



Case Discussion:

Quarterbacking the Financial Team

Comments by Rod Hoagland – Part-time CFO Series

Business situation

“You can’t grow your team fast enough in a rocket ship environment” is not only a catch phrase but a real life experience for me. In a fast growth environment, the needs of the organization can easily stress the capabilities of your team. There is a balance to hiring team members who are under-tasked today, but able to step into a larger role as business growth demands. The ability to upgrade personnel skill sets and expand functional expertise for the future, at a reasonable cost, can be a defining factor in CFO success.

As with internal controls, the appropriate staffing level today can be obsolete tomorrow. But how far can you stretch without choking the company? CFOs that ignore the quest to constantly balance this dynamic are missing a valuable opportunity to improve the team’s contribution to the organization, and increase their own value in the process.

Solution

Hiring judgment is a key element to success – but creating the right environment for individual and company growth is a crucial component to getting the most from a wise selection.

One crucial tool to maximize personnel choices is the use of regularly scheduled internal discussions on process issues and potential solutions to them. Take the time to evaluate problems, and rank efforts to solve them effectively and efficiently, to highlight opportunities for creating impact and reducing cost. The cumulative effect from systematic implementation of low impact, low cost-to-solve solutions can provide the planning time needed to conquer big impact, high cost-to-solve activities. Obviously any issues identified as big impact, low cost-to-solve become a first priority. Conversely, low impact, high cost-to-solve solutions are last on the list.

A key step to successful team performance is to ensure goal alignment between individuals and the organization. Be sure to communicate the major initiatives of the company and how both team and individual goals roll up to support them. Waiting to use the annual review process is insufficient in a fast growth environment; common agreement on progress needs to occur at least quarterly. Course corrections should be a common expectation in fast paced environments.

Contingency planning is another important factor in building sustainable organizations. Addressing the question of ‘what if the proverbial truck hits the employee?’ is one test to apply. Considering how ‘trapped’

specific employees are in their function is another test. Establishing clear documentation on work processes to enable others to accomplish or review needed functions ensures that employees can grow into new roles and protects the organization by minimizing disruption during times of headcount turnover. Every team should identify and target their most important process cycles for written documentation.

Measurement is another crucial success factor. What you don't measure doesn't get improved. But, measurement takes time and money. Designing a measurement system should concentrate first on the higher level picture and then on successive levels to identify improvement areas. The financial/accounting closing cycle time is a good place to start. Determine the current goal and measure performance to it. If the goal is rarely met, understand why. Issues could include understaffing, incorrect staffing, or poor processes, among others. Focusing on the exceptions that take up staff time often point to what step(s) within the current process need correction. Discussion with other participants outside of the finance and accounting function, if required, should focus on the solution value to the organization and not on blame.

Benefits

Building a sustainable organization by creating and fostering a culture of problem identification, problem solving and interdepartmental cooperation pays significant dividends to employees and the company. A culture of collaborative problem solving provides psychological value (motivation and self esteem) and real cumulative contribution. Team members obtain both a sense of involvement with, and ownership of, the outcome, and are encouraged to become more productive. Communicating the alignment of goals between individuals, teams, the finance and accounting functions and the company as a whole puts everyone on the same plan and highlights how team members can help each other be successful.

Establishing process control documentation allows increased proactive management of staff for upward movement and growth. The outcome also provides more options for quick response to unexpected company and/or individual changes. Departmental knowledge is preserved rather than lost. Creating a measurement system to diagnose problem areas and set goals assists in driving team success.

A CFO who creates and fosters a culture of problem identification, problem solving and interdepartmental cooperation guarantees success throughout the organization, as well as personally.

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