CFGI

2025 CFO Outlook

CFO Priorities for 2025:

Practical Strategies Amid Uncertainty and Opportunity

As CFOs prepare for the complexities of 2025, the role demands an equal focus on pragmatism and readiness. Evolving economic conditions, regulatory changes, and geopolitical pressures are reshaping how financial leaders operate – especially for private companies weighing exits, public companies navigating market demands, and PE-backed firms balancing growth and investor expectations.

Here's how CFOs can set themselves up for success in a year of both challenge and opportunity...

1 The Coming Window of Opportunity: Land the Exit

The reopening of capital markets and potential deregulation under a new U.S. administration could create a window for IPOs and other transactions.

With significant dry powder in private equity funds, record high hold periods for portfolio companies leaving LP's eager for returns, and pent-up activity in capital markets, CFOs must anticipate the need for rapid execution- having the foresight to understand what formal processes will be required and the ability to act swiftly when opportunities arise.

Whether getting ready for a PE transaction, or a potential IPO, start by identifying and preparing for the long poles in the tent, such as governance gaps, reporting systems, and operational inefficiencies, is important and lead time is an advantage.

We have seen more companies conducting sell-side quality of earnings (QoE) and detailed data analytics reviews well ahead of anticipated buy-side due diligence, sometimes just to understand the process and address potential gaps.

CFGI has been procured by more clients in the past three months for pre-diligence preparation than at any time since the most recent capital markets boom in 2021 and 2022 – and often with clients at earlier stages of their life cycle.

There's nothing that can derail a transaction faster than concerns around the credibility of earnings numbers. Early QoE efforts not only identify risks but also build confidence with stakeholders, signaling readiness and transparency.

These exercises are not about achieving 100% readiness but instead focusing on the highest-value actions that maximize return on effort. This approach also ensures that even if no specific transaction occurs in the near term, the company benefits from improved governance, stronger controls, and operational discipline.

Practical Tip:

As part of readiness, bring all stakeholders—advisors, lawyers, bankers, and internal leaders – together early in the process to collaborate and align priorities. This avoids the inefficiencies of individual teams working in silos and creates a unified understanding of what readiness entails.

For example, CFGI has partnered with law firms and bankers to run joint readiness boot camps with clients' cross-functional stakeholders. By coordinating in this way, companies can avoid delays, ensure stakeholder alignment, and increase ability to maximize outcomes.

The typical IPO preparation process requires 6-8 months of dedicated work, making now the critical time for companies to begin positioning themselves for 2025 windows. Preempting actions to be ready for a PCAOB audit accelerates IPO closings by ensuring financials are in order before the process starts. Early identification and resolution of potential issues streamlines audits and meets regulatory requirements. This preparedness minimizes delays and enables quicker responses to investor inquiries, facilitating a more efficient IPO execution and closing.

Private Equity firms should use this period to sharpen their diligence and integration playbooks now. The post transaction 100-day plan is critical for rapid execution, aligning stakeholders, driving early value creation, and setting the foundation for long term growth and success. Having a playbook to launch defined strategic priorities, operational improvements, and technology and leadership integration, and begin maximizing returns on day one is invaluable.

Achieving a successful exit requires careful planning and preparation. The most successful organizations focus not only on the transaction itself but also on the post-transaction future. Assemble a cross-functional team from finance, accounting, HR, operations, legal and compliance, and technology to define the future-state operating model required for day one. Identify existing gaps, prioritize them, and establish a robust PMO and governance model to ensure the successful implementation of key initiatives. This approach will lay the foundation for long-term success and position the organization to thrive post-transaction.

2 Navigating Dynamic Regulations

Regulatory challenges for CFOs in 2025 remain expansive, spanning ESG reporting, tax, artificial intelligence, cyber, and other finance-related compliance areas. These challenges also present significant opportunities for those who can adapt efficiently.

ESG Incentives and Reporting

ESG frameworks like California's regulations, IFRS S1 and S2, and the EU's Corporate Sustainability Reporting Directive (CSRD) continue to demand more comprehensive reporting – and in combination are catching many companies in their net for climate disclosure laws.

Most clients are trying to understand all options to operationalize effective reporting compliance, but few are setting out with the aim of "best-in-class" sustainability reporting beyond the extent of clear ROI. They are sharpening their materiality assessments (or completing the exercise for the first time), seeking information about how peers are applying the guidance, and taking a measured, cost-benefit approach. With the myriad of issues and uncertainty facing leaders today, protecting capital and preserving resources for strategic priorities remains paramount and few activities are immune.

This often means focusing compliance investments on areas that deliver the highest value, both for regulatory reporting and for broader management planning.

Simultaneously, incentives and credits for sustainability investments — such as those under the Inflation Reduction Act (IRA) in the U.S. and similar programs in Europe – continue to be important levers for many companies in related capital investment and allocation decisions.

To that end, many companies are investing in systems that serve dual purposes: meeting reporting requirements while also supporting broader decision-making processes, such as resource allocation and cash flow planning. Organizations that effectively integrate these efforts can achieve both compliance and strategic advantages without overextending their resources.

Tax Complexity for Global Multinationals

Tax has always been a dynamic regulatory area, especially for global multinationals.

Pillar Two continues to add complexity, requiring global consistency in processes where local territory leaders may have traditionally operated more autonomously.

Companies are still adapting to these challenges, which necessitate enhanced systems for tax compliance, reporting, and strategic planning across jurisdictions. Further, it is likely the new US administration will bring changes to the tax code that remain to be seen.

Lowering corporate tax rates could free cashflow for acquisitions and investments, while application of tariffs to global imports could have far reaching supply chain impacts and indirect costs to businesses. One certainty is that any changes to the tax code require some degree of CFO investment to update tax reporting processes, and all related/impacted planning & forecasting.

Other Regulations Impacting Finance Functions – Data, Cyber, AI

Changes in lease accounting standards, global data protection laws, and cybersecurity requirements are also increasing complexity in financial reporting and compliance. Newly adopted SEC Cybersecurity rules directly impact a public company's 10-K filing as well as requires the board to oversee Cyber risks which requires appropriate tracking and reporting on periodic basis. CFOs must ensure that their teams have plans to assess and implement necessary changes including integrated systems and processes, and clearly defined governance. Proper use of AI will continue to be a focus for regulation, and most CFOs will lean on their Chief Information/ Technology/AI offices to define appropriate policies for the finance function's use.

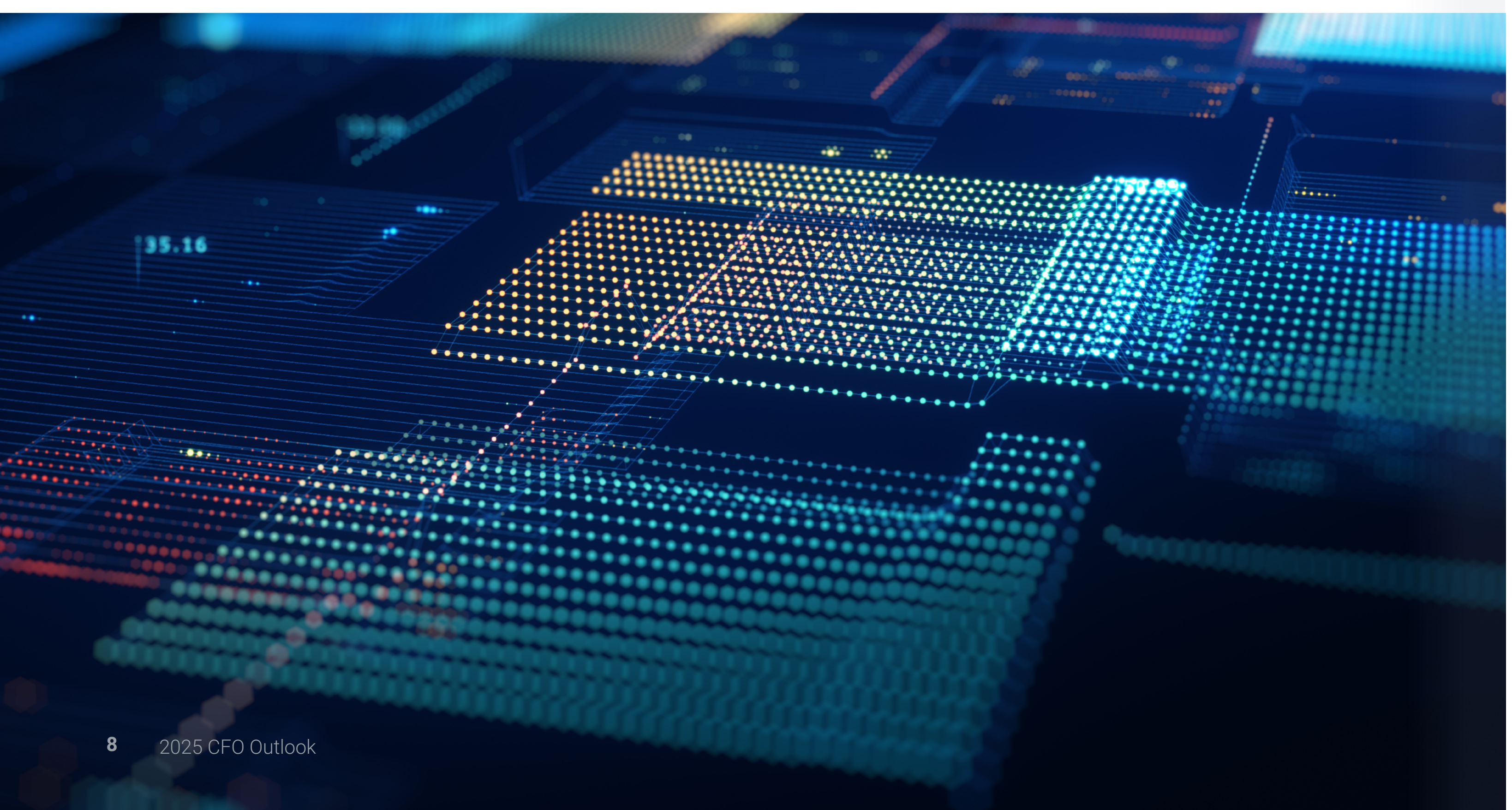
Our clients that have implemented a robust Enterprise Risk Management program earlier in their lifecycle have fared better than peers in addressing strategic threats, managing recent regulations, and taking advantage of strategic opportunities.

Practical Tip:

Use regulations as a catalyst to deploy better, standardized global processes. Integrate compliance-related activities, such as ESG and tax reporting, into the company's processes for capital allocation, cash flow planning, and related management decision-making. Avoid treating these activities as isolated efforts and focus instead on building systems that align regulatory compliance with strategic financial goals.

3 Strategic Investments in AI and Technology

AI holds significant promise for finance functions, but its adoption at true scale has yet to be achieved. Requirements for auditability & controls, concerns about review processes and reliance, and lack of established governance to ensure sensitive information remains gated appropriately, continue to constrain the widespread automation anticipated of financial reporting processes for many companies to date.



However, other processes have been ripe for AI including advanced forecasting, narrative/disclosure generation, document interrogation and analysis (e.g. contracts, invoices), and strategic synthesis of public information.

Importantly, the ecosystem partners of finance leaders are aggressively making large investments into AI – most technology vendors are integrating AI into their platform features, and consulting firms like CFGI are embedding AI into its service delivery models. The pace of change and increasing access to AI benefits through ecosystem partners frame important "build versus buy" decisions for finance leaders.

For companies preparing for a transaction or IPO, there is often immediate pressure post exit for faster close timeliness. This requires a thorough assessment of your Enterprise Resource Planning (ERP) platform and related components of your tech stack. It is common for private companies to use ERPs that are insufficient for the reporting, controls, and accelerated timelines required in a post-IPO environment.

As ERP implementations can take months, making this investment pre-IPO is often advisable. Many companies also invest in close-acceleration tools like FloQast and BlackLine, which improve visibility into the close process and offer better organization, checklist controls, and approvals for reconciliations and other closing tasks.

Practical Tip:

While AI garners significant attention, CFOs should continue to prioritize investments in foundational data systems like ERP platforms, standardized processes, controls and high-quality data infrastructure. In the immediate term, use AI as a catalyst for the deferred, high-impact operational transformation that already sits as a significant opportunity within most finance functions, and ride your partners' (internal and external) AI investments for your benefit.

4 Forecasting for Opportunity with Inflation, Interest Rate and Geopolitical Volatility

Persistent inflation, fluctuating interest rates, and geopolitical uncertainties like tariffs or shifting trade policies demand more sophisticated scenario planning and risk management.

CFOs must maintain balance sheet discipline and build liquidity while positioning their organizations to act swiftly on opportunities. Finance leaders are more commonly implementing third party forecasting tools in combination with other tools and processes to allow for more dynamic modeling. Forecasting should be aligned across business teams and purposes to enable integrated views.

Further, for companies planning for potential IPO, the heightened focus on external reporting and investor relations demands greater transparency in historical performance figures. This also places significant pressure on Financial Planning & Analysis (FP&A) capabilities, requiring more accurate forecasting, precise financial models, and timely reporting. Establishing and maintaining a reliable system for tracking and reporting Key Performance Indicators (KPIs) becomes critical. In many cases, this necessitates investments in Enterprise Performance Management (EPM) tools such as Planful, Adaptive, and Pigment, or simpler data visualization tools like Power BI, along with robust data infrastructure platforms like data warehouses.

Practical Tip:

Don't just focus on a singular worst, best, or most likely scenario; instead, develop dynamic models that allow your company to evaluate decisions under a range of different assumptions and conditions.

Ensure the embedded assumptions and variables are clear so that variances can be explained, and so models can be adjusted appropriately during the year as assumptions, expectations and facts change. Invest in your FP&A processes and technologies.

The Least Common Denominators

Practical Steps for CFOs

Whether leading a fast-growing private company or managing a public enterprise, the fundamental principles remain the same

1. Develop a Clear View of Your Charter and Your Priorities

Define your priorities and how you will allocate focus across business partnering, planning, compliance, and influx work around potential transactions. Have a resourcing plan to tap into additional capacity when needed, so that addressing compliance requirements does not deter from your ability to deliver on the daily and strategic needs of the business (a common outcome when complete priorities are not defined and understood).

2. Establish Governance Credibility

Avoid unnecessary diligence flags or other exposures by demonstrating clarity and leadership on critical issues, from financial controls to operational priorities. Document your enterprise governance model and processes you plan on executing. Make sure to incorporate potential changes, catalyst events, application of new regulations and other disruptors, as these are a disproportionate source of issues. Start by assessing your risks, noting the likelihood and magnitude of the risks, and implement an effective set of controls to mitigate the key risks.

3. Invest Practically in Data & Operations

Invest in data, processes, and systems that have a clear monetization plan, are scalable for growth, and flexible for change. Too often, CFOs defer making impactful operational investments early and consistently. Perform an operational assessment of your function relative to the capabilities you need now and in the future (compliance, planning, partnering), and have a complete, current data requirements inventory. Many quick wins have immediate and long-term benefit regardless of your company size and stage. Do not chase external versions of “best in class” that are not achievable or cost beneficial given your facts. And when it comes to the critical, foundational investments in your ERP and other data systems – get them right. Define the future process (not just the tech specs), and ensure you allow for your organization's future growth and complexity.

4. Prepare for Flexibility

For PE and all companies evaluating acquisitions: sharpen your target diligence and integration playbooks. Planning to be able to execute diligence faster without compromising quality, and to activate the value creation and synergy plans from day 1 post transaction. For private companies, even if a public offering or transaction is not immediate, readiness efforts are rarely wasted. Start positioning for a 2025 IPO window now to keep all your options open. Assess your readiness by identifying gaps in governance, reporting, or processes, and address them systematically to ensure you're prepared when opportunities arise. Regular updates ensure you're agile and ready to act when opportunities arise, maximizing value and minimizing delays.

Conclusion:

Act Now to Lead with Confidence

CFOs entering 2025 face both challenges and unprecedented opportunities. By emphasizing readiness, agility, risk management, and operational discipline, financial leaders can position their organizations to act decisively in dynamic markets.

In the upcoming environment, success may hinge on moving quickly when opportunities arise. For CFOs, the imperative is clear: practical preparation today creates value tomorrow, no matter what lies ahead.

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CFGI is here to help CFOs and other business leaders succeed in the environment ahead.

Reach out to us for more in-depth views and insights as part of defining and achieving your function's priorities for 2025 and beyond.

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