

Developing Excellence in Finance Teams ***Linking strategic outcomes to personal development***

Much is written about the role of CFO as a leader, the changing role of finance and the need for increasing flexibility of the finance team. At the same time, day to day decisions such as whether or not to outsource various processes, invest in new ERP systems and the like, compete for space and attention in the CFOs in tray.

How does the CFO respond? How can they take these decisions? Who will carry them out? How well will the team deliver? What is outside of their control? How will it be managed?

Looking at accounting literature, most of us have little problem identifying the relevant assistance for technical issues. Accounting manuals give great detail on the application of accounting standards. Expert help is readily available. Our training is geared towards providing the analysis, logic and clarity of thought which are excellent skills when looking at the impact of balance sheets on shareholder expectations.

However, much of what a CFO deals with is less clear. There are ambiguities about day to day decisions, where there are judgement calls to be made. Investment appraisal can only go some way.

At some point the CFO has to develop a vision for the finance function and build the team to deliver it. The literature here is less full, less detailed and less analytical. Team building courses abound, but will they build the team to deliver the organisational goals?

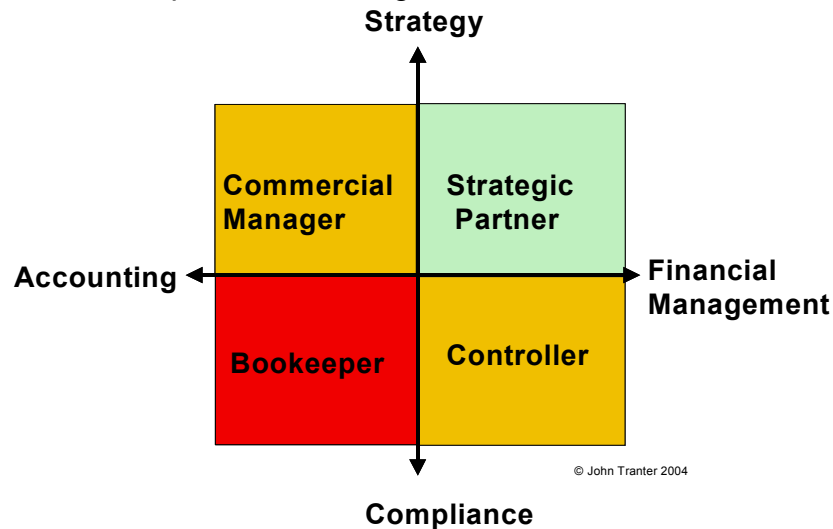
The way we have approached this, and want to share with you, is based on three elements:



Strategic Context and Operational Response

Strategy always sounds a BIG word. It summons images of away days, consultants and deep analysis before someone arrives with 'The Answer'. What CFO's often need is something simpler, which can be used as an analytical tool and the basis for communicating within the team and with stakeholders.

To do this, we developed the following model:



This shows that, whilst as CFOs we might see our role as the ‘Strategic Partner’, our success starts from getting the basics right – the bookkeeping role. We have to deliver in all four quadrants. The steps we used with this model were threefold:

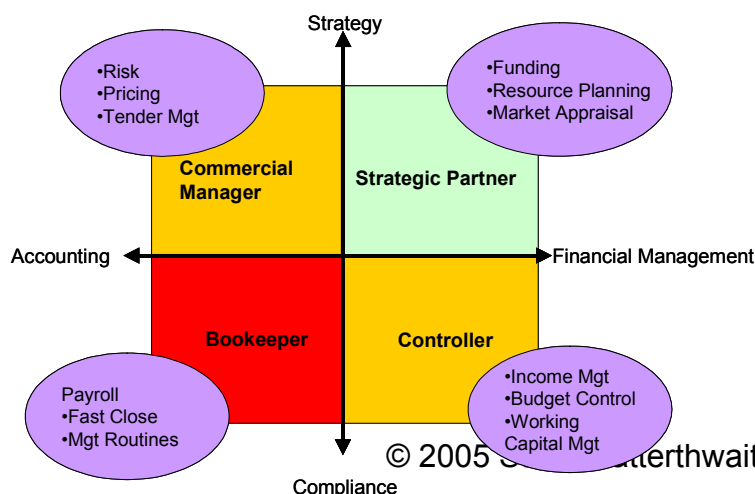
- Examine what the deliverables are for each quadrant
- Determine the projects required to meet those deliverables
- Use it as a communication tool

The deliverables can only be determined by listening to the demands of the operational side of the business.

Simplistically, the bottom two quadrants of Bookkeeper and Controller will tend to have more generic deliverables, more independent of the sector the organisation is operating in. These are things which need to be done, the stoking room of the finance function. They may well be those activities which third parties can provide.

However, the top two quadrants are crucial to the success of the business and increasing competitive advantage. It is by aligning the outcomes of strategic partner and commercial manager with the operational needs, that the finance function will be seen to deliver added value. These are the activities which are part of the organisation being able to maintain its competitive advantage.

To give a flavour of how this can look in practice, at very top level key tasks which might be identified could include:



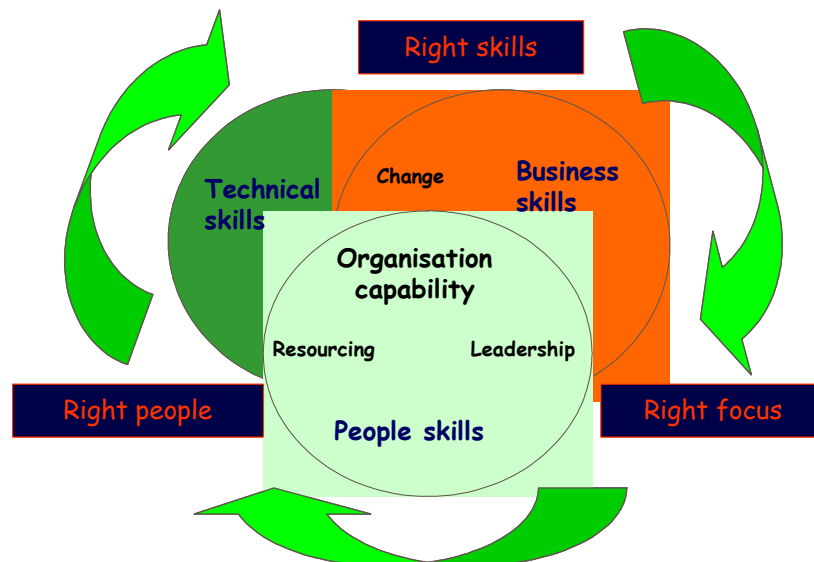
For each organisation the detail will be different and it is by working through that detail that the finance function can gain clarity about what it is there to deliver – every organisation needs a receivables function, but ‘what’, ‘where’ and ‘how’ is yours aiming to achieve, specifically?

A huge benefit from this process is the conversation which occurs with operational management in determining key priorities and deliverables. The model enables a structured debate to be had in a way which generates a common understanding of the issues facing both the operational and finance teams.

The process also enables a discussion to be had around who is accountable for outcomes and who is responsible to support.

Alignment and Development of the Finance Team

The model above ignores one crucial element – people. It analyses the context but is silent on the people required to deliver the outcomes. People are your delivery mechanism. Their development is therefore paramount:



Technical skills and business skills can be taught and acquired by experience. And by developing a clear strategy for the finance team it becomes easier to pinpoint the key technical and business skills which need to be developed to deliver the necessary outcomes. Identifying individuals development needs in the business and technical areas is relatively straightforward compared to the people skills.

Personal and Team Development

The aspect which is trickiest is the need to develop and enhance people skills. This is the bit which is the most nebulous and, often for those of us who like the certainty of numbers, the most intractable.

Dare we say, that as a group we like tangible outcomes, whilst the touchy feely aspects of ‘teambuilding’ often leaves us with unanswered questions over value for money, return on investment and clarity of outcomes?

What is clear to us though is that personal skills, the ability to make things happen, are not things that can be ignored. Alongside the strategic and operational analysis we have therefore looked to align team development in a way which makes a clear link to the more tangible outcomes.

The journey starts with a willingness to get a deeper understanding of our own strengths and preferred ways of working.

It is a statement of the blindingly obvious to say that people are different. Often those differences cause major misunderstandings and lead to skill sets being overlooked. An obvious example might be the clash between the 'big thinker' and the 'detail person'. How many conversations are fought to a standstill as each participant tries to argue that their view of the world is the 'right' one. This is a simplistic example but serves to show that teams need to know more about each other and themselves to be able to best serve each other and the customer.

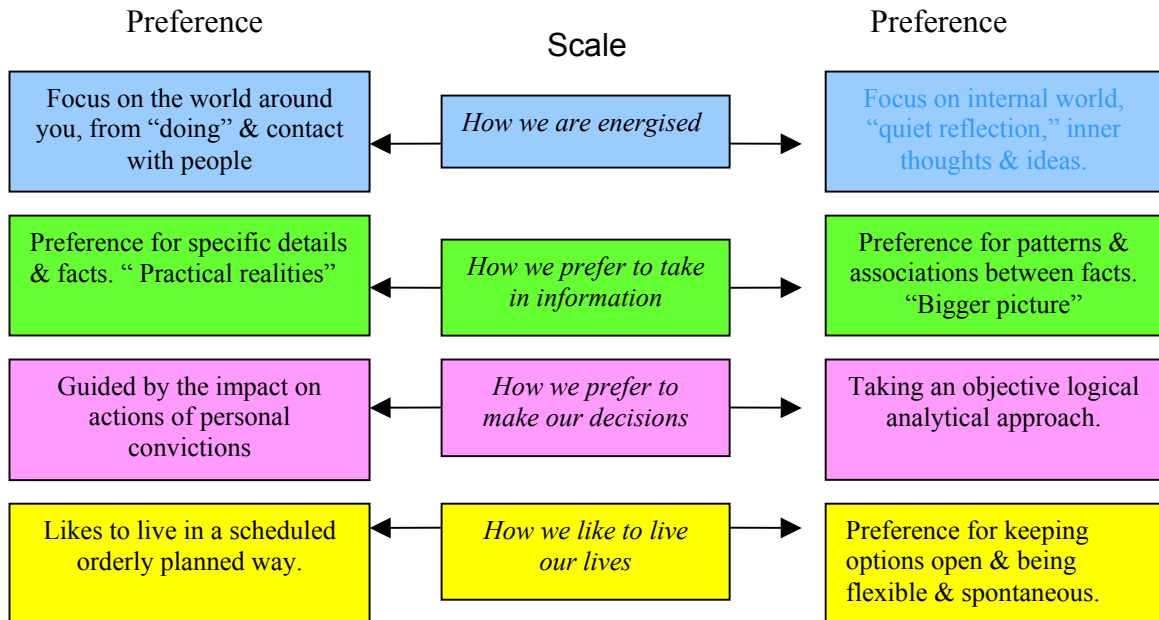
What we looked for was something which would:

- encourage openness and trust.
- provide a non-threatening means to discuss differences in the team.
- allowed us to value diversity in the team.
- enable team members to value and work to the strengths of others.
- Help to confirm team strengths and discover blind spots.

The most effective tools we have found is the Myers Briggs personality instrument, (MBTI;) a self report questionnaire designed to help people understand behaviour preferences without getting too heavily involved in personality theory, or deep psycho-analysis. It is an analytical, value free tool which gives easily understood, reliable and tangible insights into the way we are – and perhaps more importantly – the potential effect we have on others.

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Used as a tool in team events, the MBTI helps to understand and explain differences in people's behaviours and reactions. The model classifies personality in terms of our preferred, (or most natural,) ways of taking in information and making decisions using the following scales:



People can be made aware of preference differences in a fun non threatening way which help to get an enhanced understanding into their own behaviour preferences and those of others. This insight can then be further explored examining the characteristics of the different personality "types" identified in the model and the potential areas for personal growth and development suggested for that "type."

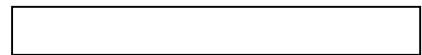
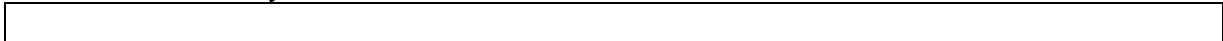
By having a clearer understanding of both our own and other's preferences provides a wide range of applications in workplace settings, some of which are listed below:

- How we plan
- Our preferred style of leadership.
- How we like to communicate
- How we like to contribute to the business.
- How we run meetings
- Our preferred style of learning
- How we work at our best
- How we like to solve problems
- How we manage stress.

The greatest value comes from the practical application of the tool to the team discussion. Understanding your preferences enables you to think through strategies for communicating and working with people who operate in a totally different way. This makes us more effective and less prone to stress.

The MBTI approach focuses on us as individuals. Another tool we have used in conjunction with MBTI is the Team Management Profile. With it being based on the same underpinning principles of MBTI, the team management profile can be used alongside it. Using the team management profile, each participant is provided with a detailed personal report into how we prefer to work and how we are likely to interact with others in the workplace.

It also provides a highly visible representation of each team members preferences for each of the key roles carried out within teams. This is illustrated below:



The team management wheel shows the major roles that need to be carried out within any work team. The team are provided with a clear visual model and simple language is used that helps teams to discuss how people and tasks can link together in the most effective way. Whilst it is not necessary to have eight people in a team to cover all the team roles, problems can occur when the team have gaps.

The key is to developed well balanced teams of individuals with complimentary strengths and to work with the team to match work tasks to people's preferences in an appropriate way. These instruments do this by highlighting individual work preferences and providing a framework for identifying the work to be done.

Pulling it all together.

We have used the above approach to enable us to follow a clear and robust process for analysing the task in hand, establishing teams with relevant skill sets and developing people to become more effective.

The objective for each stage of the process is as follows:

- Strategic positioning of Finance function – To have the function and tasks aligned to meet key outcomes required by the business.
- Team alignment – Seeking to ensure that team roles are understood and relevant skills are acquired.
- Personal Alignment – Each individual gains understanding of the way they work and the impact on communicating with the team and customers.

This process gives individuals clarity to think through their personal development planning in the context of their team and the requirements from their business on their role.

The links between tangible and intangible skills using this approach are clear, and even those of us who prefer hard numbers and analysis are supported by a safe insightful robust process.

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