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BUSINESS GUIDE

## CEO vs. CFO

How two critical roles  
shape strategy



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## CEO vs. CFO

### How two critical roles shape strategy

#### Introduction

When the CEO and CFO at a company are in tune, it's good news for the business—and the CFO's career.

The dynamic between a CEO and CFO can significantly influence company direction. CEOs are looking for their CFOs to go well beyond the balance sheet to serve as strategic partners who contribute to growth. They expect CFOs to own the challenges of financial transparency, risk management, and regulatory compliance, applying skills of financial foresight, strategic leadership, and real-time, data-backed business insight. This partnership between the CEO and CFO requires trust, respect, and communication to thrive and drive business performance.

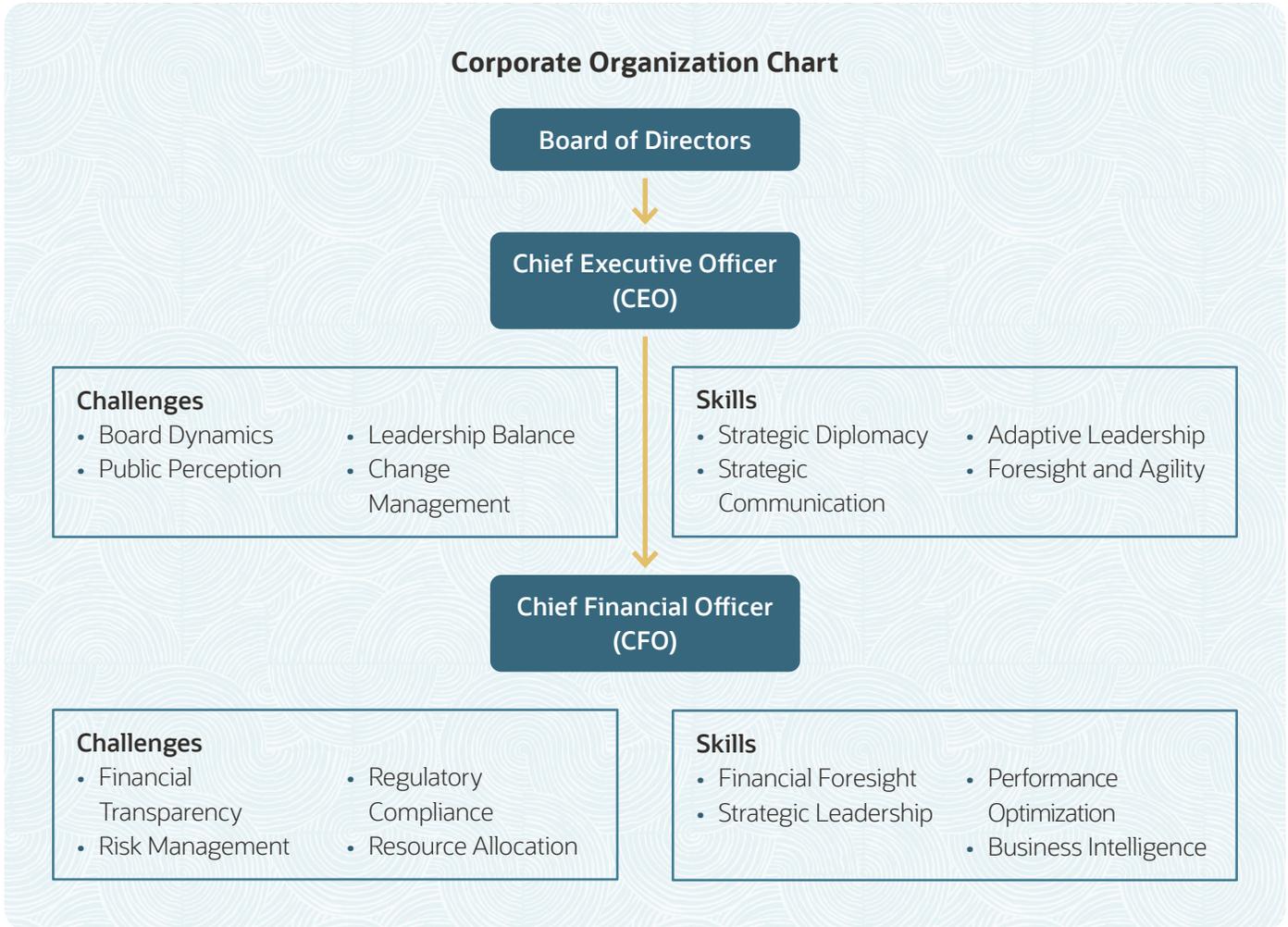
The relationship can include tension over where responsibilities overlap and align, as CFO leaders expand their job description and focus on driving their organization's overall business strategy. In this guide, we've partnered with Oana Labes, founder and president of Financiaro, to share her learnings from successful partnerships between the CEO and CFO.

Oana has worked with and financed hundreds of businesses. Through her advisory firm Financiaro, she now complements the capacity of CFOs, VPs of finance, and controllers to help CEOs and Boards of Directors grow revenue, improve profitability, and maximize enterprise value through strategic financial planning.

Each page in this guide highlights a different aspect of the relationship between the two roles, including differences in required skillsets, key performance indicators for each role, and what they each wish the other would do really well.

#### Oana Labes, Founder and President, Financiaro





This organizational chart illustrates the strategic roles of the CEO and CFO within the company’s hierarchy, emphasizing their collaborative influence on strategic decision-making and financial stewardship, and their direct accountability to the Board of Directors.

The CEO sets the overarching vision and direction, balancing leadership dynamics and public perception, while concurrently the CFO ensures business strategies are underpinned by sound financial planning, addressing financial transparency, risk management, and regulatory compliance.

Positioned directly below the Board, both roles are crucial in aligning operational execution with governance, ensuring that strategic initiatives are both visionary and financially viable. This alignment is essential as both roles expand their strategic and financial acumen to ensure long-term value creation.

Emotional Intelligence		
CEO		CFO
High self-awareness to understand their impact on culture and morale.	 <b>Self-Awareness</b>	High self-awareness regarding their influence on financial integrity and team motivation.
Able to manage emotions and impulses, especially in public settings and during crises.	 <b>Self-Regulation</b>	Able to maintain composure under financial uncertainty and regulatory pressures.
Driven by a vision for the company's future and the ability to inspire the entire organization.	 <b>Motivation</b>	Motivated by achieving financial goals and operational efficiency.
Strong empathy to relate to employees, customers, and stakeholders, fostering loyalty.	 <b>Empathy</b>	Empathy towards team members and departments to understand financial needs and challenges.
Exceptional communication and leadership skills to articulate vision and inspire action.	 <b>Social Skills</b>	Strong negotiation and communication skills to manage expectations with stakeholders.

Emotional intelligence competencies are crucial for CEOs and CFOs and each role applies these skills in their unique contexts. For CEOs, emotional intelligence encompasses self-awareness about their impact on organizational culture and morale, the ability to manage emotions during public and crisis situations, motivation driven by future visions for the company, empathy that fosters loyalty among employees, customers, and stakeholders, and social skills that enable effective communication and inspirational leadership.

In contrast, CFOs utilize emotional intelligence through self-awareness focused on financial integrity and team motivation, self-regulation to maintain composure under financial strain, motivation aligned with financial goals and operational efficiency, empathy to comprehend the financial needs and challenges within their teams, and strong negotiation and communication skills critical for managing stakeholder expectations.

## Performance KPIs

### Financial



#### KPIs for CEO

- Revenue growth rate
- Return on Equity (ROE)
- Market share
- EBITDA margin

#### KPIs for CFO

- Revenue growth rate
- Return on Investment (ROI)
- Operating cash flow
- Cost reduction percentages
- Debt to equity ratio

### Customer



#### KPIs for CEO

- Market share
- Customer satisfaction
- Brand loyalty
- Customer engagement

#### KPIs for CFO

- Customer acquisition cost
- Customer lifetime value
- Customer retention rate
- Net promoter score
- Churn rate

### Internal Processes



#### KPIs for CEO

- Development time
- Efficiency gains
- Innovations
- Quality

#### KPIs for CFO

- Cost per unit
- Working capital turnover
- Cycle time
- Operational cost
- Error rate

### Learning and Growth



#### KPIs for CEO

- Employee satisfaction
- Talent retention
- Innovation index
- Culture metrics

#### KPIs for CFO

- Training hours
- Retention rates
- Cross-functional projects
- Tool adoption

Effective corporate governance mandates that CEOs and CFOs, as fiduciaries, act in the best interests of their companies. To ensure accountability and transparency, KPIs must reflect responsibilities that these leaders can control, and this scorecard approach balances a mix of financial metrics, customer insights, internal processes, and learning and growth opportunities. While CFOs mostly focus on financial health and compliance, CEOs typically track business outcomes like revenue growth and customer satisfaction. And it's ideal when they both jointly oversee critical financial indicators such as profitability and liquidity to maintain the company's financial health.

### CEO vs. CFO Perspective

CEO		CFO
Expansion, vision, innovation	<b>Growth Strategies</b>	Financial viability, risk
Strategic, long-term, ROI	<b>Investment Decisions</b>	ROI, financial health
Strategic risk mitigation	<b>Risk Management</b>	Compliance, risk assessment
Streamlining for customer satisfaction	<b>Operational Efficiency</b>	Cost reduction, financial efficiency
Growth, profitability, efficiency, capital	<b>Financial Performance</b>	Financial KPIs, forecasts, variances
Innovation, advantage, scalability	<b>Technology Investments</b>	Cost, integration
Vision, alignment, values	<b>Corporate Culture</b>	Fiscal responsibility, accountability
Relationships, trust, engagement	<b>Stakeholder Relations</b>	Investor relations, disclosures
Strategic, aligned, adherence	<b>Regulatory Compliance</b>	Compliance, audits, reporting
Market trends, positioning	<b>Competitive Landscape</b>	Financial impact, dynamics

CEOs and CFOs need to balance visionary leadership and financial stewardship in order to facilitate strategic alignment in corporate governance. CEOs prioritize expansion, vision, and innovation, focusing on long-term returns and market positioning to drive growth and stakeholder engagement. In contrast, CFOs concentrate on financial health, risk management, and operational efficiency, ensuring financial practices support the company’s strategic goals.

## Skillsets

### CEO

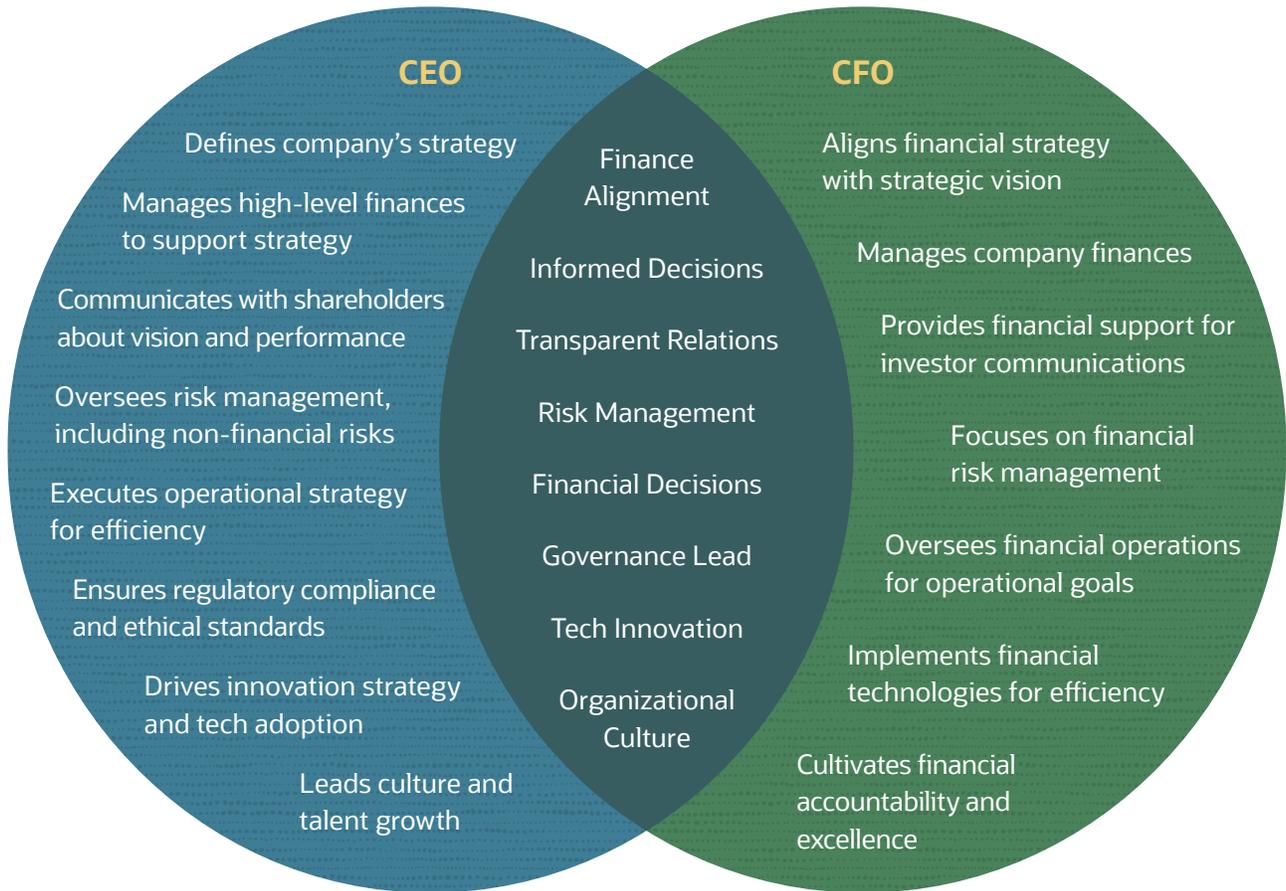
-  Strategic Vision and Planning
-  Leadership and Influence
-  Decision-Making
-  Market Understanding
-  Communication and Public Speaking
-  Risk Management
-  Negotiation
-  Cultural and Ethical Leadership

### CFO

-  Financial Expertise
-  Strategic Financial Planning
-  Risk Management and Compliance
-  Operational Efficiency
-  Leadership and Team Management
-  Investor Relations
-  Technological Proficiency
-  Negotiation

Traditionally, CEOs focus on strategic vision and leadership, while CFOs manage financial governance and risk.

## Responsibilities and Overlaps



However, these roles are increasingly overlapping—CEOs now need deeper financial understanding to make long-term, value-driven decisions, and CFOs must communicate financial strategies effectively to align with overall business goals. This shift helps both roles fulfill their fiduciary duties more effectively, ensuring strategies are not only visionary but also financially viable.

## 8 Questions for CEOs

How does our current financial health support our long-term strategic vision?

What financial indicators show our commitment to sustainable growth?

How can we better integrate financial metrics into our strategic stakeholder storytelling?

How can we leverage financial insights to drive innovation and value creation?

Are our financial objectives aligned with our strategic initiatives and market position?

What are the biggest financial threats for strategic plans, and how are we addressing?

How do recent financial results inform our strategic decisions and narrative?

How does financial strategy help us build a resilient and adaptable organizational culture?

The “8 Questions for CEOs” chart is designed to prompt CEOs to deeply consider how their financial strategies align with and support their broader business objectives. They encourage CEOs to evaluate the sustainability of their financial health in relation to their long-term strategic vision, integrate financial metrics into stakeholder communications, and ensure financial objectives match up with market positioning. They also guide CEOs in using financial insights to drive innovation, assess the biggest financial risks to their strategies, and develop a financially informed, adaptable organizational culture.

## 8 Questions for CFOs

How can I more effectively communicate the strategic impact of our financial numbers across the company?

What financial metrics best represent our strategic achievements and areas for growth to our stakeholders?

What stories do our financials tell about our past and future strategic direction?

How does our capital allocation strategy reflect our strategic priorities and support sustainable value creation?

In what ways can financial planning and analysis be more closely integrated with our strategic planning processes?

Are there areas where our strategic ambitions are not supported by our current financial model or resources?

How can we use financial data to support strategic decisions in non-finance areas, such as R&D and marketing?

How can financial risk management be more closely aligned with strategic risk considerations?

The “8 Questions for CFOs” chart prompts CFOs to examine how well their financial metrics reflect strategic achievements and whether their capital allocation and resources effectively support the company’s long-term objectives. They are aimed at ensuring CFOs align their financial strategies with overall business goals and cover improving communication of financial implications, integrating financial planning with strategic initiatives, supporting non-finance areas like R&D, and aligning financial and strategic risks.



Number Crunching for CEOs	
Financial Statements Inter-Operability	Cost Management and Optimization
Financial Ratios and Critical KPIs	Revenue Diversification Strategies
Budgeting and Forecasting Basics	Debt vs. Equity Financing Implications
Capital Allocation Implications	Risk Management Strategies
Pricing Strategies Impact	Macroeconomic Factors Awareness



Storytelling for CFOs	
Strategic Overviews	Risk Management Impact
Link Finance and Strategy	Strategic Success Stories
Milestone Highlights	Sustainability and Ethics
Vision-Driven Forecasts	Data Visualization
Variances with Context	Impact and Influence

CEOs and CFOs must extend beyond KPI alignment to foster a strategic partnership anchored in transparency and effective communication, not only among themselves but also with stakeholders. To truly fulfill their fiduciary duties—which include acting loyally and in the best interests of their companies—they must enhance their understanding and management of both financial and strategic domains.

CEOs need to develop their financial acumen to better understand the financial implications of their strategic decisions. Simultaneously, CFOs should refine their strategic storytelling skills to communicate financial insights that support the broader business goals. This dual enhancement will build a foundation of trust and help facilitate better decision-making aligned with the company’s long-term objectives.

## What They Wish of the Other

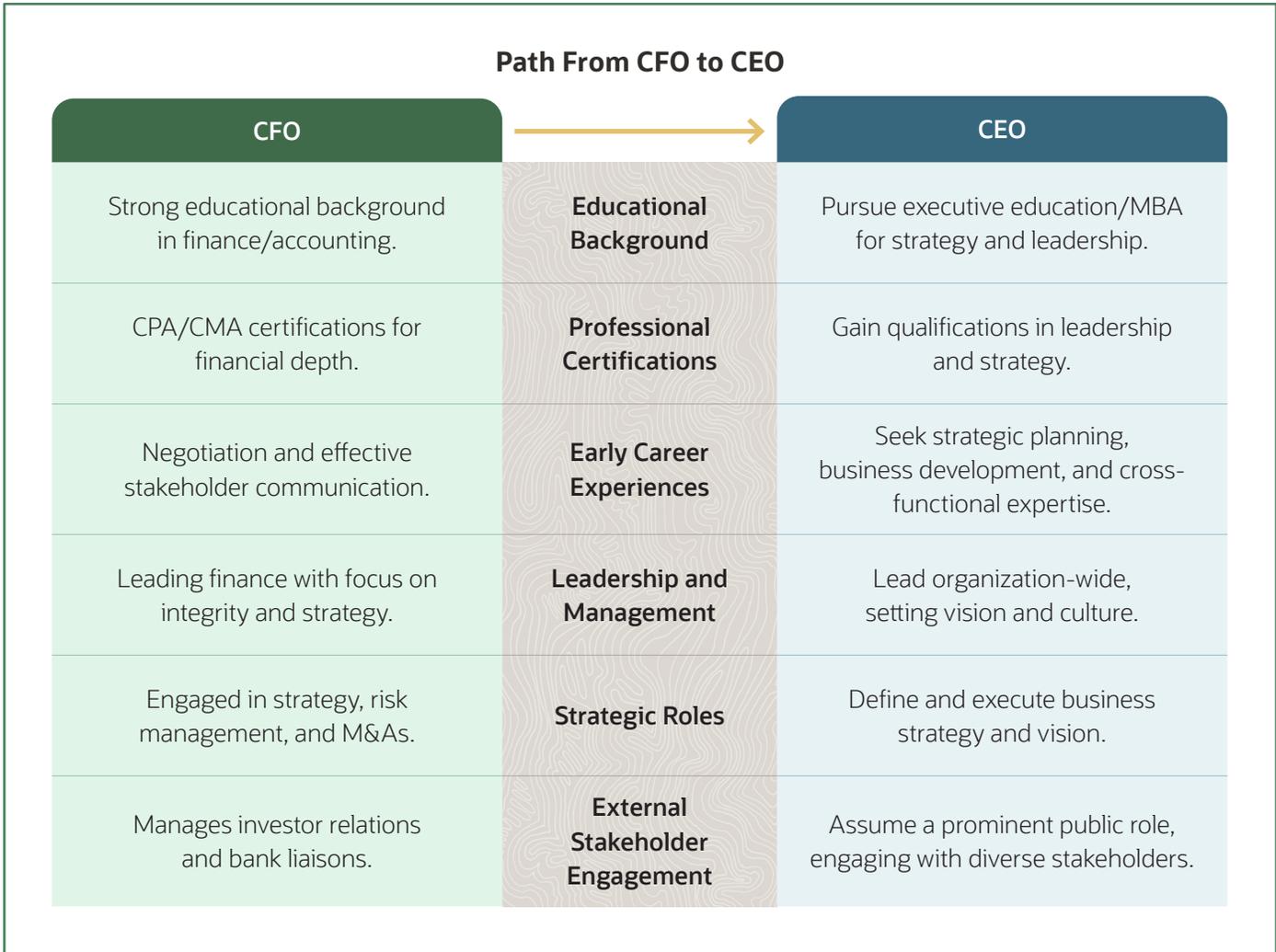
### CFO's Wishlist for a CEO

- Visionary Leadership
- Open Communication
- Commitment to Technological Advancement
- Strategic Risk Management
- Fundraising and Financial Acumen
- Holistic Business Perspective
- Cultural Alignment
- Adaptability and Flexibility

### CEO's Wishlist for a CFO

- Holistic View of the Business
- Strong Communications
- Tech-Savviness
- Calculated Risk Taking
- Fundraising Prowess
- Proactiveness and Flexibility
- Cultural Chameleon
- Strategic Partnership

These skill enhancements are not just necessary for their roles; they also represent key areas where each role wishes to see growth in the other, reinforcing their mutual dependencies in driving the company's success.



For CFOs aspiring to become CEOs, it's essential they successfully transition from pure financial management to strategic leadership. This journey involves broadening their education beyond finance to include strategic business management and leadership skills. Developing a visionary mindset that links financial decisions to long-term business objectives and market trends is critical. Last but not least, enhancing their communication skills and the ability to inspire and motivate teams are key components that support their evolution into effective leaders who can guide the entire organization.

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