Antonio Chedrawy, CFO - Credit Risk Management and Growing Markets at Omnicom Media Group (MENA), brings his 20 years of hands-on experience to a discussion of the strategic relationship between the board and the CFO. He emphasizes the need for dynamic, proactive CFOs capable of acting as catalysts within their companies.

How has the role of the CFO transformed with recent global changes across multiple sectors and industries, and how have these developments impacted the role of the CFO in the boardroom?

The role of the CFO has undergone a lot of evolution, and the past two years have taught us how leaders across many functions, including but not limited to the CFO, are expected to be agile and to be multidisciplinary.

In the past few years we have seen CFOs enlarging the spectrum of their influence. Recent research has explored the range of types of CFO, beyond their traditional role taking care of reporting, financial analysis and budgeting. Tech savvy CFOs are now emerging, who influence the automation and innovation agenda. Others are social CFOs, who influence relationships with the board, with investors, with regulators. We also have disruptive CFOs, who are an integral part of transforming products and expansion plans, and agile CFOs who drive the agenda of adapting to new market dynamics.

Individual CFOs are unlikely to take on only one type of role. The new CFO who rides the new wave of business challenges has to embody a blend of all. However, this blend varies, across individuals, companies, and industries.

In terms of the relationship between the CFO and the board, the leadership philosophy is central. Some company leaders perceive the CFO as playing a traditional role as the custodian of risk management, financial analysis, reporting and accounting. However, others want the CFO to be integral in defining strategy, managing risk across the spectrum, and acting as a catalyst. The board thus has an important role in identifying a CFO with a profile that fits their leadership philosophy.

How would you describe the role of the CFO in becoming more involved in the strategic discussions that take place in the boardroom?

This question leads us to try to identify what the CFO is doing at the board level. Is the CFO a board member, or a guest representing the company alongside the CEO?

If the CFO is a board member, the role brings a holistic, multidisciplinary approach. CFOs deal with legislators, banks, the team across the company. Each business need should be in dialogue with the CFO. I say dialogue because CFOs should not always be expected to be the

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'Dr. No', always custodian of enforcing strict procedures.

If the CFO is representing the company and supporting the CEO, the role is crucial to ensure transparency, accuracy, and deep dialogue supported by the CFO's knowledge, not only of finance but across the spectrum of influences on management, budgeting, profitability – the overall ecosystem.

It is vital to understand the relationship between the CEO and the CFO. The CEO is the decision maker, the one who calls the shots. The CEO sets the direction of the company, decides on the budget and the culture of the company, manages the senior managers.The CFO is the CEO's second in command.

He or she supports and influences the implementation of the strategy, prepares the budget and optimizes the plan, considers all the dynamics of the company, the market, and the industry. The CFO acts as a mentor for other leaders, educating them in the importance of finance, of transparency, and is the catalyst in the relationship with other stakeholders.

As the second in command, how does the CFO support the CEO in terms of strategy?

This support is based on the dynamic between the CFO and the CEO, the relationship and the trust. When the CEO and the board empower the CFO to be a catalyst and an initiator, there will be fluidity in the company, and alignment between the leaders.

There is a protocol, a virtual contract between the CEO and the CFO. The CFO shouldn't trespass into areas that the CEO would like to handle directly. Across the spectrum, even when it comes to budgeting, decisions should be clear and frameworked. Here again, I would return to the role of the board in empowering the CFO and establishing a trust-based dynamic between the CEO and the CFO.

Traditionally the CFO has been a largely reactive position. How can the CFO become a more proactive partner in the businesses they represent, instead of simply being reactive, reporting after the fact?

Can any company now afford to have a reactive CFO? I doubt it. If we look at what's happening worldwide, we can see that most crises and challenges should be, if not foreseen, then prepared for by the CFO. The CFO is someone who connects the dots, and always asks the $1 million question – 'what if?'

'What if?' speaks to all scenarios. You want to open a market? What if legislation changes? You want to launch a product? What do we know about the competition, and what if the competition has advantages over us? What if we do not have sufficient resources?

A good CFO is someone who can ask pertinent questions – not only to challenge, but to guide and direct. What are the biggest challenges worldwide? We all know we have

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fiscal challenges, as the ecosystem of fiscality is changing. Further, how can cyber attacks, energy price shocks, or changes in national governments affect the company? How are companies reacting to the war in Ukraine? When managing a crisis, the CFO does not only look at budgets and reporting. They have to consider the safety of information, of products, of people. They have to look at many aspects not directly related to their discipline.

For a CFO, proactivity of a CFO is the number one priority. It is situational, and imperative. When the CEO faces challenges in making decisions, the CFO brings a 'what if?' scenario, considering how we can see the ways forward. CFOs always challenge, enabling boards and senior management committees to consider different perspectives. At the same time, when there is a crisis, the CFO should project a lot of calm, offer insight, and be solution-oriented. This is how they can influence the decision making of the CEO, the board, and other leaders.

Should the board drive this necessary role of the CFO, or should the CFO drive to be more proactive?

The proactivity of the CFO is driven from both sides. The board will empower the CFO, but the CFO needs to embody the necessary attributes and skills. This is the contract that should lead the recruiting of the CFO. In all my experience, I have very clearly asked every company with whom I integrated: 'What do you expect from me? What are my responsibilities? What is the relationship with the CEO or the Managing Director? How can I interact with other leaders?' If the board knows exactly what the company needs, their hunt for the CFO will get them to the person with the right profile.

Should you have the right people and the right skills, to what extent can the CFO have an impact on board decisions that affect company-wide initiatives?

The biggest influencer should be the CEO, but the credibility that the CFO brings to the information they share is what influences the board. Quantification of performance and risk gives credibility to the CFO. But then here comes the social CFO, the catalyst of relationships. When the CFO is engaged with the board, in coordination with the CEO, when they are always in contact with the right committees, their role is to provide clarity and guidance. This gives the board confidence in the role the CFO is playing.

CFOs can influence by initiating discussions, asking questions, and making suggestions, as much as by being the custodian of the budget. The CFO is a catalyst, an initiator, and this is how they can have an influence.

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Do you believe that CFOs can contribute more by moving from a challenge-focused approach to a solution-focused approach, particularly in relation to the board?

The challenge-focused approach is always important, to manage risk and promote consistency, but also to make sure that we don't miss a scenario that will ultimately surprise us. This is why CFOs are big fans of scenario planning – they need to see everything in front of them.

There is a huge spectrum of options between the challenge- and the solution-minded approach. When everyone is ambitious and confident about an initiative or a decision, the CFO needs to think of the challenges, ask the tough questions, and consider all the hurdles. This is the 'Dr. N'o - asking what is the profitability of this project? What would be the evolution of the product in five to ten years? Do we have the talent to manage the initiative?

In terms of the solution-oriented approach – a CFO who does not have a solution-oriented mindset is in the wrong place. A CFO who challenges non-stop is a burden rather than an asset to the company. Sometimes in the toughest situations, when everyone in the room was anxious, my modest contribution was 'it's going to be fine. Let's put the data in front of us. Let's put everything that will influence the decision in front of us and we'll take it forward.'

You can see the two different spheres in which the CFO operates. The CFO can't be a challenger all the time, or he or she will become a burden. And they cannot be solution-oriented all the time, because this person would become the 'Chief Everything Officer', and that's not their job.

A CFO, as the budget custodian, generally is expected to focus on the bottom line. But how can we drive the discussion in the boardroom to realize the different factors that affect the bottom line, allowing the board members to look at the big picture?

This is a controversial question. The proper priority of a company is to perform financially. The first, capital, most important objective of companies is to create wealth for the shareholders. But this is not the only priority. When securing financial health for the company, the CFO can give credibility and support to initiatives which support employee well-being, ESG, and environmental awareness. We all know there are many priorities and objectives for a company – profitability, sustainability, employee and customer satisfaction, giving back to the community, environmental responsibility. But these can only be funded when a company is secure financially.

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The counter argument is, how can a company be secure financially and perform well if employees are not loyal and satisfied?

These objectives are not mutually exclusive. By securing financial health, a company can focus on its culture. There is a need to ensure that the budget, growth, and client satisfaction are all safeguarded. A company can't make clients happy without employee satisfaction, but also can't guarantee employee satisfaction without profitability and security. In this sense, different objectives go hand in hand with each other. They are often in sync, but sometimes require challenging decisions. Making sure a company is stable both financially and socially can be a challenge, and something we learn by doing.

About the Interviewer:

Maali Q. Khader is a highly experienced, effective, and trusted lawyer. Today she is a luminary in the corporate governance, sustainability, legal training, and advice sectors.

Maali holds a few concurrent roles, chief of which is CEO of the influential Middle East Institute of Directors (MEIoD), delivering advanced environment, social and governance (ESG) advisory and training to several prestigious organisations.

Since 2012, as Founder and Board Member, Maali has driven change and excellence across a number of leading organisations.

About the Interviewee:

Antonio Chedrawy brings over 20 years of experience in finance, media, corporate strategy, & business management, and has received plaudits including OMG MENA leader of the year (2019), CSR Award (OMD 2009), CFO Award (Dentsu Aegis Network 2010, 2011), and Global Sustainability Leader (Dentsu Aegis Network 2013).

Outside the C-suite, Antonio is renowned as a successful broadcast journalist and producer of infotainment shows, including Ser El Mehneh (Trade Secrets) and Maktabati (My Library). Through his media work he has interviewed many prominent business leaders, diplomats, intellectual, entertainment, and social personalities.

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