



# Creating Breathing Space as a CFO

Caught up in the latest crisis, it can be all too easy to turn inwards and forget about what your competitors and the market are doing. Emma Carroll asks business leaders how they create the time to reflect



CFOs know that they should have an externally-facing perspective and the desire to seek out new thinking. This can be hard to achieve in practice when the pressure is on to hit numbers and drive performance, as demonstrated by the findings of Criticaleye’s latest CFO Research.

**Jerzy Nagorski**, Senior Relationship Manager at Criticaleye, says: “While you are focusing on your latest internal project the world is changing. Competitors emerge, customer expectations evolve and new regulatory requirements rewrite the rules of the game.

“If you don’t continuously bring external learning into your business, then you’ll find you are planning and developing things that are no longer relevant.”

It’s not just CFOs who are struggling to make time to draw inspiration from beyond their organisations. [According to the research](#), 94 percent of management teams are deemed to be too inward-looking and prone to naval-gazing.

We spoke to members of the Criticaleye Community to find out how they are avoiding this pitfall.



**Barbara Richmond**  
Group Finance Director  
Redrow

To be an outward-looking CFO in today’s fast-moving world, even when you hear about things that are a distance away from your industry you should think through how that would affect you. If you hear about a success, think whether there’s an equivalent

“A lot of people are very insular... that’s a mistake”

in your business and how you could make best use of it. Or if it’s negative, how could you avoid that pitfall?

To create thinking time and breathing space you need the right team around you. It’s about the structure of the finance function and the people in it. You’ve got to have the right people, in the right places, doing the right things and you’ve got to use their time well. You need the right technology and information available to help others do their jobs effectively and efficiently – you want your people to have their own thinking time too.

It’s also important that the members of the Board come from different business backgrounds – they can bring insight from different organisations but also different industries. It’s good to have a mixture of B-2-B and B-2-C experience, plus technology input as well.

A lot of people are very insular, not just about their organisation but also their industry, that’s a mistake.



**Matthew Lester**  
Chair, Kier Group  
& former CFO Royal Mail Group

A lot of people talk about needing to spend more time looking externally and then you look at the way they schedule their day and it’s jam-packed full of internally-focused things. You need to take opportunities as they arise: networking, reading and using your non-executives to introduce you to other people.

There can be a degree of suspicion about the value you can get from networking events, but if you are very clear about what you want from them then you can find ways of making sure your time is spent efficiently. You can talk to like-minded individuals and can quickly cut through, using the direct, personal contact to say: “I liked what you said at the recent meeting and I’d really like person X to come and speak to you.”

As a CFO you need to set the tone from the top. In Royal Mail, I required that my Finance people spent time with the Big 4, or similar, and then went to visit businesses who had implemented what we were seeking to undertake, such as technological or cultural change.

Leaders will often have come through the organisation and be very good at managing the internal agenda, because that’s what they have been assessed against. But their role needs to change. It’s much easier to evaluate someone on whether they have reduced costs in the business rather than on whether they have spent enough time looking externally and doing the “R&D” part of the job. >



**Mike Dugdale**

Former CFO  
Personal Group

The routine of the day job, particularly within a regulated environment, means it's so easy to get swamped and fail to set aside time to get out of the nitty gritty within the business and think about strategy. There are increasing internal pressures to deliver on budgets and forecasts, as well as the demands of external stakeholders like regulators and investors.

It's easy to focus on analysing the actual results and discussing things like governance. You should allocate time at each Board and Executive team meeting to really focus on strategy and customers – review what's happening externally with competitors, customer requirements and how the marketplace is changing. It's dangerous to assume you know what the customer wants.

At Personal Group, we also set up an advisory Board where one member is a strategy expert. He facilitated our Board

### Other results of the CFO Research 2020

- Of the CFOs asked **none** were fully confident in their senior team's ability to navigate disruption
- Only **half** of all top teams are aligned on strategy
- **36%** say that their Chair does not add sufficient value
- **64%** of businesses go at least six months without discussing strategy

*“You need to take opportunities as they arise: networking, reading and using your non-executives”*

and Executive strategy days and was able to provide an external perspective and really challenge our thinking. That worked well, because, although he wasn't in the depths of the company, he knew us sufficiently well to contribute and challenge. I would recommend that.



**Martin Grieve**

SVP, Corporate Business Planning  
Reckitt Benckiser Group

External insight is best done systematically. We undertake competitor reviews: understanding what the competition's results are, including their relative market share and financial performance. But it is more than reviewing financial and market data – it's about triangulating different pieces of information to get a

more granular, analytical understanding of the competition to work out what their next strategic moves might be.

As a consumer products business, we are trying to look at publicly available market data, such as category splits, brand splits, pricing data and volume data compared to published financial data and strategic financial goals. This work is most valuable at the time of a strategic plan update.

It's super important that senior leaders are looking externally from a 360-degree perspective, however there is a particular risk when businesses are undergoing internal change, such as an acquisition or internal restructuring.

The challenge is finding the time, but it's one of the objectives that I set and hold myself accountable for. ■

### Featuring Commentary From:



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