

# Inside Leadership

## Great CFOs are leaders, that do more than make up the numbers.



Emma Kiernan of HRM's Financial Selection Team talks about the leadership competencies that make for a great CFO.

A survey commissioned by HRM in 2010 investigated the changing shape of accountancy careers in Ireland. The report highlighted that a significant number of respondents had become more central to the strategic development of their organisations, than prior to the economic crisis.

While still maintaining the financial brief, over 40% had assumed additional commercial departments including sales and customer service, a similar number now had the HR line and a growing number to almost 50% had taken a broader operational remit. The implications here are that the competency demands on senior finance professionals continue to

round out in general management and leadership terms. Whether this is a continuing trend for the future or a corporate response to ongoing difficult fiscal times, remains unproven.

To look further at the competencies required of financial leaders today, our research team, talked with a large number of clients and senior financial leaders and reviewed over a thousand executive labour market documents including job specifications and CVs. Ultimately they arrived at the following set of competencies that are required of an accountant in a leadership role today, to perform effectively in a senior / board level financial position.

### **1. Broad Commercial Acumen & Business Skills**

Finance's previous entrenched position in the opposite corner to sales is no longer a viable position. To make a full contribution to the development of business strategy senior financial professionals must be able to talk about customer profitability and retention. They need to understand the factors that influence the future commercial opportunity, and not just viability, facing the business. A strong finance executive will be fully conversant with competitor strengths and weaknesses, so to understand how effective resource allocation can enable the business to compete. An

effective financial leader will have a broad understanding of the commercial business drivers, to support them in giving a thorough presentation or defence of their opposing views when necessary.

## 2. Technical Skills

Non-financial managers rely heavily on the timeliness and accuracy of their finance executive's reporting and data interpretation. The value to a CEO of knowing that records, controls and procedures are robust is immense. Strong technical skills are therefore an understandable pre-requisite to deliver this and along with the ability to interpret and work with external advisors in corporate finance, tax, audit or other key advisory services in a manner that represents the business to best effect.

## 3. Talent Management

While programme content has developed enormously to reflect a changing World, training for finance professionals is generally focussed on hard skills, in a structured "apprenticeship" programme over a number of years. CPD is a strict requirement of the main accountancy associations, supporting the body of membership in performance terms.

Senior financial executives however, must see the value of human capital not just working capital. Truly effective financial leaders have the ability to attract talent and are able to develop their reports in softer skills, as well as developing their knowledge of non-financial functions.

One global organisation whom the research team reviewed, places early career financial employees into Sales, Marketing and HR functions for three month periods, but largely focussed on supporting financial tasks, such as CRM analysis, analytics / pricing and compensation respectively. They say this process not only improves general commercial awareness, but helps to build up relationships and networks within the organisation, which can help smooth out bumps in future roads to be travelled.

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## 4. Communication Skills

The expansion of Finance's influence in general business terms, means senior financial executives need to be skilled communicators, with the ability to send concise but powerful messages.

Often in the past, non-financial managers resisted the messenger as much as the message because of how it was presented. Communication is perhaps the most important skill of any leader, in that it is key to aligning reports to goals, energising them towards achieving timely results and encouraging them to look for business process improvement opportunities. As a final observation, the research team highlighted, that a key trait of truly successful CFO's is their ability to

manage upwards and become an effective business partner to the CEO. Financial leaders must be able to balance the optimism, ambition and expansive thinking of a CEO without bogging ideas down.

Clearly great financial leadership goes well beyond the numbers and board level finance professionals need to be able to provide sound advice and speak the apparent truth to their CEO when needed.

A CFO who encourages his or her reports to relate in this manner to their non-financial counterparts in marketing, IT, sales, HR or other relevant functions at an early stage in their careers, is also helping them to look beyond the numbers and gain a career enhancing commercial and operational perspective. This approach helps to grow their scope of influence and prepares them to have the skills to spot, and communicate, that vital timely insight and intervention that can make or save an organisation.

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