

Horváth CFO-Study 2023 – Part II

# Finance and the “War for talents”

How do CFOs manage to build  
a highly skilled finance organization

# Agenda

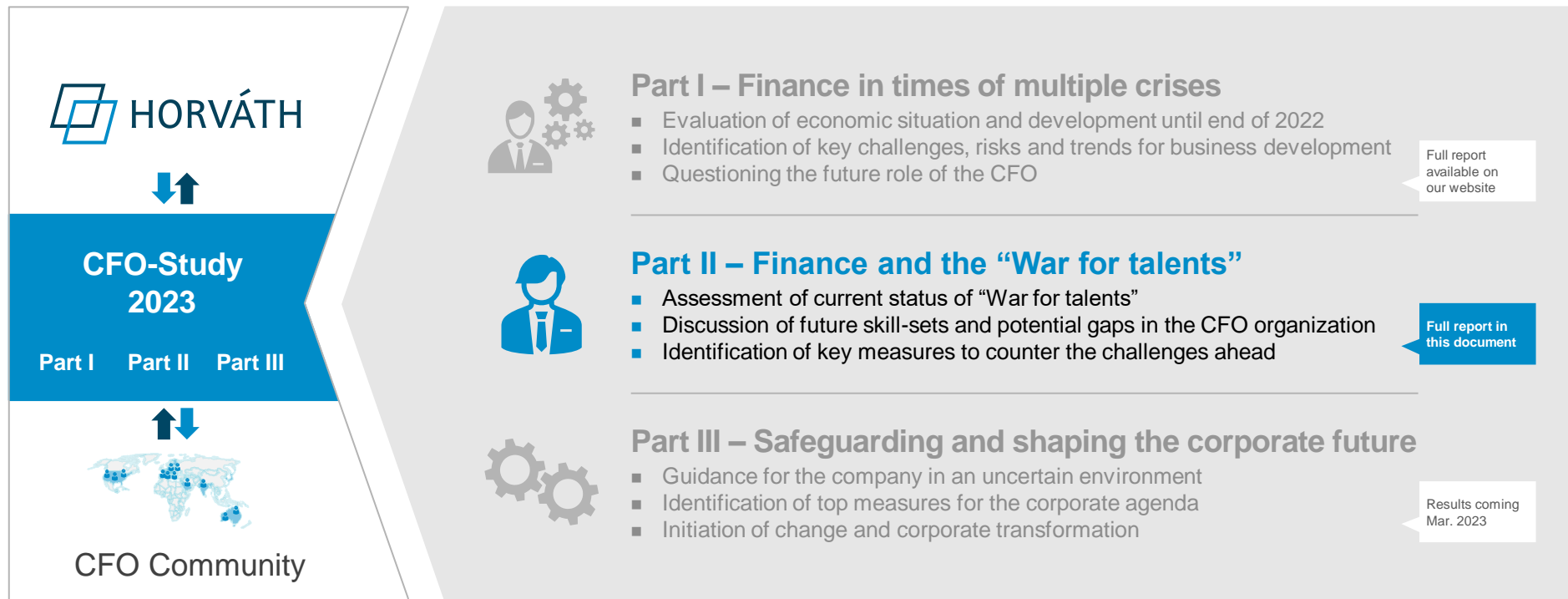
**01** Background and study design of the CFO-Study 2023

**02** Detailed insights – Finance and the “War for talents”

**03** Horváth CFO-Panel

# The Horváth CFO-Study 2023 will be published in three dedicated parts, each focusing on current hot topics

## Design of Horváth CFO-Study 2023



# The “War for talents” does not stop at the doorstep of Finance – How does that impact the CFO area?

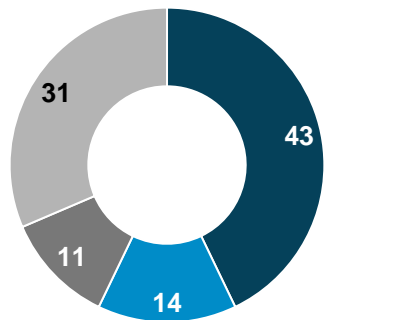
## Content of the Horváth CFO-Study 2023 II

- The CFO-Study 2023 Part II highlights the **current personnel situation in the Finance area** and provides information about the perceived **major challenges**
- The report **quantifies the problems** regarding **open positions and rising labor costs** in the Finance area
- **The strategic skill gaps** among the current workforce and **most affected departments are identified**
- The study discusses **the major drivers for the low recruitment success**
- Insights on planned **measures to counter the challenges** ahead are **provided and discussed**

## 40 top finance executives were asked in the study about their personnel and current challenges

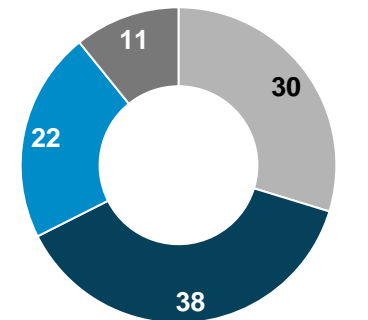
The participants of the study come from different international countries

With revenue in € (in percent)



■ >1 bil. ■ 250 m. – 500 m.  
■ 501 m. – 1 bil. ■ < 250 m.

And employee numbers (in percent)



■ >5,000 ■ 250 – 1,000  
■ 1,001 – 5,000 ■ <250



# Agenda

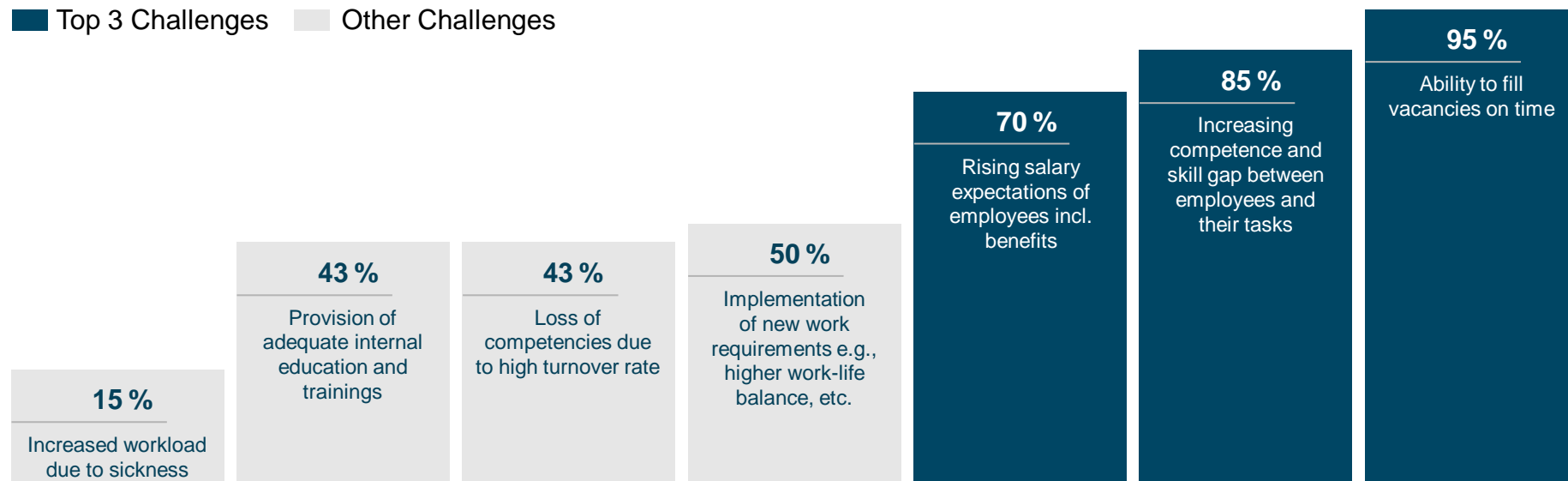
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# Finding the right people and competencies on time are currently the biggest challenges

**Biggest challenges regarding personnel in the finance organization | Data in percent (rating scale)**



**What are your biggest challenges regarding personnel in your finance organization?**



## CFOs are facing an unsolved conundrum regarding their future workforce.

Open positions in combination with a gap between currently available skills in finance compared to required new skills and competencies, lead to the fact, that salary expectations continuously increase. This brings finance organizations under pressure and characterizes the war for talents.

# Every 10<sup>th</sup> position is currently unfilled – Labor costs are expected to rise significantly

Rising personnel costs and vacancies | Data in percent (input)

**16 %**

**Increase of labor and  
personnel costs**



**11 %**

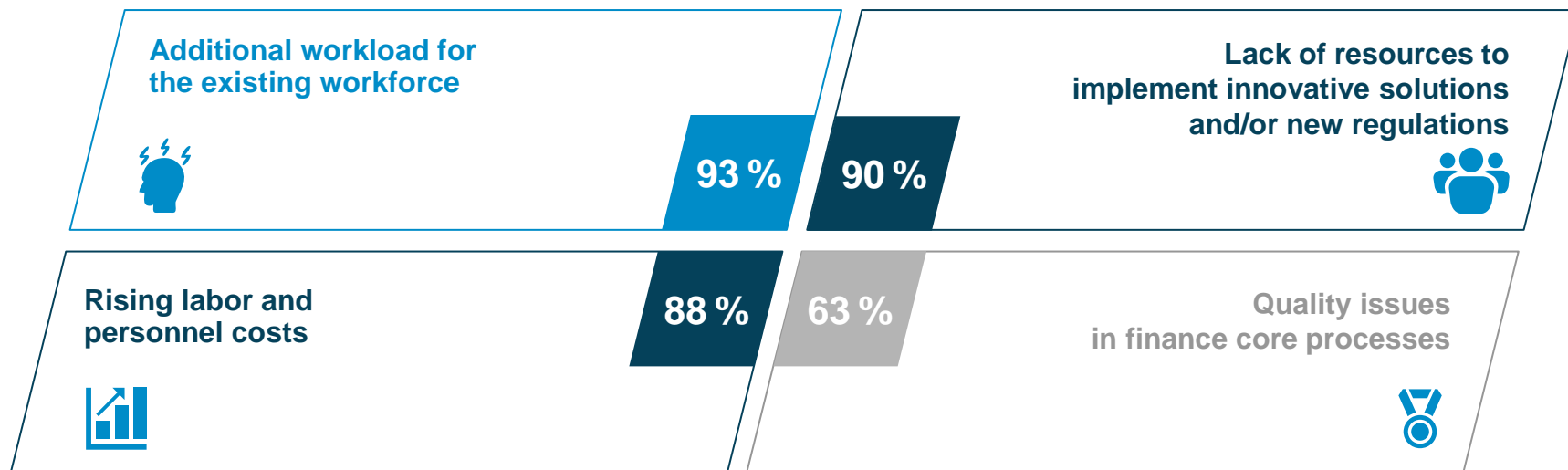
**Open positions in relation  
to target workforce**

**How many open positions do you have and are you expecting increasing personnel costs?**




# Additional workload will be distributed even more on the current workforce due to a high amount of vacancies

Likelihood of following consequences due to the staff shortage | Data in percent (multiple choice)



How likely do you estimate the following consequences due to the previous mentioned challenges?

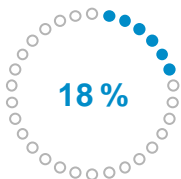
A blurred, high-angle photograph of a large crowd of people walking on a light-colored, reflective surface, possibly a train platform or a busy street. The image is overlaid with a semi-transparent blue filter. A white geometric line, resembling a stylized 'Z' or a series of connected triangles, runs diagonally across the right side of the image, separating the header area from the main text area.

## CFOs are expecting a “vicious circle” of consequences.

Staff shortages and rising qualification demands lead to a structural overload of the current workforce. As consequence, CFOs expect higher personnel costs to attract new joiners and satisfy the existing staff. On the way, necessary innovation initiatives and finance transformation will fall behind.

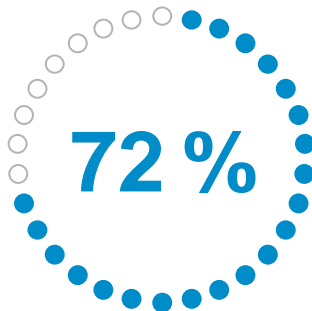
# Personnel planning follows in most cases a bottom-up approach

Current personnel strategy and planning | Data in percent (single choice)



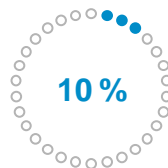
## Benchmarking:

Personnel planning follows a driver-based framework



## Bottom-up approach:

Personnel planning is proposed by the divisions and submitted for management approval



## Top-down:

Personnel planning is determined by the management and coordinated with the divisions

How does your current personnel strategy and planning look like?

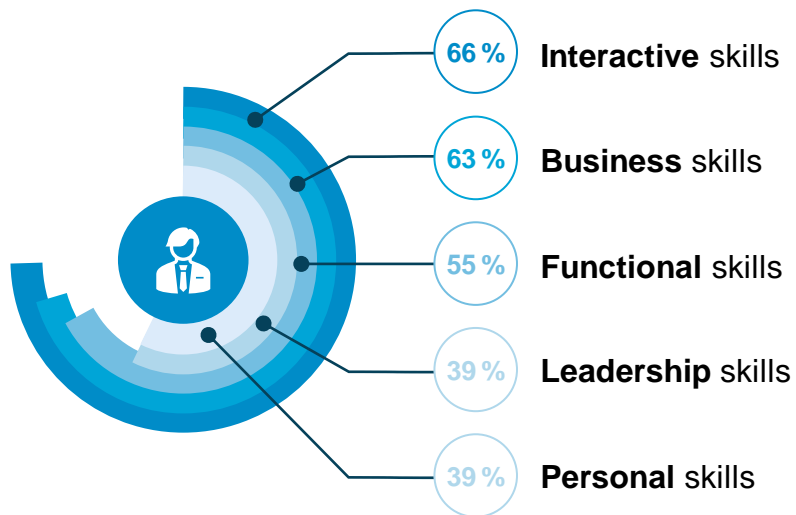
# CFOs plan their strategic workforce primarily bottom-up utilizing information from the divisions.

Most finance executives follow a personnel strategy driven by the demand of their divisions. During times of staff shortage, the right allocation and sizing of workforce become crucial for the optimization of finance organizations. A singular bottom-up planning approach fails the strategic context to meet the dynamic demands.



# Interactive skills and business skills will be most urgently sought until 2025

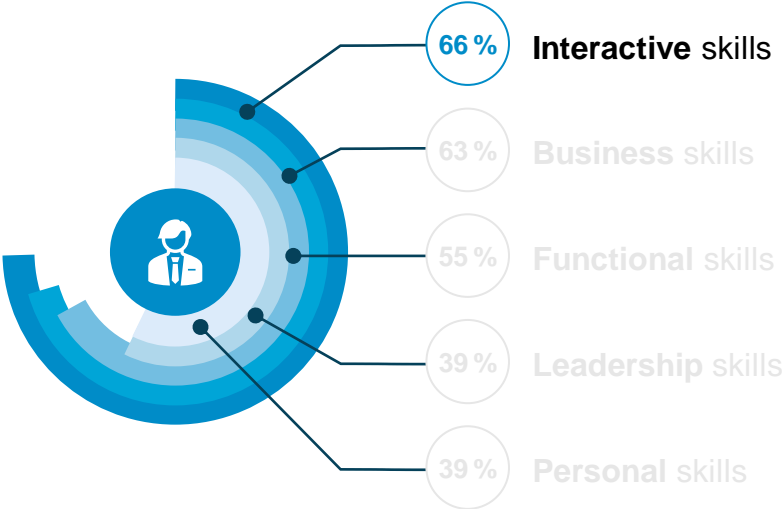
**Most urgently needed skills** | Data in percent (multiple choice)



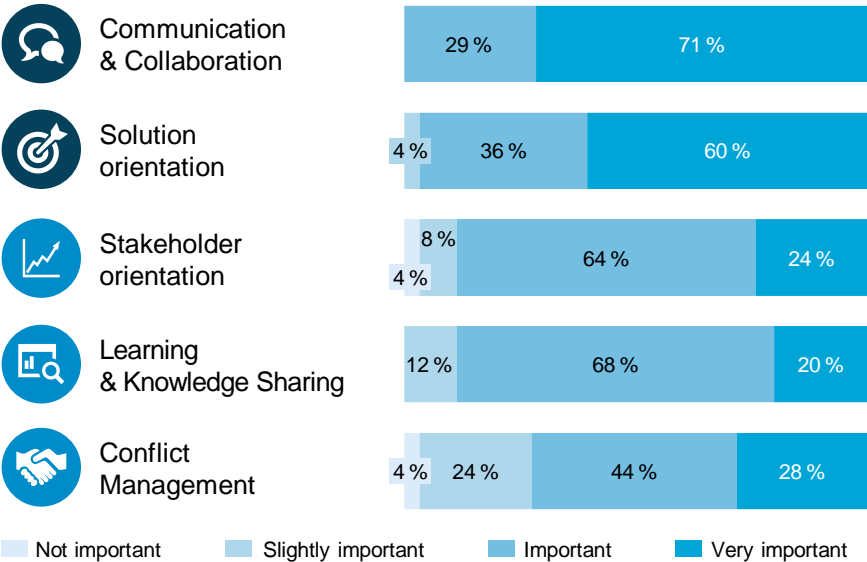
Which competencies and skills will be most urgently needed in your area of finance?

# Deep Dive: Interactive skills

Most urgently needed skills | Data in percent (multiple choice)



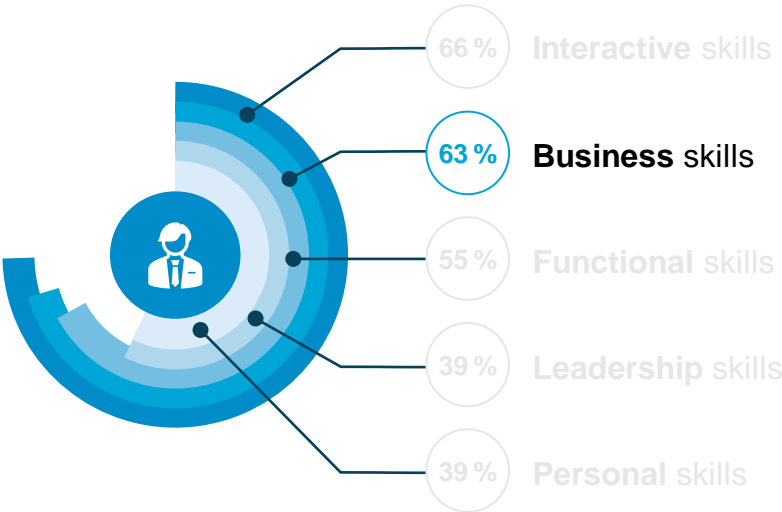
Degree of **importance** evaluated by finance executives



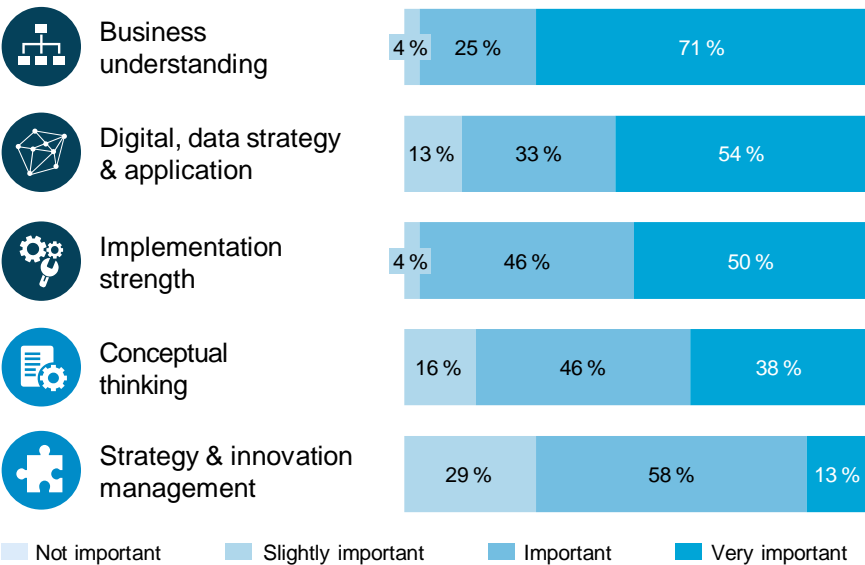
Which competencies and skills will be most urgently needed in your area of finance?

# Deep Dive: Business skills

Most urgently needed skills | Data in percent (multiple choice)



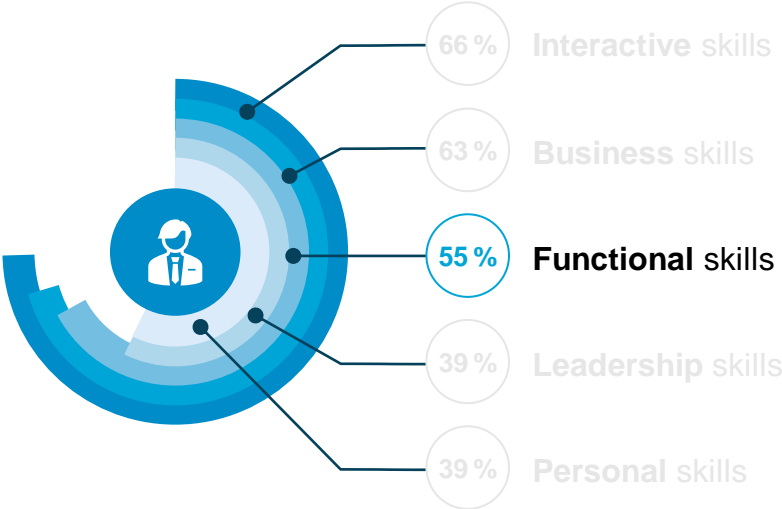
Degree of **importance** evaluated by finance executives



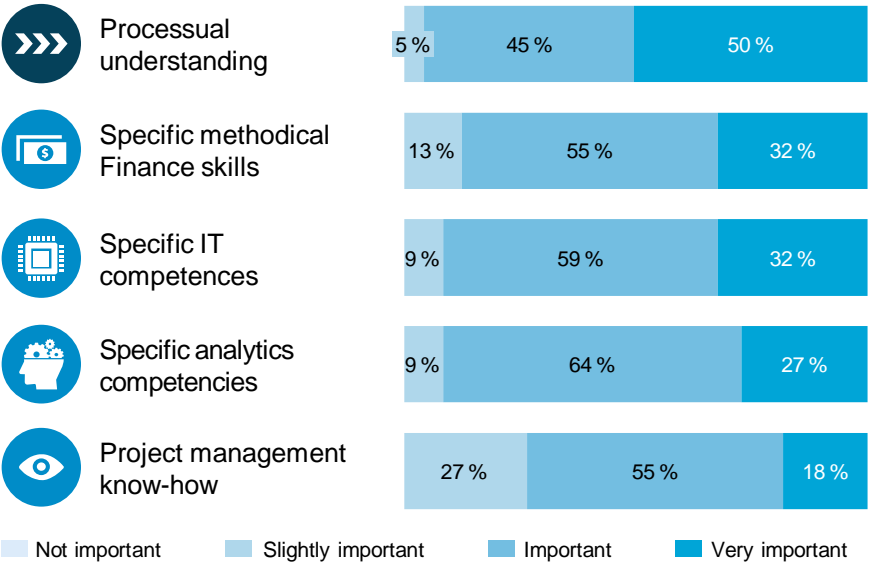
Which competencies and skills will be most urgently needed in your area of finance?

# Deep Dive: Functional skills

Most urgently needed skills | Data in percent (multiple choice)



Degree of **importance** evaluated by finance executives

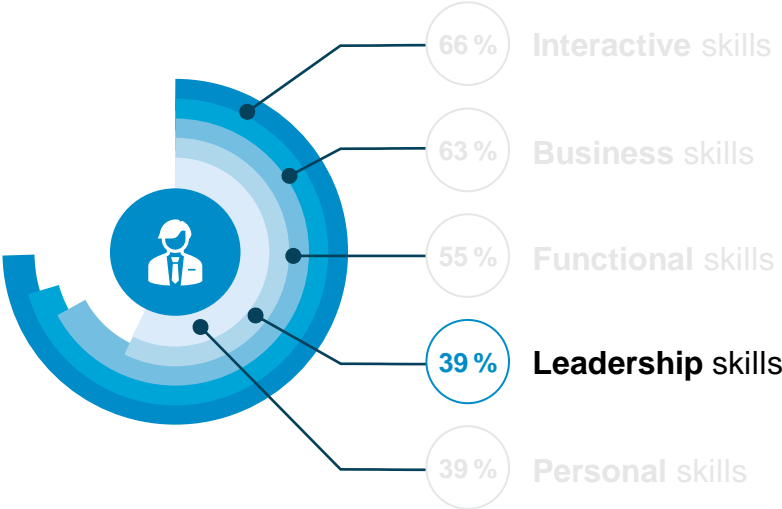


Which competencies and skills will be most urgently needed in your area of finance?

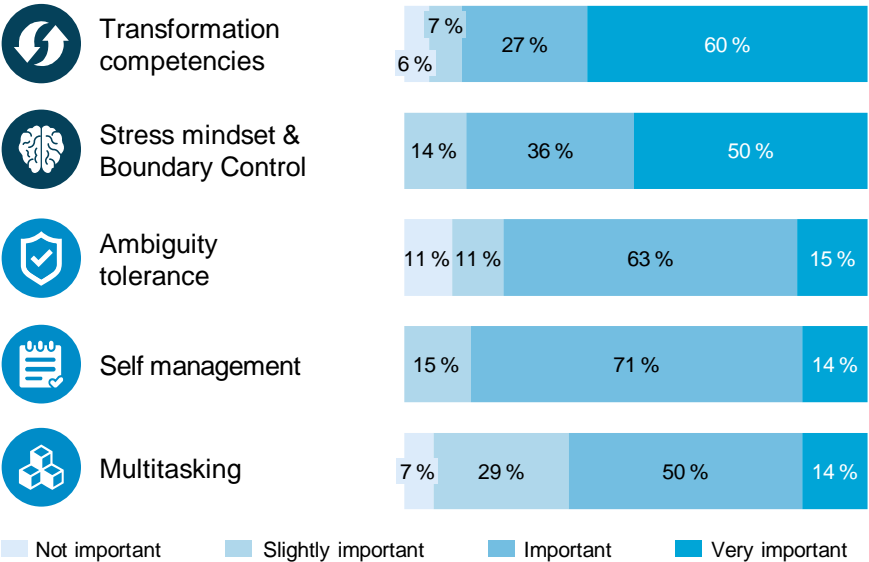


# Deep Dive: Leadership skills

Most urgently needed skills | Data in percent (multiple choice)



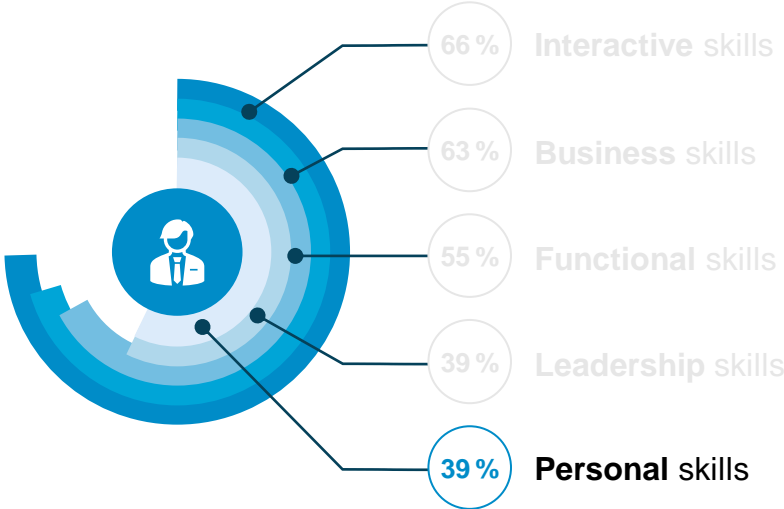
Degree of **importance** evaluated by finance executives



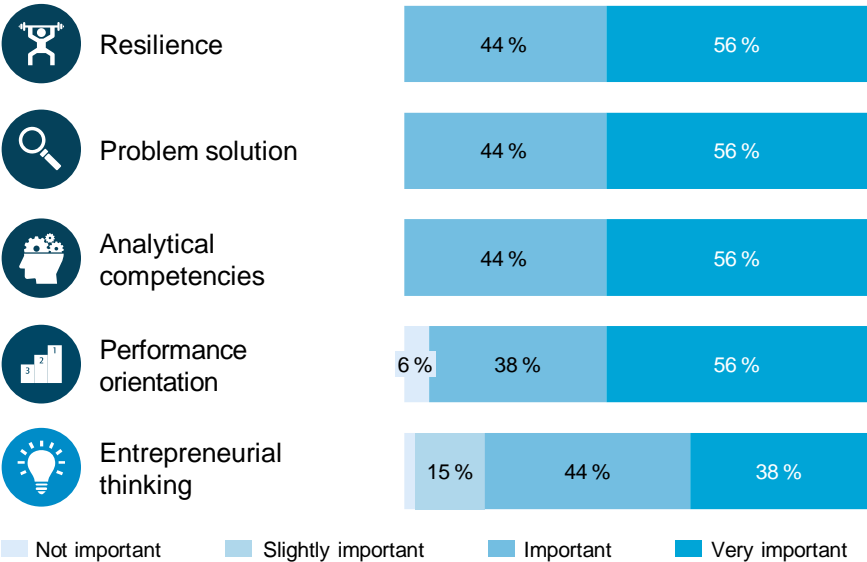
Which competencies and skills will be most urgently needed in your area of finance?

# Deep Dive: Personal skills

Most urgently needed skills | Data in percent (multiple choice)



Degree of **importance** evaluated by finance executives



Which competencies and skills will be most urgently needed in your area of finance?

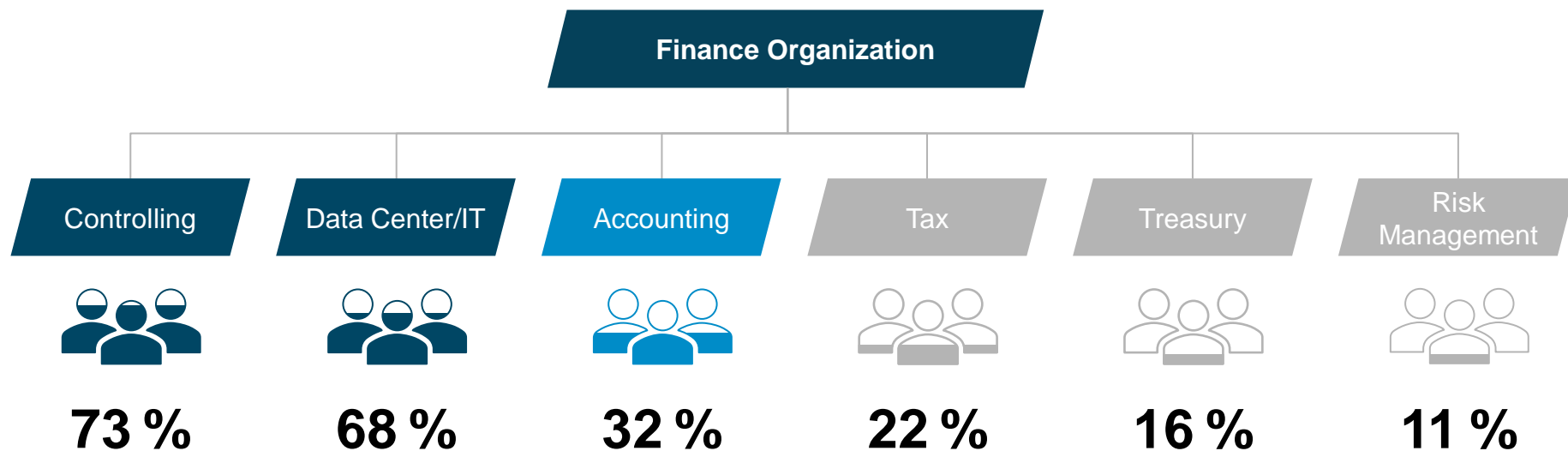


## Finance executives look for talents with strong communication and collaboration skills.

Specific business and functional skills remain important for the execution of roles in the finance area. However, finance executives look especially for talents who can communicate in a solution-oriented manner to their stakeholders. Results emphasize the importance for CFOs to create real value and decision-making support to the entire corporate landscape.

# Current personnel shortage is most strongly pronounced in Controlling and Data Center/IT divisions

**Most affected divisions** | Data in percent (multiple choice)



Which divisions in your finance area are affected the most?

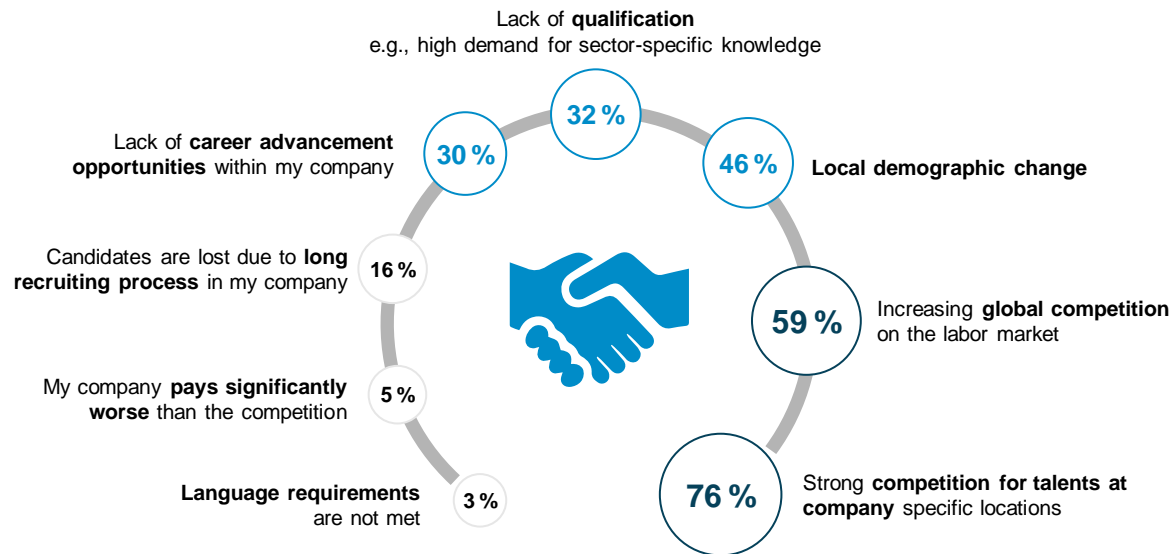
# Not all financial divisions are equally affected by the “War for talent”.

By far the most affected divisions within the financial organization are Controlling and Data Center/IT. In these functional areas new skills and competencies are mainly required to fulfill the finance role of being a business partner based on data driven insights which are provided via digital platforms and modern technology.




# Strong domestic and global competition for talents are the biggest challenges regarding hiring new people

Difficulties for attracting/hiring good people | Data in percent (multiple choice)



What do you think why it is difficult to attract/hire good employees for your company?





## **CFOs explain their empty talent pipelines mainly due to fierce competition on the market.**

The intense competition, domestically and globally, poses the biggest identified challenge for CFOs to find the right workforce. Other external factors like the demographic change and potentially low candidate qualification further amplify the problem. Only few finance executives blame their difficulties on internal factors such as pay, career development and a long recruiting process.

# Increase investments in digital solutions is the biggest measure to counter current challenges

Effective measures to counter challenges | Data in percent (multiple choice)

Increase investments in digital solutions  
e.g., in process execution and collaboration



70 %

Conduct **organizational adjustments** in  
the finance area



54 %

Establish **flexible work environment**  
(remote, more flexible working hours)



54 %

Increase **process maturity**  
(e.g., end-to-end orientation etc.)



46 %

Expand **internal training**  
and **education programs**



32 %

**Invest in new work design** e.g., office  
design, employee equipment



30 %

Extend **collaboration with external HR**  
**resources** e.g., consultants, freelancer



27 %

## Which effective measures are you introducing to counter the challenges ahead?





## **CFOs are primarily utilizing efficiency levers to counter future staff shortage.**

Three of the four top measures focus on becoming more attractive for new talents. The implementation of digital solutions, organizational adjustments and the enhancement of process maturity set the scene to reduce the workload for the Finance area. Further, new employees should be convinced through flexible work environment, development programs and new work designs.

# Horváth CFO-Study 2023 II:

## The most important insights at a glance

The “**War for talents**” has **fully reached** the Finance organization. Rising compensation expectations, an expanding gap between tasks and skills, and the inability to quickly fill open positions pose **strong pressure on the management in finance**.

Consequently, a **vicious circle emerges**. More than **10% of positions are currently unfilled** placing ever higher burdens on the existing workforce. Important **transformation initiatives are placed on halt** due to lack of necessary resources. Further, **labor costs are estimated to rise by ~15%**.

Just fulfilling the **bottom-up** personnel demand of personnel **is the wrong way of strategic workforce planning**. During times of staff shortage, the **right allocation and sizing of workforce** becomes crucial for the optimization of finance organizations and **should follow a target-oriented approach**.

Finance executives look **especially for talents with strong communication and collaboration skills**. Specific business and functional skills remain important for the execution of roles in the finance area. Talents are most frequently sought in **Controlling and Data Center/IT divisions**.

CFOs explain the current “War for talents” mainly due to external factors. Countermeasures primarily focus on efficiency levers to **reduce overall workforce need**. Strengthening **employer attractiveness** is another way to convince new personnel based e.g. on digital solutions or enhanced process maturity.

# Contact



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03 **Horváth CFO-Panel**

# The Horváth CFO-Panel – A fully comprehensive information platform for finance executives

## Conferences and meetings



Our annual CFO-panel meetings promote interactive exchange between panel members



As an open networking and trend platform for CFOs, the conference presents cutting-edge questions, solutions and best practices in the field of finance excellence

## Benchmarking



Profound location determination over the entire processes of the performance analysis



Process mapping based on the CFO-Panel standard process model



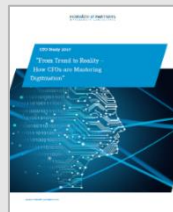
Detailed data collection and peer group evaluations

## CFO-Panel

## CFO-Study



Annual overview of challenges and trends in the CFO area and corresponding measures



# Horváth at a glance

## Values

Entrepreneurship, Competence, Innovation, Openness and Trust

## Offices

Abu Dhabi  
Atlanta  
Berlin  
Bucharest  
Budapest  
Dubai  
Düsseldorf  
Frankfurt  
Hamburg  
Milan  
Munich  
Riyadh  
Rome  
Stuttgart  
Vienna  
Zurich

## Employees

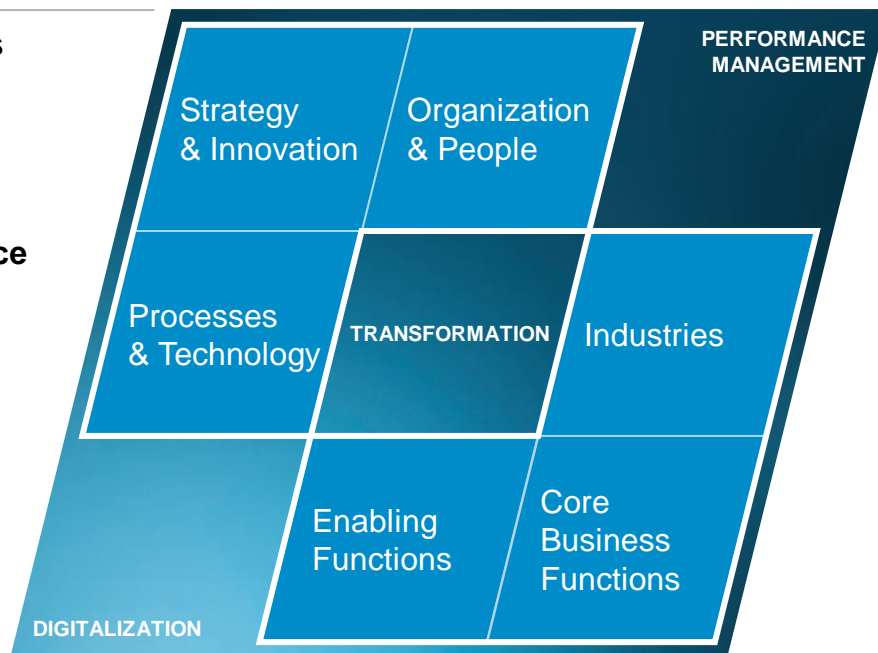
1,000+

## Global Delivery Competence

Cordence  
Worldwide Alliance  
with 3,500+ consultants

## Mission

Eager to support our clients in transforming their organizations to become unbeatable in a changing world – leveraging our DNA in performance management



## Industry Expertise

Automotive | Aviation |  
Banking & Financial Institutions |  
Building & Construction |  
Chemicals | Consumer  
Electronics & High Tech |  
Consumer Goods | Health Care |  
Industrial Services | Industrial  
Goods & Machine Industry |  
Insurance | Life Science |  
Logistics | Media | Medical Devices  
& Technology | Metals & Mining |  
Oil & Gas | Paper & Packaging |  
Public Sector | Rail | Retail |  
Telecommunication | Travel |  
Utilities

# How the market sees us

## Top Consulting Company



### Industries

Automotive, Banking & Financial Institutions, Chemicals, Health Care/Pharma, Industrial Goods, Consumer/Retail, Public Sector, Infrastructure, Insurance

### Expertise

Strategy/Organization development, Marketing/Sales, Procurement/SCM, Compliance/Risk Management

## Best Mgmt. Consultants



### Industries

Banking | Machinery & Plant Engineering  
Public Sector, Infrastructure | Insurance

### Expertise

Strategy development | IT Strategy  
Restructuring | Organization | Procurement,  
SCM | Marketing, Brand, Pricing | Operations  
Management | Finance, Risk Management |  
Data Analytics, Big Data

2022, 2021

Customer review by industries and expertise

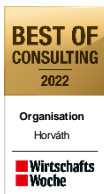
## Most Innovative Companies



2022, 2021

Capital/Statista Study

## Best of Consulting



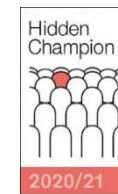
2022, 2019, 2018, 2015, 2014, 2013, 2012, 2010

## Top 100 Innovator



2018, 2015, 2010, 2005

## No. 1 in Controlling & Finance



2020, 2018, 2015, 2012, 2009, 2006, 2003

WGMB Study

