



Five Tips on Recovery and Growth

While pressure is on costs and the pathway to recovery is still unclear, it can be difficult for CFOs to carve out time for longer-term thinking. Business leaders tell **Emma Carroll** how they are juggling day-to-day challenges with preparing the business for new opportunities



At this year's Virtual CFO Retreat, a picture emerged of organisations under cost pressure, frequently shifting targets and a changing workforce. At the same time, there was a sense of excitement from senior executives about how to be more competitive through greater agility and faster decision-making, often underpinned by digitisation.

The Retreat, held in association with Capita Consulting, brought together finance leaders from global businesses. Through the course of the day, it was evident that the finance function is under pressure and that CFOs themselves are, to put it crudely, exhausted in their roles, but there was undoubtedly a sense of optimism at how talent, data and technology are driving positive transformations.

We asked CFOs how they can lift their head up from operational challenges to plan for recovery and even target growth at this testing time.

Here is the insight and guidance that stood out.

Pose the Existential Question



Richard Pennycook
Chair
Howden Joinery Group

Richard Pennycook, Chair of businesses including Howden Joinery Group, said that any leader in a turnaround needs to ask themselves tough questions about the fundamental purpose of an organisation.

This was something **Richard** did when leading the high-profile recovery of the Co-operative Group, first as Group CFO

“A good question to ask is: ‘If we weren’t already in existence, would we be created today?’”

and latterly as Chief Executive. “We spent quite a lot of time going back to those basic questions around, ‘What are we here for?’ The Co-op is a member organisation, so millions of people had a point of view about that,” he said.

“COVID gives people the opportunity to ask this too,” he explained. “Often, when you’re in the tramlines of day-to-day operations, you’ll have a five-year strategy and you’ll be very focused on your one-year budget, but it’s more difficult to sit back and ask, what are we actually here for? In a turnaround and a transformation, you always have to do that.

“A good question to ask is: ‘If we weren’t already in existence, would we be created today?’”

After extended debate with stakeholders, the Co-op’s leadership team agreed that the organisation’s role in the 21st Century was the same as when it had been established in 1844. “The purpose was defined as, ‘Championing a better way to do business for you and your community’. Resetting that was a fundamental part of the transformation journey,” **Richard** said.

Thrash Out Alignment



Matthew Blagg
CEO
Criticleye

At the start of the pandemic senior leadership teams pulled together, driven by shared resolve to steer their businesses through the crisis. **Matthew Blagg**, CEO of Criticleye, said that as time has worn on cracks have started to appear. “That early alignment has fractured on many Boards as fatigue has set in, pressure has increased, and leaders have started to disagree about the route ahead. As a result, we are starting to see more churn in executive roles.”

Part of this intensity has come from the top, with a poll at the Retreat revealing that 75 percent of CFOs are now experiencing Boards exerting more pressure on performance. “It is critical that the Chair, CEO and CFO are aligned,” **Matthew** said. “This is challenging when there is so much ambiguity out there, but those top three leaders must thrash it out.”

It’s also vital to look beyond the here and now. “To balance survival and growth, the exec team needs to bring a three to five-year growth plan to the Board – that forward perspective is what will differentiate the businesses that survive,” he said.

Matthew believes the Finance chief plays an important role in achieving alignment. “The CFO can be the voice of reason. While they still need to play their strategic, outward-looking role, they must also be on top of the numbers – letting that slip can be fatal.” >



Digital, Data and Talent



Ismail Amla
Chief Growth Officer
Capita

CFOs can't fall into the trap of constant cost-cutting. **Ismail Amla**, Chief Growth Officer for Capita, said, "It would be all too easy to limit the role of the CFO in times like these to running some kind of cash war room. And while that's hugely important right now – restructuring debt, looking for cost savings, reducing inventory – the real help will come from ideas.

"CFOs need to be the executive focused on driving every part of the business to reinvent themselves by concentrating on the three North Stars of digital, data and talent," he said.

When it comes to the first of these – digital – the pandemic has accelerated digitisation across all areas of the business. **Ismail** finds that CFOs are uniquely placed to use their deep understanding of data to evaluate investment in technology, both in their own departments and more widely: "By joining the dots CFOs can prioritise digital investment that translates into commercial benefits – investment in AI, robotics, software and so forth."

This digital investment can be direct but can also involve partnerships. "More and more CFOs are now... exploring how disruptive new technologies could benefit the organisation and the business ecosystem," **Ismail** said. "This is true across the business as they lead the drive to invest in digitisation... through shrewd investment and the right alliances."

Build Consensus



Declan Guerin
Former Group Chief
Restructuring Officer, Rolls-Royce

For many businesses their recovery will involve some amount of restructuring. In a large organisation, the number of internal stakeholders that need to be managed during this time can be daunting.

Declan Guerin, former Group Chief Restructuring Officer at Rolls-Royce, explained that such projects may need to be done in phases. "When you're working at pace, there's a time for dialogue and consensus and a time for directive decision making," he said. "At the start of the restructuring programme [at Rolls-Royce], in order to get things established it was far more directive.

"We worked with a steering committee to drive pace, which was made up of the Group CEO, Group CFO and the Group CHRO, as well as me as Chief Restructuring Officer and the lead partner from a consulting firm."

He acknowledges that this directive approach can affect buy-in from the wider organisation. "When you're making decisions 'behind the curtain', you can have challenges with stakeholder engagement. You want to carry each stakeholder with you along the way, but you can't always do that in sync with the aggressive timelines.

"Sometimes you need that directive nature, but it's not sustainable for longer than six to nine months. In the end the target needs to be delivered by the divisional leadership teams, so we pivoted to [something more consensual] to get that done," he said.

Personal Resilience



Michele Faull
Former CFO
Coventry Building Society

CFOs may need to sharpen a few of the skills in their toolbox. **Michele Faull**, who at the time was CFO of Coventry Building Society, said this includes being able to cope when decisions are not clear cut.

"We need to get increasingly comfortable with 'living in the grey'. As far as we can see, there is going to be significant uncertainty over the next 18 months around how things will pan out and what Finance will need to be doing and how they will do it," **Michele** said.

This will require strength of character. "What is needed now is personal resilience – this is a skill and being able to manage and know yourself is vital. There are still some big bumps in the road and keeping the energy up to tackle those is going to be challenging."

It can also be about the CFO becoming something of a 'personal coach' to others in the organisation. **Michele** explained: "I've spent a lot more time with people both in my own function and across the business, just talking about their issues and how they address them. Some of this is work-related and some is not. I've personally found that very rewarding, and the feedback is that it's essential." ■

Contact the contributors through:
www.criticaleye.com