

**Gartner**<sup>®</sup>

# Leading the Next-Generation Finance Workforce



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# Monitor key trends that will impact your workforce

## Scan the external and internal environment

Conduct an environmental scan to gather and analyze quantitative and qualitative data that can impact the organization's workforce strategy. Conducting a strengths, weaknesses, opportunities and threats (SWOT) analysis can uncover factors that might affect current and future workforce supply and demand. A SWOT analysis helps clarify how long-term structural changes will redefine workforce decisions by managing threats, avoiding weaknesses, taking advantage of opportunities and using strengths. The environmental scan should be a continuous process, reviewed and monitored regularly (for example, every quarter).

### Benefits of monitoring key trends

- Develop a better understanding of the dynamic work environment
- Inform strategic workforce plans
- Improve the organization's ability to execute its business vision

## Maximize organizational collaboration

Leaders across functions must encourage cross-functional collaboration to better understand the potential and relevant trends that can affect both finance and the organization. However, according to the 2019 Gartner CEO 20 Next-Generation Workforce Pulse Survey, nearly half of CEOs believe their executive team is ineffective at collaborating with each other to manage the next-generation workforce. Collaborative partnerships drive smarter workforce decisions and more holistic solutions that capitalize on social, economic, industry, business intelligence and labor market insights. The resulting efficiency and agility gains can also sharpen the organization's competitive edge by more closely aligning workforce competencies with the wider business strategy.

**Manage current  
and emerging  
critical skills  
to succeed in  
the future**



# Manage current and emerging critical skills to succeed in the future

Digital techniques are transforming business models and changing competitive landscapes. However, they've done little to improve internal operating principles, including workforce strategy development. According to the 2019 Gartner CEO 20 Next-Generation Workforce Pulse Survey, only about half of CEOs are confident their executive team can identify emerging skill needs. Designing next-generation finance teams primed for collaborative work to support business growth and digital transformation requires an innovative approach to sourcing and developing talent. Finance leaders must begin by aligning workforce needs with both the company's and finance's strategies, directly linking talent capabilities to business goals.

## Key steps to strategic talent capability assessment

- Identify and address competency gaps
- Prioritize digital dexterity over technological know-how
- Advance social-creative skills, not just technical skills

## Identify and address competency gaps

Partner with HR to audit current competencies, determine desired skills and learn more about the competency skyline of the function and the organization. Based on the organization's strategy, conduct a "what if" scenario analysis to identify competency gaps. Then translate the desired capabilities into workforce requirements by using talent analytics to identify various roles and their effect on current and future business success.

Given the rapid pace of evolving business priorities and skill requirements, assign a leader to continually align team readiness with business goals. Use labor market analysis tools like Gartner TalentNeuron™ analysis and the World Economic Forum's 2018 "The Future of Jobs" Report to benchmark and plan recruiting activities, skills availability and competition for the talent required in partnership with HR.

## **Prioritize digital dexterity over technological know-how**

To develop individuals and teams capable of analyzing data to inform key decisions, finance leaders must:

- Collaborate with other function leaders, including HR, to develop and design centers of excellence specializing in business-critical analyses, giving finance free access to data from across the organization to model, analyze and act upon.
- Partner with HR to invest in analytic and financial data management capabilities that encourage data-based decision making and disruptive insights.
- Reward and recognize the workforce's development of these capabilities to drive innovation, adopting "learn fast" and "test and learn" approaches.

## **Advance social-creative skills, not just technical skills**

According to the World Economic Forum, skills such as complex problem solving, creativity, coordination and collaboration are among the top 10 skills companies need to deliver business value and sustain performance in 2020. Demand for social-creative skills (that is, skills requiring aesthetic judgment, creativity and social interaction such as coaching) in organizations increased from 39% to 43% between 2013 and 2017, according to Gartner TalentNeuron analysis. Finance leaders must not focus too much on technical skills at the cost of other essential skills on their team. They must support all types of skills necessary for their teams to meet their objectives.

# Attract, engage and retain key talent segments





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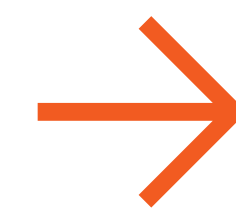
As emerging technologies and a volatile external environment disrupt business models and introduce new skills and work styles to the labor market, competition for the rare, high-demand talent with these new skills and work styles will continue to increase. To attract, engage and retain talent segments, finance leaders must understand how the needs and preferences of the workforce are changing and tailor their efforts accordingly.

At the same time, diversity in workforce cultures, composition and preferences mean that a one-size-fits-all approach is unlikely to be effective. Instead, leaders must adapt candidate and employee experiences to support changes in how candidates search for jobs, what employees expect from their employers and what employees need to be high performers.

To successfully attract, engage and retain the future workforce, finance leaders must take the following steps.

## Help candidates make better career decisions

Digitalization has changed the balance of power in the labor market. Candidates have unprecedented access to information about organizations, job applications are effortless (and often one-click-enabled) and more organizations than ever compete to hire them. In the face of this digital bombardment, candidates adopt a more casual and diffused approach to job changes. Now, rather than applying for jobs after researching desired employers, candidates apply for multiple jobs and only later research the companies. The downside of this change is that the number of candidates regretting their decision has increased nearly 50% in the past decade, according to Gartner analysis.



**Share information that provides value to finance candidates, rather than adds to information overload**

To obtain the best talent, finance leaders must partner with talent acquisition to ensure information shared with candidates provides them with value, rather than adds to information overload. They can do this by updating job descriptions to include the job-related information prospects want to see. They can also mobilize current employees within their teams (the people candidates actually want to hear from) to deliver key messages. Furthermore, finance leaders should ensure their recruiters actively prompt promising candidates to compare their roles against others that might be of interest, instead of waiting for them to make that comparison once they're employed. These efforts will help the team compete for high-quality talent and reduce the rate of regretted decisions and eventual turnover.



**Define and enable inclusive practices within the finance team**

## **Make inclusion and diversity integral to the team**

An inclusive work environment treats all individuals fairly and respectfully, provides equal access to opportunities and resources and enables everyone to contribute fully to business success. Inclusive organizations work best when they embrace diversity — taking care to foster ethnic and gender diversity, along with a mix of individual values, beliefs, backgrounds and experiences. Our research shows teams with high rates of inclusion and diversity outperform teams lacking those traits.

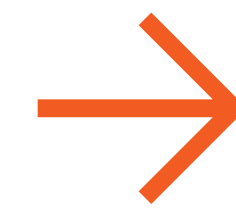
Finance leaders must define inclusive practices within their teams and gain insights on how those practices can be used and measured to meet broader organizational goals. Finance leaders must also build mechanisms to capture internal perceptions of diversity and inclusion, identifying obstacles and ways to overcome them.

## Create a compelling employee experience

Our research shows a high-quality employee experience significantly improves employees' satisfaction with organizational support, as well as their engagement, performance and productivity. All function leaders, not just HR leaders, play an important role in improving the employee experience as they set and execute their strategy.

In doing so, finance leaders should focus on supporting their workforce more holistically, considering not just employees' functional needs (the support they need to do their work), but also their emotional needs (how they feel as they're doing their work). Our research shows 65% of the drivers of customer loyalty are due to "feel" factors (or how customers feel when interacting with a service provider) while only 35% are explained by "do" factors (or what customers have to do when interacting with a service provider).

As finance leaders execute their strategy, they should involve employees more actively in creating their functions' products (via direct employee ownership or ongoing employee feedback collection) to ensure their workforce feels the available support is relevant.



**Involve employees more actively in creating finance products**

**Adapt leadership  
style and work  
structure to meet  
evolving needs**



# Adapt leadership style and work structure to meet evolving needs

Changes in the external environment require finance leaders to evolve their leadership styles and work structures to lead the next-generation workforce. Nearly one-third of CEOs identify misaligned leadership styles and nearly half of CEOs identify outdated work processes as critical challenges to managing the future workforce, according to Gartner's CEO 20 Next-Generation Workforce Pulse Survey 2019. Rigid hierarchies that create silos within and between functions in an organization become ineffective — even detrimental — to business outcomes.

To increase cross-functional interactions and adopt a future-focused approach to develop the next-generation workforce, finance leaders must instead take the following four steps:

- Embrace an enterprise leadership approach.
- Apply Connector manager principles for effective coaching.
- Organize for agility.
- Strengthen organizational culture to manage the next-generation workforce.

## Embrace an enterprise leadership approach

According to Gartner's Enterprise Leadership Survey 2014, enterprise leaders' efforts contribute to higher rates of customer satisfaction and employee engagement and to higher overall revenue and profit.

To be effective, finance leaders must:

- Possess high organizational awareness, keenly attuned to the people and processes necessary to get things done.
- Seek opportunities to give and get value from other function partners and lead teams to do the same.
- Use competencies such as communication and teamwork to drive more innovative and adaptable teams.
- Embrace a multidirectional approach to leadership, and facilitate shared information with their teams and cross-functional peers.

## Enterprise leadership defined

How individual and networked leadership can together drive breakthrough talent performance and stronger business outcomes

## Apply Connector manager principles for effective coaching

The new work environment redefines employees' development needs and expectations. Employees' development needs depend highly on the context of their work, and they must develop new skills faster (and more frequently) than in the past. Finance leaders throughout the organization rely on managers more than ever to develop and coach their employees to sustain performance.

Of the four distinct managerial styles we have identified, Connector managers improve employee performance most, according to Gartner's Manager Effectiveness Survey 2017. Connector managers' coaching approach diagnoses employees' individual coaching needs, empowers teams for peer development and facilitates best-fit coaching connections across the organization.



**Up to 26%**

employee performance improvement  
under Connector managers

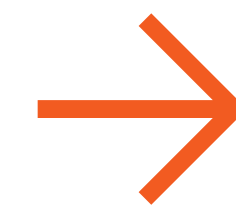
## Organize for agility

Enterprise agility is an organization's capacity to sense and rapidly respond to market change. Its underlying principle is, "Big doesn't beat small. Fast beats slow." Agile teams learn as they go, continually adapting and changing in line with marketplace conditions and business goals.

They leverage the organization's data, technology and culture to generate products and business solutions. They also enable workforce agility by:

- Designing fluid finance roles based on organizational needs and individual skills; constantly evolving job descriptions and skills.
- Focusing workforce development on building skills consistent with individual interests and organizational needs; exploring emerging critical skills and competencies outside traditional finance expertise.

- Creating a culture of empowered, autonomous, multidirectional decision making driven by individual accountability and distributed authority.
- Fostering constant iteration and rapid redeployment of workforce resources based on business needs and individual strengths.



**Agile teams focus on roles, development, decisions and organization to enable workforce agility**

## Strengthen organizational culture to manage the next-generation workforce

Changes in the broader work environment necessitate new ways of working. Recognizing that norms of the past will not necessarily drive success in the future, organizations are evolving (or in some cases, radically transforming) their cultures. Few organizations are confident that leader role modeling, a key component of any culture strategy, has the desired effect. We have identified three key elements of effective leader role modeling:

- Say: What leaders communicate about culture.
- Behave: How leaders personally demonstrate the culture.
- Operate: How leaders manage business operations (such as budgets, processes and policies) in line with the culture.

To reinforce the desired behavioral norms leaders must do more than communicate and personally demonstrate the culture. They

must ensure the aspects of day-to-day operations they control (that is, the processes, structures, budgets, policies and technology) also actively reinforce those behaviors. Finance leaders must review functional processes and budgets to identify areas of culture misalignment and adjust as needed to lead the future workforce.



**69%**

of organizations have undergone a significant cultural transformation in the past five years, according to Gartner's State of Organizational Culture Survey 2017



**Successfully execute your  
finance transformation  
projects on time and on  
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proven blueprints.**

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