



# Building Strategic Alignment as a CFO

A leadership team that debates issues vigorously around the top table but then demonstrates a united front to the rest of the organisation gives itself the best chance of success. **Emma Carroll** speaks to CFOs to understand how they are making sure this happens



aving diverse perspectives in a senior leadership team is integral to producing a robust strategy – the tricky part is pulling them all together. CFOs have a major role to play in making this work, but they need to balance being both objective and supportive, while having strong communication skills.

In our recent <u>Research</u>, CFOs said 'building alignment in the senior leadership team' is where they most needed to improve. We asked senior Finance leaders why this is currently such a concern.

**Tim Doubleday**, Group CFO of Burger King UK, says: "It is harder to build alignment in times of uncertainty, and we are seeing that at the moment with the challenging political and economic environment."

This impacts all leaders, but Finance execs in particular. "Increasing costs; demands to increase productivity; uncertainty around investment; these are the kind of challenges that put more of an emphasis on the CFO's role.

"From a CFO's perspective, objectivity and balance are what's needed as undue pessimism will drive tension," Tim says.

Within the Financial Services sector, the statistical models that drive the forecasts needed for financial reporting can contribute to a disconnect between commercial executives and their more risk-orientated colleagues. **Dylan Minto**, CFO of Shawbrook Bank, comments: "The models are now telling you that tomorrow is not going to be as healthy as today, and that is leading to some tension. As the CFO, you're in the very privileged position of being involved from the beginning )

"The business opportunity looks the strongest it's ever been at the front-end of the business, but the back-end is informing management teams to grow more moderately."

Agreement needs to be found, particularly between the top executives. **Tim** says: "The number one thing for me is that the CEO and CFO are aligned. If they aren't, you inevitably end up changing one of them because you can't have those two senior business leaders not agreeing on strategy, as it confuses everyone else."

Stuart Owens, UK FD of Europcar Mobility Group, agrees: "The key is a balance where the CEO and CFO have a very good relationship, so when the CFO challenges a topic the CEO knows it's because they genuinely mean it, and that they're trying to protect the business, as opposed to being a blocker or too risk averse."

### **Extending Alignment**

CFOs need to reach out beyond the Chief Exec too. **Tim** does this by acting as an "objective and rational sounding board" for the other execs. "I have a one-to-one, maybe every two weeks, with each member of the leadership team. This involves taking time out to debate strategically what we're doing; what is getting in the way of that and how we can work together to make things happen."

**Dylan** finds that another way to encourage alignment as a CFO is to be involved in strategic discussions from the start. "We've been continually reviewing our strategic direction, and it's not just about the numbers, but the numbers are important, so I was asked by the Chief Executive to run a 'markets day', where I chaired and led a deepdive review into each and every market that the bank operates in," he says.

"As the CFO, you're in the very privileged position of being involved from the beginning, so you are able to help shape and influence the direction. You don't have the right to sit on the side lines and complain at the end of it."

Michael Williams, CFO and COO of Glory Global Solutions, has spent the last 15 years working in Japanese businesses and believes Western leaders can learn something from the practice of 'nemawashi', which is the art of achieving agreement before you formally need it. "Culturally, it's very important to have consensus and harmony, so it's about getting alignment among the entire population. This means there's a lot of pre-discussion that will go on," he says. >





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It's an approach that could be used when moving to a new business model, market or way of working with customers. "I'll spend time talking to the sales teams, supply teams; talking to everybody and just making sure it works," he explains.

"You have the debate upfront. You plan; you assess what can go right and wrong; everyone has an opinion, and then you make a decision, which doesn't have to be consensual in the final phase. The most senior person can always make a call, but they have listened to everyone."

## Other key findings from Criticaleye's CFO Research 2019 include:

- Only 8 percent are fully confident the senior leadership team can respond to business model disruption
- 71 percent report that stakeholder engagement is becoming more complex and difficult
- 96 percent say their top-team is too inward-looking and focused on the short term
- 64 percent say the Chair does not add value in terms of supporting the executive team

Gaining consensus is all about having conversations and listening to others. **Stuart** comments: "We went through a big transformation programme last year and did three things well: We got very good alignment at the top on the new commercial strategy, which was about what we were trying to do and how we were trying to do it. We also communicated the changes well and then implemented good governance."

As part of transformation, **Stuart** and the CEO decided to go on a roadshow, but they were also joined by another couple of directors, from different business areas, to ensure they presented themselves as a unified team. "Communication was key; making sure the message was right and simplified for the audience," he says.

According to **Michelle Chikanda**, Senior Relationship Manager at Criticaleye, ultimately, it depends on the strengths and attributes of each individual leader. "Today's Finance leaders need to be commercially astute, strategically minded and great communicators – being technically brilliant just isn't enough. "Without those crucial business and people-skills, CFOs are never going to be successful at creating alignment and driving the business forward."

Our <u>CFO Retreat 2019</u> will be held on November 14-15 at the <u>Four Seasons</u> <u>Hotel</u> in Hampshire. To register your interest in attending, contact your Relationship Manager or Emma Carroll.

#### Featuring Commentary From:



#### Michelle Chikanda Senior Relationship Manager Criticaleye

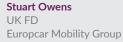


#### **Tim Doubleday** Group CFO Burger King UK



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