca-Cola

Kathy Waller, Executive Vice President, Chief Financial Officer and President of Enabling Services at The Coca-Cola Company, has been in the catbird seat as the company brought in a new CEO, who accelerated the cultural and strategic changes necessary to drive a focus on top-line growth. In her presentation at ***The 2018 CFO of the Future Summit: The Next Frontier of Value Creation,*** Waller explains how the CFO helps Coca-Cola update its 130-year-old business model and focus on the future.

Disruption from Within: A New CEO Creates Change

In May of last year, James Quincey was promoted to CEO after spending the previous 20 months as President and Chief Operating Officer, working across the business to help the company grow while simultaneously developing his perspectives on what would be required to accelerate that growth. Once he took over as CEO, he was prepared to move fast, make changes and experiment. That included failing faster to get valuable learnings and insights to turn into future successes. Quincey wanted to see changes implemented quickly, and this was supported through new incentive programs, rapid deployment of digitization across the enterprise and a willingness to evolve the product portfolio into other categories as dictated by consumer demand. These big ideas were exciting and challenging for a relatively risk-averse organization built on high-volume sales, primarily in the sparkling category.

As CFO, Waller—a 30-year veteran of the company—had to simultaneously figure out how to explain these new initiatives to the market while also engaging a global finance team in those efforts.

Some of the changes Quincey wanted to see were already in the pipeline. Coca-Cola started a companywide modernization effort in 2014, designed to streamline processes and improve productivity. As part of this work, the company pivoted from a volume (gallons of liquid sold) to a value (revenue) focus, which better aligned the company with the bottling system.

In February 2017, Quincey introduced the concept of the total beverage company, both internally and to the external investment community, at the Consumer Analyst Group of NY Conference. This demonstrated that the company already had a variety of products to satisfy consumer demand across every part of the day. The concept also meant that the company would do even more to follow consumer demand and expand its product offerings, including more natural products and drinks with less sugar, as well as expand the portfolio across all geographies. Moving into new beverage categories required the company to experiment with alternative production and distribution routes outside. This included working outside of the traditional bottling system, perhaps temporarily, until the bottling system was ready or willing to invest and build capability around new products.

"If you don't have people pushing, you don't make change. If you don't have people asking the right questions, you don't make change. We're encouraging experimentation."

- Kathy Waller
Executive Vice President, Chief Financial Officer and President, Enabling Services, Coca-Cola

The finance team provides analytical support around the commercial viability of new product and package offerings. They provide support for build-versus-buy decisions and mergers and acquisitions. They perform analysis on the P&L impact of each change to the portfolio to the company and the system. To date, many new products and/or line extensions have been added, and the company has entered new categories, like plant-based beverages in Latin America, Europe and Africa. The finance organization is playing a significant role in this evolution, as well as supporting the development and roll-out of new offerings by driving productivity initiatives across the organization and reducing costs so capital can be reinvested in future innovation and growth initiatives.

Creating New Ecosystems of Products and People

Coca-Cola's face to the market as a total beverage company[1] includes new products, as well as re-energized people. Quincey's leadership team led the culture change to a more accountable and empowered growth organization, driving faster decision making and more risk-taking and experimentation. Compensation and incentive systems evolved in support of this new culture. The finance organization is leading the changes on decision rights and actively changing financial, accounting, procurement and production systems and support systems to better enable the cultural change.

Company leadership is supporting the change effort by setting a tone at the top focused on transparency and frequent communication. Waller ensures that all of the changes happen within a solid governance framework that helps the finance team manage risk. She notes that being a former controller has helped her bridge the gap between embracing change and following established rules.

[1] Jennifer Maloney, "Coca-Cola Needs to Be More Than Just Coke, Its Next Chief Says," *The Wall Street Journal,* February 23, 2017, available at https://www.wsj.com/articles/coca-cola-needs-to-be-more-than-just-coke-its-next-chief-says-1487887399 (accessed on August 2, 2018).

As her role evolved from controller to CFO, Waller took steps to “reinvent” herself.

> I’m not only helping the company and the associates go through this process, but I continually learn something new, and I have had to change my perspective from one of being cautious about change to protect the company and the brand, to embracing rapid change to support the long-term value growth potential of the company and therefore protect the company and the brand. That was not a subtle pivot. To lead my organization through this change, I had to re-invent myself, because just like the world we live in, the change that we’re going through today is faster and more significant than any of the changes I’ve experienced during the 30 years that I’ve been with the company.

To keep her on track and challenge her thinking to lead through easy and turbulent times, she built a diverse support network. “As I was taking on the role of CFO, a friend suggested that I develop my own personal board of directors—a group of colleagues, mentors and other company stakeholders who are empowered to share a wide range of viewpoints, including when they think I need to shape up.” By keeping counsel with a broad audience, Waller has been able to contribute to the growth of the company and lead the transformation of the finance team while maintaining an appropriate risk management framework.

Conclusion

Coca-Cola is engaged in a forward-looking global transformation designed to respond to the evolving tastes of today’s consumer. At a macro level, the company is working through what may be the biggest culture shift it has seen in 130 years. The Coca-Cola organization of the future isn’t just about great tasting sparkling beverages. It’s about cultivating a growth-oriented ecosystem that encompasses fast decision making, rapid product development and a passion for consumer engagement, providing consumers the beverages they want to consume while doing business the right way. Doing that requires a diverse team of professionals that are focused on continually innovating and creating long-term shareholder value.

The finance team plays a critical role in supporting and enabling the culture shift. As a public company, it’s important that Coca-Cola operates within the bounds of an appropriate governance structure as it develops for the future. More experienced members of the team will be able to rely on their institutional knowledge to ensure that risks are being managed effectively, even while new data- and technology-driven teams experiment with new products and new innovations. The CFO must listen to the interests and perspectives of different parties and stakeholders and help guide to the path forward that appropriately balances governance and growth. She will also have to explain to the market how all of this new experimentation will create shareholder value over the long term. Not every change will happen or pay off overnight, but a clear and fully aligned message coming from the CEO and CFO will give investors and employees certainty about the way forward.

“The best advice I was given was to create my own personal board of directors. You go to them, and you talk about various topics, some relevant to current business issues and some forward thinking. Sometimes you solve problems or get ideas that help you solve problems you hadn’t yet identified as problems. It’s about listening and learning from the experiences of others.”

- Kathy Waller

Executive Vice President, Chief Financial Officer and President, Enabling Services, Coca-Cola

Leadership Insights:

- **Harness the Strength in Diversity.** Whether it's new products, new people or both, there is strength in diversity. Bringing in new people and hiring for new roles creates value by building an ecosystem of diverse thought and perspectives that can quickly adapt to market changes.
- **Rethink Old Business Models.** Shifting from a volume to value mindset helps Coca-Cola develop new product lines and set up systems to keep the company better engaged with its customers. This paradigm shift creates value by keeping the business relevant in the market.
- **Keep Guardrails in Place.** While risk-taking and empowerment are important, it is also critical to remember why certain controls, rules and processes were put in place. The CFO of the future will have to straddle the line between responsibility and innovation.

“We have to think about critical tasks, cultural norms, values, informal rules, informal power networks, the formal organization, and the strategic groupings. Creating an ecosystem means formally linking the information, human resource management systems, and career systems, and creating alignment.”

– Dr. David Ager

Senior Fellow, Executive Education, Harvard Business School

Insight Session on Casting a Wide Net: Leveraging the Ecosystem and Company Culture to Maximize Value at Red Hat

Leading CFOs and their teams are spending more time creating the future of their firms. This requires deep insight into business operations and evolving customer trends, as well as a high level of business acumen to boldly influence outcomes. It also requires the capacity to shift energies away from more traditional CFO functions towards an openness for change, and the ability to work across an ecosystem of partners and stakeholders.

Red Hat—the world's leading provider of open source solutions—has experienced rapid growth in a quickly evolving industry. To support this level of growth, the finance team has had to update its processes, layer in new digital tools, develop deeper insights on customers, and work across the business to help the entire company better understand the new landscape. The finance team made this transition by studying the existing ecosystem of the organization and learning how to work within it. From there, the CFO has been able to put finance in a leadership role, guiding innovation within a sound governance framework.

Carolyn Nash, Senior Director of the Go-To-Market Finance team at Red Hat, has to navigate this complex system while also creating revenue from mostly free software. In her presentation at ***The 2018 CFO of the Future Summit: The Next Frontier of Value Creation***, she explains how the finance team has been able to position themselves itself as a partner for growth.

"Consensus is an unachievable goal. I think it's productive to disagree and commit, and that's what we believe here. Everybody will not be happy, and that's okay, but everybody has to understand what you're doing, why you're doing it, and the constraints you're dealing with."

- Carolyn Nash
Senior Director of Business Finance, Red Hat

Making Big Bets

Software developers are the original disruptors—digital programs have impacted everything from decades-old business models to everyday administrative tasks. Not surprisingly, software has disrupted itself too.

As technology and skills continually evolve, developers can stand up new and sophisticated applications in a matter of days. As a result, companies like Red Hat that offer open source software have to be fully dialed in to the ecosystem of new customer demands and technology capabilities to anticipate and respond to the market. In the past, that's meant supporting enterprise systems with a single Linux platform. Now, the company is making a big bet on ecosystems and the hybrid cloud.

Hybrid cloud technology allows IT the flexibility to choose where their applications and data are located (on premise, public cloud or private cloud). With the benefit of cloud technology, IT can move workloads between public and private clouds, hosted on a single or multiple cloud provider environment. The result has been a market cap increase from $4 billion ten years ago to $29 billion today. To be effective in this rapidly changing environment, the finance team has had to scale quickly, identify strategies to stay in sync with business partners across various units, and remain nimble. With an increasingly complex business model, the external ecosystem also became increasingly complex. As Nash observed, the finance team needed to have "really bold, audacious goals" and "focus on delivering value, showing that we understand and we're listening, and we're making big, bold moves based on that."

Swimming with the Tide

Growing revenue to $3 billion hasn't been easy. Red Hat has had three CFOs in as many years and almost one hundred percent turnover in the finance senior leadership team. When Nash joined the team, finance was viewed as an enforcement agency rather than an enabler. In order to transform the role of finance within Red Hat, Nash and the rest of her team had to learn to swim with the tide rather than try to control the waves. That meant embracing the existing ecosystem in the company and learning how to work within an organization where all departments expect to weigh in on business decisions.

Red Hat software is offered as an open source, open architecture product. This means that users can see every line of code that helps power their systems. This approach also extends to the company culture, which is defined by transparency, engagement, and a unique open-decision making framework.

As one example, employees are encouraged to express their views via a company-wide email list. The opinions on that list drive the culture of the company, yet previous finance teams had failed to recognize the value of those opinions, that platform for sharing ideas, and the approach to garnering buy-in. As a result, there was a significant disconnect, and decisions were made without the inclusion of the finance team. In order to regain credibility, the finance team had to learn how to work within the existing Red Hat culture. To do this, the finance team refocused their energy on understanding and applying the four principles of culture that highlight why people work at Red Hat:

- Freedom
- Courage
- Commitment
- Accountability

Freedom means having the ability to explore new ways of identifying and creating opportunities for value. Now, the finance team leverages the power of the company-wide email list to harvest the best ideas, wherever they are in the company. By working within the existing knowledge-sharing ecosystem, finance can help guide critical conversations.

Courage uses the company's open culture to empower people to challenge ideas internally. Even if some people disagree with the final outcome, the organization is more likely to commit fully to an idea when disagreements have been heard and the idea has been broadly discussed.

Commitment stems directly from courage and helps the company scale innovations quickly by working from an 'all hands on deck' mentality. Finance works with each part of the organization and is involved in the discussion of ideas and business decisions. As a result, they bring that same level of involvement into the implementation of their own projects by focusing on cross-functional collaboration.

Accountability reminds everyone of what's at stake. Red Hat must remain accountable to shareholders, customers, and the ecosystem of vendors to be successful. Open architectures rely on robust self-governance, and an open corporate architecture is no exception.

By leveraging the power of this framework, the finance team has been able to change how it is viewed within the organization. Instead of being seen as the people who say no, finance is now viewed as a leader of a growth agenda that has helped Red Hat scale. The finance team is able to raise issues and nurture new areas of growth while being viewed as a partner and not an adversary.

For Nash, working within the existing ecosystem, rather than against it, ensures that the company's growth plans remain on track and that business decisions are made with the right people involved. The finance organization at Red Hat has learned that lesson and has gained a positive reputation for cross-functional collaboration within the company. This has helped to improve alignment within the organization and encourage other teams to come together for a more impactful generation of value for Red Hat.

"We created an open-decision framework that puts rules and boundaries around how you are open, how you get the best and the brightest ideas, and how you bound it in a way that you can actually accelerate decisions to make them stick."

- Carolyn Nash
Senior Director of Business Finance, Red Hat

Conclusion

Large organizations are diverse ecosystems. For any incoming business leader, it's important to understand what the prevailing cultural climate is and how to work within it to gain buy-in. At Red Hat, a misunderstanding of cultural norms meant that the finance team wasn't capturing valuable opinions and suggestions from throughout the organization. By taking a step back and learning how to work with the system instead of against it, the finance team has been able to increase cross-functional collaboration and create value across the organization.

When finance is an integrated part of company culture, new avenues for growth emerge. Finance teams can help nurture innovative ideas, implement agreed-upon initiatives, and craft a new narrative for markets. Doing this well means working throughout an organization to ensure that the perception of the role of the finance team is consistent and positive.

Leadership Insights:

- **Maximize Value by Leveraging Culture.** CFOs that can effectively leverage components of company culture to maximize value will always have an advantage over the competition. By working within the ecosystem of a given company, the finance team can identify areas for improvement, create efficiencies, and innovate more easily than if they are constantly working against the predominant culture.
- **Take Chances.** CFOs have to identify where markets are heading and what the opportunities of the future will look like. But they also have to be willing to take a chance on new areas that may look risky on paper. By working through these risks by getting feedback from the organization, the finance team will be better able to explain to the market why taking a chance will pay off.
- **Understand How Finance is Perceived.** A finance team that is perceived as focusing solely on controls and managing risks is less likely to be thought of as a partner in value creation. Before undergoing transformation initiatives, CFOs of the future will be more effective if they have a deep understanding of how the rest of the organization perceives finance, in order to alter the brand through impactful outcomes. Knowing where you're starting from is critical to reaching your destination.

“You have to be willing to ignore two types of critics. Well-meaning critics that genuinely misunderstand what you're doing, or genuinely have a different opinion, and self-interested critics that have a vested interest in not liking what you're doing and have a reason for this misunderstanding.”

– Dr. Rory McDonald

Assistant Professor, Harvard Business School

"CFOs have the opportunity to drive value both in what they do and how they do it. Companies are moving into new business models, moving into new product lines, moving into new ways of working. This environment creates a number of new growth opportunities as well as challenges to CFOs."

– Dr. Christian Campagna

Senior Managing Director, Accenture Strategy

Summary

Finance teams in every organization are at an inflection point. The core function of the CFO is to predict within a reasonable degree of certainty how and where an organization is expected to grow over the short, medium, and long terms. However, what industry will look like just one year from now is unclear. In order to stay ahead of these changes and disruptions, CFOs and finance teams will have to work on building internal and external ecosystems of partners and technology to help identify areas for growth, and to explore the innovations of tomorrow.

In order to create successful ecosystems, CFOs must build strategies that work within existing systems, rather than against them. By including all parts of the organization in business decisions, finance teams can identify new ideas from unlikely sources that can lead to unexpected value creation. Harnessing the power of new technologies including artificial intelligence can drive deeper insights about customers and competitors that will position the finance team to make better decisions and help keep companies competitive and agile.

CFOs can also lead the way when it comes to creating external ecosystems of vendor partners and anchor customers. While it may require a culture shift at the outset in order to engage vendors as partners in growth, ultimately those relationships can be a springboard for value creation and rapid scaling. Similarly, engaging with anchor customers to explore new ideas can help the organization unlock fresh areas of innovation or refine existing services in a way that maximizes value.

As finance teams work through these concepts and take a lead role here, it will be important to consider key questions, such as: Who are the internal and external stakeholders that could become part of an advisory ecosystem? Can we share services or business with our vendors in new ways that maximize growth for both sides? What networks already exist internally that we could leverage to identify new value opportunities?

By leading from within, the finance team can shape the public face of their organizations while also driving external partnerships that propel the company to the next level. CFOs that become enablers of innovation will be the leaders in shaping a successful growth agenda.

Acknowledgments

Leadership for a Networked World, the Technology and Entrepreneurship Center at Harvard, and Accenture Strategy would like to thank the 2018 Executive Leadership Group for their vision and ideas that aided the development of this Summit:

Brett Biggs
Executive Vice President and Chief Financial Officer, Walmart

Jeff Campbell
Executive Vice President and Chief Financial Officer, American Express

Dominic Caruso
Chief Financial Officer, Johnson & Johnson

Ali Engel
Senior Vice President and Chief Financial Officer, Gannett

Kevin Jacobs
Chief Financial Officer, Hilton

Zane Rowe
Executive Vice President and Chief Financial Officer, VMware

David Rowland
Chief Financial Officer, Accenture

Eric Shander
Executive Vice President and Chief Financial Officer, Red Hat

Carol Tomé
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We would also like to thank the speakers, panelists, and participants in The 2018 CFO of the Future Summit. Their participation created the foundation for a robust and successful learning environment:

Julie Anderson . . . . Molex
Tarun Arora . . . . ASR Group
Alexis Becker . . . . Delaware North
Matthew Bilunas, ... Best Buy
Christian Campagna . . . . Accenture Strategy, CFO & Enterprise Value
Dominic Caruso . . . . Johnson & Johnson
Mark Coyle . . . . Citrix Systems
Aneel Delawalla . . . . Accenture Strategy, CFO & Enterprise Value
Denielle deWynter. . . . . Hearst Health
David Fabricant . . . . American Express
Peter Fitzgerald . . . . National Grid
Matt Flamini . . . . Koch Equity Development
Marcus Granderson . . . . Marathon Oil Corporation
Hilary Halper . . . . Essilor
Brent Hastie . . . . The Coca-Cola Company
Chad Heaton . . . . Facebook
Lauren Hirshon . . . . Leadership for a Networked World
Grant Ireland . . . . Accenture
Premchand Kanneganti . . . . Bunge
Lance Loeffler. Halliburton
Dalen Meeter . . . . Illumina
Nandini Mongia . . . . Prudential Financial Inc,
Maura Mulderry. . . . . Primark
Carolyn Nash . . . . Red Hat
Antonio Oftelie. . . . . Leadership for a Networked World
Sara Orr. . . . . Verizon
Pedro Pons . . . . The Estee Lauder Companies, Inc.
Zane Rowe . . . . VMware
Justin Schomaker. . . . . Cardinal Health
Shannon Schroeder. . . . . Schlumberger
Jeffrey Shotts . . . . Walmart
Mark Slicer . . . . Boston Scientific Corporation
Dimitrios Tziortzis . . . . Air Canada
Kathy Waller . . . . The Coca-Cola Company

Additionally, credit and thanks are due to Lauren Hirshon for program development, Amy Ramsay for program management, Christopher DeAngelus for web and technical design, Bailey McCann for writing, Meg Belanger for Summit photography, and Todd Gillenwaters for graphic design.

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