

**The 7 Issues
Facing
Chief Financial Officers
And
How to Resolve Them**

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Introduction

The challenges facing CFOs

1. Dealing with the organisation's politics, knowing who to talk to, how and when
2. Developing a strategy to deal with the competitive pressures that drive an accelerating rate of change
3. Delivering the numbers contained in that strategy
4. Finding and keeping staff to deal with these pressures: the war for talent
5. Managing their own time effectively
6. Complying with regulations
7. Progressing their own career

Issue	Solution	Resources
1. Politics: not knowing who to talk to or not knowing how to talk to them	A mentor, trusted friend and adviser, someone outside the business whose role is solely devoted to the wellbeing of the CFO.	<p>To earn trust the mentor must be someone whom the mentee:</p> <ul style="list-style-type: none">• Likes• Respects for their own personal power• Has credibility i.e. sufficient intellect and wisdom• Lives by trustworthy values: courage, loyalty, tolerance <p>To advise effectively the mentor must have:</p> <ul style="list-style-type: none">- experience of similar situations; and- the ability to enable the mentee to find their own solution. (See Appendix A - 10 Questions to Change Everything).

10 Questions to Change Everything

- 1 In relation to your problem or issue, what are the three main blockages to progress?
- 2 Of these three, what is the one thing that, if changed, would change everything?
- 3 Just for now, imagine that you could change anything you wanted, in what ways would this one thing you have identified have to change, in order to move your problem or issue closer to resolution?
- 4 When you imagine that you have made these changes, how does it feel?
- 5 What, specifically, stops this from happening?
- 6 What would YOU have to, or stop doing, in order to overcome this hurdle?
- 7 What stops you?
- 8 If you knew what to do differently, could you do it?
- 9 If you knew you could do it, would you?
- 10 When?

Issue	Solution	Resources
2. Strategic thinking	Build empathy with colleagues as well as challenging them and iterate the options to assess viability.	Understand that we all see the world “according to me”.
	Be creative in devising plans.	Relaxation techniques such as meditation.
	Link strategy to the numbers (the 2 skills tend to come from different modes of thinking).	Ditto.
	Apply the principles that have worked for other successful companies.	Good to Great by Jim Collins (Synopsis attached at Appendix B).

Good to Great by Jim Collins

There are 6 constituent parts required to create a great company:

- 1 Level 5 leadership - a blend of personal humility and professional will.
- 2 Get the right people on the bus - People are not your most important asset the **right** people are. Make sure that their character and innate capabilities (not skills) fit.
- 3 Confront the brutal facts yet never lose faith - lead with questions not answers and remove blame.
- 4 Be a hedgehog - Know one big thing (something that you are passionate about).
 - a Make sure you **can** be the best at it (not that you would like to be the best at it) and stick to it.
 - b Find your Profit/x: what is the denominator that has the greatest impact on the business?
- 5 Have a culture of discipline - give freedom and responsibility to self-disciplined people who engage in disciplined thought and then take disciplined action.
- 6 Use technology as an accelerator of change - make sure it fits the hedgehog concept.

Issue	Solution	Resources
<p>3. Delivering the numbers contained in the strategy</p>	<p>Be part of the team that sets the targets. Understand team dynamics and your own place in the team.</p> <p>Understand the numbers sufficiently to reconcile them to what is expected.</p> <p>Present the numbers to investors and other stakeholders. Know your audience.</p> <p>Combine financial and non-financial information.</p> <p>Manage risk.</p> <p>If we haven't met the numbers, having explored all the options, then say so.</p>	<p>Use team surveys e.g. Margerison McCann Team Management Wheel ®</p> <p>Have sufficient experience of the world outside finance either by being in a line management role or accessing someone who has done this. This could be a mentor.</p> <p>Have communication skills that Keep It Simple. Learn to be comfortable when required to be spontaneous: understand the gap between receiving information and processing it.</p> <p>Maintain IT systems to deliver this.</p> <p>Engage operational management. Quantify and document/mitigate.</p> <p>Have the resources to find all the options. Have the commitment to explore all the options. Have the courage to say no. Recognise what values you live by. See Appedix C Moral Courage by Rush Kidder.</p>

Moral Courage by Rushworth Kidder

Moral courage, the readiness to endure true danger for the sake of principle, is the true gauge of maturity, the rite of passage that is a basic human need.

It requires:

- A commitment to moral principles;
- An awareness of the danger involved in supporting those principles; and
- A willing endurance of that danger.

A survey across many countries shows that the world shares a commitment to 7 moral principles.

They are:

- 1 Honesty; Integrity; Truth;
- 2 Responsibility; Promise keeping;
- 3 Respect; Equality; Law abiding;
- 4 Fairness; Impartiality;
- 5 Compassion; Tolerance;
- 6 Love;
- 7 Freedom.

To be courageous involves assessing the risk and taking that risk when it is neither foolhardy nor mundane.

Issue	Solution	Resources
4. The War for Talent	Have leadership skills sufficient to attract and inspire followers.	The ability to manage state by altering focus, language or physiology. The ability to build rapport: pace and then lead.
	Have a clear vision of where the organisation is going, what it stands for and how the finance function fits into it.	The ability to use metaphor.
	Motivate people.	The ability to use the 7 habits of highly effective people as set out in Appendix D.

The 7 habits of highly effective people by Stephen Covey

- 1 Be pro-active;**
- 2 Begin with the end in mind;**
- 3 Put first things first;**
- 4 Think win-win;**
- 5 Seek to understand then to be understood;**
- 6 Synergise - seek creative co-operation;**
- 7 Sharpen the saw - look after yourself too.**

Issue	Solution	Resources
4. The War for Talent (continued)	Manage to a set of values rather than a set of rules.	Richard Barrett's 7 levels of consciousness as set out in Appendix E.

The Seven Levels of Consciousness by Richard Barrett

Service

Making a Difference

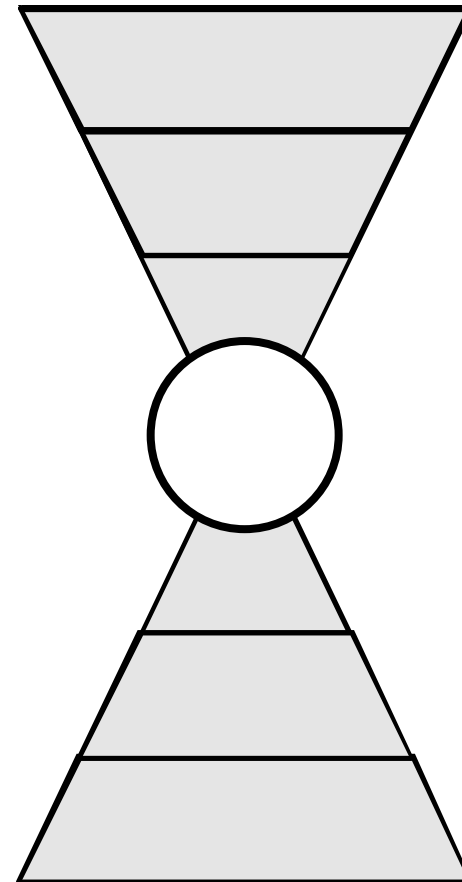
Internal Cohesion

Transformation

Self-Esteem

Relationships

Survival

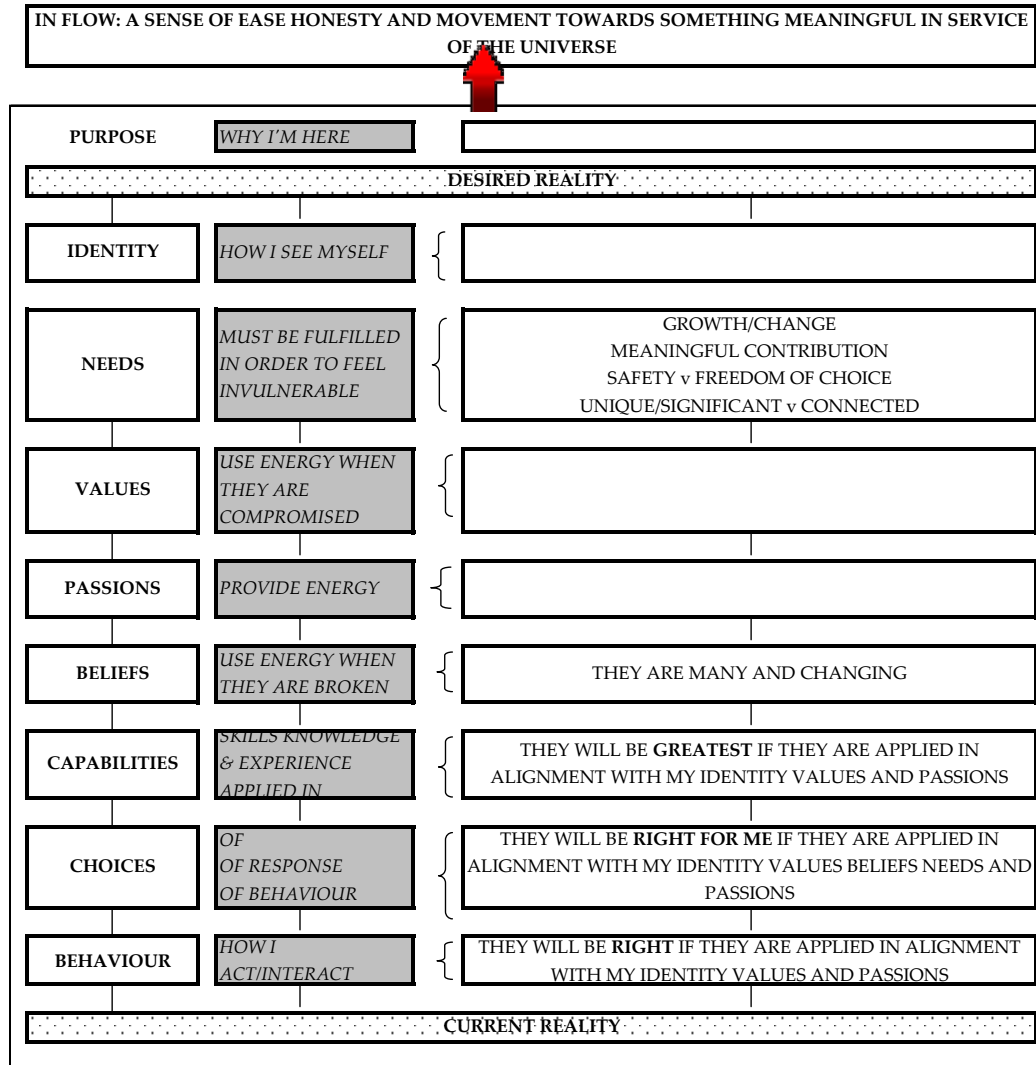


Issue	Solution	Resources
5. Time management	Delegate.	The ability to help others to be motivated and to identify with their goals.
	Keep matters in perspective.	The ability to relax. Relaxation CDs and/or short retreats: even half a day can make a difference.
	Have people working for you who are the best in that field.	See under “war for talent” above.

Issue	Solution	Resources
6. Complying with regulations especially:	Balance the outcomes required by the business with the requirements of the regulations/regulators.	The ability to listen (see 7 Habits).
<ul style="list-style-type: none">• Pensions• Reporting standards• Controls (Sarbanes Oxley)• Governance (Combined Code; Companies Act 2005)• Environment	Be flexible and allow the solutions to emerge.	The ability to be empathic.

Issue	Solution	Resources
7. Career progression	Know where you want to go (stay as CFO or move to CEO).	Build your vision. See Appendix F.

The Alignment Model



HARA IS USED TO FEEL GROUNDED (2 INCHES BEHIND YOUR BELT) THROUGH YOUR FEET. NOT FOR PUSHING OR STAMINA OR ENDURANCE

Issue	Solution	Resources
7. Career progression (continued)	Believe that you have the capacity to get there.	Free yourself of limiting beliefs. Build on past achievements to demonstrate the achievability of future ones. Recognise synchronicity: see Appendix G.

An explanation of Synchronicity by Paul Crittenden

“A meaningful coincidence of two or more events, where something other than the probability of chance is involved”

David Taylor suggests there are four levels at which people embrace the principle of synchronicity;

- Those who know luck happens - but not to them!
- Those who know that they are sometimes lucky - and hope it will happen.
- Those who notice when events are conspiring to assist them, and welcome the experience with surprise and gratitude.
- Those who expect Synchronicity to play a part in their success, and believe they need not worry about how events will turn out, because once committed to the right course for them, it has to work out.

IF THE 7 ELEMENTS ARE ALIGNED YOU CAN EXPECT PREDICTABLE MIRACLES TO OCCUR.