

ROBERT WALTERS WHITEPAPER

BRIDGING THE SKILLS GAP IN FINANCE FUNCTIONS

ROBERT WALTERS








INTRODUCTION: BRIDGING THE SKILLS GAP IN FINANCE FUNCTIONS

The role of finance teams within businesses is evolving. Over the last decade, economic upheaval has made many business leaders place an increased emphasis on recruiting finance professionals who can go beyond fulfilling a purely technical role. Instead they are expected to function as fully integrated partners in the business, providing strategic insight to leaders and cooperating with other departments to ensure the long term financial stability of the company.

However, with finance having traditionally been considered a 'back office' function, many finance leaders are struggling to source top quality finance professionals who can demonstrate the skills they need. A combination of strong technical abilities and excellent communication skills are necessary as the role of the finance team becomes more prominent.

This research paper explores the challenges senior finance professionals have faced in attempting to equip their teams to meet new demands and the most successful strategies for obtaining or developing the skills required.

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KEY STATISTICS

39%

of CFOs feel their team are able to work effectively as strategic business partners

61%

of CFOs say they have had issues sourcing candidates from traditional talent pools

49%

of CFOs prefer to fill skills gaps in their finance team by upskilling current employees.

BIGGEST SKILLS GAPS AMONG FINANCE TEAM PROFESSIONALS



COMMERCIAL APTITUDE



PERSUASION AND INFLUENCING SKILLS



STAKEHOLDER MANAGEMENT SKILLS

WHY DO CFOS FAVOUR INTERNAL UPSKILLING?



85%

Encouraging internal promotion and maintaining company culture



68%

It is less risky than recruiting external staff



47%

Upskilling is part of their internal development programme

Motivations for external hiring

The current team lacks the skills to be promoted	41%
To bring in new insights and ideas	25%
Internal training takes too long	23%



WHAT ARE THE KEYS SKILLS GAPS IN FINANCE TEAMS?

The traditional image of the finance team as serving a purely technical role is increasingly becoming out-dated.

Senior managers expect finance teams to be active partners within the business, providing strategic advice and insight to support commercial decision making.

However, just 39% of senior finance managers feel that their team are currently able to provide this strategic support to the wider business.

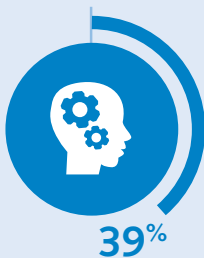
BIGGEST SKILLS GAPS AMONG FINANCE TEAM PROFESSIONALS



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SHORTAGE OF COMMUNICATION SKILLS AND COMMERCIAL AWARENESS

Among CFOs the biggest perceived skills gaps within finance teams are a lack of commercial awareness, (60%), a lack of persuading and influencing skills (48%) and a lack of stakeholder management skills (39%).

The shift away from finance teams simply reporting on the financial state of the company and towards providing advice to facilitate growth means that a broad understanding of the needs of the business is a highly desirable quality.

As with commercial aptitude, the ability to persuade and manage the expectations of stakeholders is critical as finance teams take on a more prominent role in providing advice to the wider business.



Martin Fox
Managing Director at
Robert Walters

“

As the role of finance teams evolves to include developing key strategic insights and sharing this advice with other stakeholders within the company, commercial aptitude and strong communication skills are increasingly important qualities.

”



39%

of CFOs feel their team are able to work effectively as strategic business partners



WHY DO ORGANISATIONS PREFER INTERNAL UPSKILLING?

When CFOs were asked how they prefer to resolve skills gaps within their team, upskilling existing team members was the favoured strategy among almost half of respondents.

While other options were considered important, it is clear that CFOs and finance team leaders believe that, long term, developing and training existing staff is the most effective strategy to bridge skills gaps.

While external hiring of permanent or temporary staff will be the best strategy to resolve skills shortages under certain circumstances, upskilling staff is always an important strategy to ensure long term retention of top talent.

49%

of CFOs prefer to fill skills gaps in their finance team by upskilling current employees.

Upskilling your current team	49%
Hiring permanent staff externally to acquire the necessary skills	28%
Moving staff internally (from different teams/offices)	16%
Hiring temporary or contract staff externally to acquire the necessary skills	5%

ADVANTAGES OF INTERNAL TRAINING

CFOs widely agree that internal upskilling is the most effective strategy to combat skills shortages, but there are a diverse range of reasons why finance leaders favour this approach.

The most widely cited reason is the desire to encourage internal promotion and maintain company culture (82%) while the opportunity to invest resources in current employees that they know and trust is also seen as a key motivation for internal upskilling (68%).

In addition, upskilling is often regarded as a key part of an effective talent development programme for many

employers (47%). Cost is also an important consideration, with 40% of CFOs preferring to upskill existing staff to avoid the costs associated with bringing new talent on board.

WHY DO CFOs FAVOUR INTERNAL UPSKILLING?



85%

Encouraging internal promotion and maintaining company culture



68%

It is less risky than recruiting external staff



47%

Upskilling is part of their internal development programme



Upskilling your existing team should form one of the cornerstones of guarding against future skills shortages. Encouraging staff with niche experience or skills to share them with the rest of the team will create a flexible and adaptable finance function that can respond to the evolving needs of the business.





WHAT ARE THE MOST POPULAR UPSKILLING STRATEGIES

CFOs widely feel that their organisation's current upskilling strategies are not sufficient, with just 22% saying that they were fairly effective or very effective.

Evidently, there is a widely held perception that these strategies can be improved and there are specific approaches that senior finance professionals feel are most effective.

MENTORING AND COACHING

- 88% of CFOs said that this was the most effective strategy to upskill staff.
- This approach is low cost and gives junior finance professionals the chance to learn vital stakeholder management skills from senior colleagues.
- Empowering staff to be involved in day-to-day decision making will give them the opportunity to develop these skills.



68%

Mentoring and coaching

JOB ROTATION

- Job rotations and placements were considered effective by 58% of senior finance professionals.
- Moving finance team members into different business units will help to equip them with a greater understanding of business operations.
- This can help them recognise specific challenges and identify opportunities for improving existing processes.



58%

Job rotation

INTERNAL TRAINING

- 50% of CFOs would opt to upskill their team using formal internal training.
- When looking to improve technical skills, classroom, seminar and online learning can be the most effective tools.



50%

Internal training

EXTERNAL TRAINING/HIGHER EDUCATION

- For 36% of senior finance professionals external training or higher education was considered an effective strategy to upskill staff.
- Depending on the nature of the external training, finance team members may be able to gain formal qualifications or broader project and people management skills.



36%

Higher education



22%

of senior finance professionals feel that their organisation's strategies for upskilling staff are effective



WHEN SHOULD YOU CHOOSE TO HIRE EXTERNALLY?

While the majority of CFOs prefer to upskill their team in favour of recruiting externally, there are still occasions when bringing new talent into the team is the best solution to a skills shortage.

In addition, almost a third of CFOs regard external hiring as the most effective solution when looking to fill a skills gap within their team.

28%

of senior finance professionals prefer to hire new talent to fill skills gaps

Motivations for external hiring

The current team lacks the skills to be promoted	41%
To bring in new insights and ideas	25%
Internal training takes too long	23%

EMPLOYEES NOT READY FOR PROMOTION

The most common reason cited by CFOs for hiring external talent over upskilling their existing team was the need to fill a skills gap quickly, and there being no one in the existing team who was ready for promotion (41%).

Hiring external talent can be particularly important if the business is expanding into a new area and certain expertise is required rapidly, as doing so allows the company access to a wider choice of candidates who have direct experience of the relevant field.

INTRODUCING NEW PERSPECTIVES

A quarter of CFOs stated that their main motivation for bringing new team members on board was as a means to bring fresh ideas and perspectives to the team.

In particular, by expanding the hiring process outside of traditional channels, CFOs can find candidates who have a different background to the rest of the team, bringing unique perspectives and experience to the business.

INTERNAL TRAINING TAKES TOO LONG

Almost a quarter (23%) of CFOs felt that internal training did not offer fast enough results, preferring to recruit externally to fill a skills gap immediately.

If the demand for these skills is particularly urgent, external hiring is often the most effective strategy. By bringing a new member of staff with the required skills on board the issue can be resolved immediately. In addition this also opens the possibility of the new staff member training other members of the team with their niche skill set, further helping to guard against future talent shortages.



When looking to recruit externally, CFOs must consider the long term for a career plan for any new team member. While filling a skills gap may be the initial motivation for taking on new talent, that individual also needs to be motivated and developed if the employer wants to retain them long term.





HOW TO EXPAND THE FINANCE TALENT POOL

Competition for top finance talent is fierce, particularly as CFOs begin to look for a greater range of technical and soft skills from finance professionals.

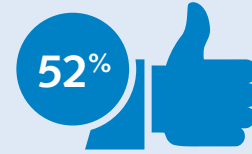
With 61% of senior finance professionals reporting that they had experienced issues successfully sourcing talent in their local market, the need to expand outside of traditional talent pools is increasingly urgent.

SEARCH OUTSIDE YOUR INDUSTRY

The majority of CFOs are prepared to hire professionals whose background is in another industry.

52% said that they would be prepared to consider candidates from a different industry for any role, and a further 34% said that while certain roles would require industry experience, they would not consider this a necessity for all roles.

Just 4% of respondents said that industry experience was essential for all roles. CFOs who do not look outside their industry for new staff are therefore at a significant disadvantage when looking to secure top talent, as they are drawing on a far smaller pool of potential candidates.



of CFOs would recruit from another industry



of CFOs would recruit from another profession

DO NOT RULE OUT CANDIDATES FROM OTHER DISCIPLINES

In contrast to how willing most CFOs are to consider professionals from other industries, just 27% of survey respondents said that they would consider candidates who did not have a background in accounting and finance.

Particularly in light of acute skills shortages and increasing demand for soft skills in finance teams, CFOs risk neglecting important talent pools by failing to consider professionals from other disciplines.

While formal qualifications are required for certain roles, more junior positions and potentially mid-level jobs with a more commercial focus may benefit from a candidate with a different background.

Professionals with an IT, legal or research background may have valuable perspectives and experience that could be vital in helping your finance team meet the demands of their changing role.



Martin Fox
Managing Director at
Robert Walters

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The importance of transferable skills should not be underestimated by CFOs looking to expand their teams. While formal qualifications can always be gained, vital experience and soft skills take longer to develop and benefit from unique and varied experience.

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61%

of CFOs say they have had issues sourcing candidates from traditional talent pools



ASSESSING FINANCE PROFESSIONALS AT INTERVIEW

If CFOs are keen to recruit finance professionals with a broader range of soft skills it is important to review interview procedures. In many cases, these procedures were implemented primarily to test for technical competency and therefore may not be sufficient to identify qualities such as communication, negotiation and stakeholder management abilities.

By far the most popular interview techniques among CFOs were the use of competency questions and discussion of previous experience.

These approaches are extremely useful for gauging technical abilities among candidates, determining whether or not they have the necessary skills and experience to perform their job functions effectively.

However less than a third of CFOs reported using approaches that could effectively assess soft skills in potential candidates.

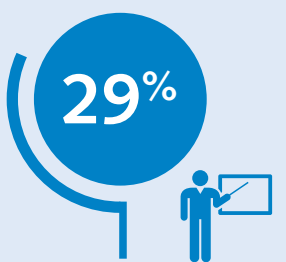
MOST POPULAR INTERVIEW TECHNIQUES



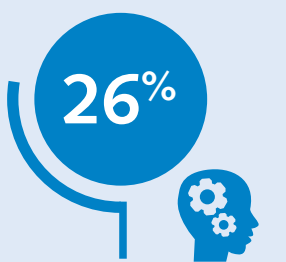
DISCUSSION OF PREVIOUS JOB EXPERIENCE



COMPETENCY QUESTIONS



PRESENTATIONS



PSYCHOMETRIC TESTS

- Presentation exercises give you the chance to assess how a candidate approaches the challenge of processing information and then communicating it to other parties.
- Psychometric testing can provide vital insights into a candidate's thought processes, as well as their working and learning style, helping to determine how they may approach challenges in the role.
- Asking the candidate to prepare detailed case studies in advance of the interview will give you the opportunity to see how they have approached challenges in dealing with key stakeholders in the past and how those skills might apply in their new role.

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As the role of finance teams evolves, so must the processes used to recruit top talent into these functions. Strong technical skills are still vital for finance professionals and assessing these should not be neglected. However, CFOs should be prepared to review their interview strategies in order to assess other vital skills.

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KEY FINDINGS

1

Finance teams are expected to take an increasingly important role as partners within the business, liaising with other departments and providing strategic insight. Commercial awareness and communication skills are increasingly important.

2

When looking to address skills gaps, over half of CFOs prefer to upskill existing staff to maintain company culture. This indicates that, when it is necessary to bring in external staff, ensuring they are inducted and briefed on company culture should be a high priority.

3

Mentoring and coaching are the most popular upskilling strategies among CFOs, allowing you to share skills within your team and give junior finance professionals the opportunity to take an active role in decision making processes.

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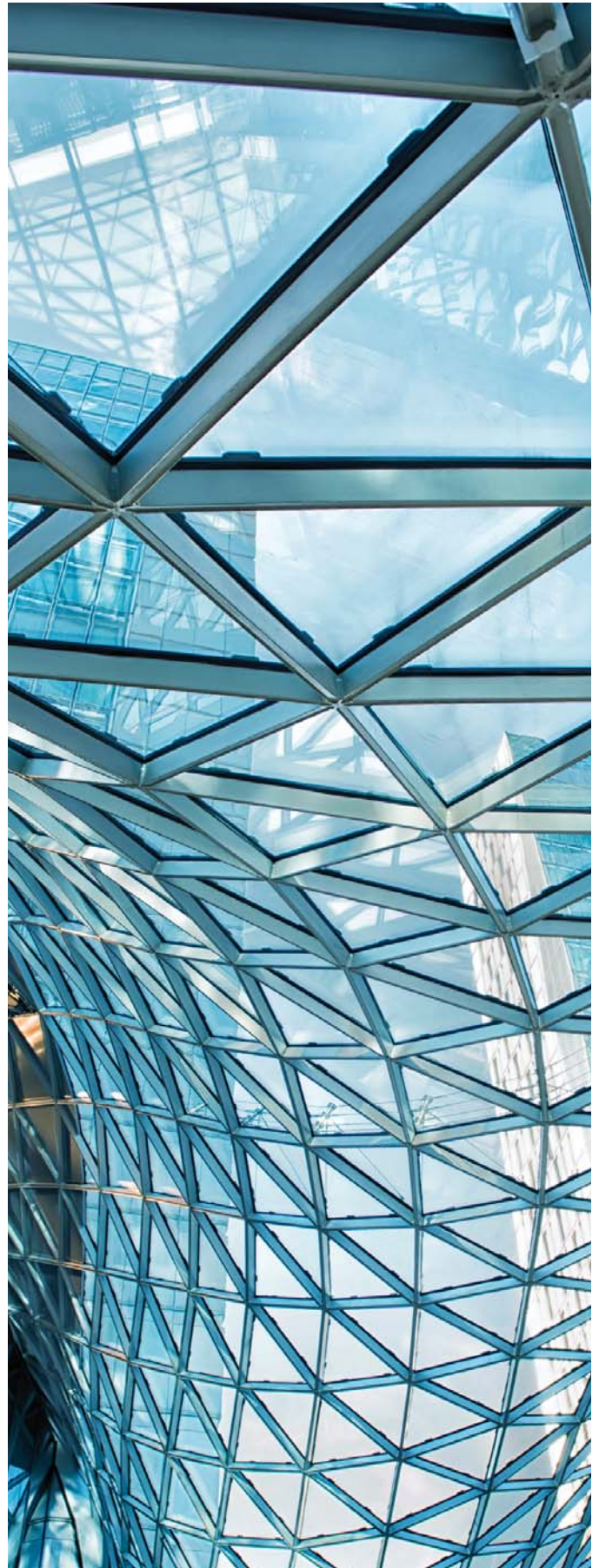
CFOs are most likely to hire externally when they are not confident that members of the existing team are ready to be promoted into a role. By partnering with a recruitment consultancy, CFOs can gain access to new talent pools where professionals with specialist niche skills can be found.

5

Senior finance managers are more willing to consider candidates from other industries than other disciplines. This attitude may lead to them missing out on candidates with valuable skills and varied experience that can bring fresh ideas and perspectives to the team, particularly for more junior or commercially focused roles.

6

The most popular interview techniques used when recruiting finance professionals are highly effective at determining the candidate's technical abilities. However CFOs may need to introduce additional techniques that can accurately determine whether a candidate will possess the communication skills to excel as the role of the finance function changes.



CONTACT US

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