

Characteristics and Competencies of a Financial Champion

By: Jimmy Mullens

The field of finance requires a strong set of structured competencies and disciplines. Among the critical skills to be discussed in this paper, financial leaders must make sure financial records are accurate, data is available to understand the performance of the business, cash is available to run the business, and work is performed to make sure the business complies with regulatory requirements. While the nuances of the discipline vary somewhat by industry, the objectives are basically the same.

Finance, while it may be not the most glamorous function within a company, is one of the most critical. Considering the link between performance of the finance function and the success of a company, hiring of financial leaders are some of a company's most important decisions.

In identifying a high quality financial leader, a hiring manager must consider four key factors:

BUSINESS ACUMEN – Has the candidate exhibited a general business understanding and have specific accomplishments where they influenced the business in a positive way. Does the candidate have a sufficient level of experience required for the position? There is no substitute for experience. Unless you are willing to accept the learning curve, you don't want to go short on experience of a candidate. Finally, does the business philosophy and personality of the candidate fit with that of the organization?

TECHNICAL SKILLS – A candidate must possess specific skills relative to the financial position they are seeking. A Controller must possess knowledge of Generally Accepted Accounting Principles (GAAP). One indicator of that level of understanding is whether the candidate has earned their Certified Public Accountant (CPA) certificate. A candidate for the head of credit must be able to interpret customer financial statements in order to establish credit limits. Someone in charge of Sarbanes Oxley compliance must be knowledgeable of the requirements. Someone in Investor Relations or Financial Reporting must know the rules as it relates to reporting to the Securities and Exchange Commission, investment analysts, etc. Depending on the role, there can be specific technical requirements that are critical to the position.

ANALYTICAL SKILLS – Financial analysis involves working with a significant amount of data. A financial leader must be able to determine what metrics are critical to the business, identify the critical components, or factors, that influence the business, interpret the financial results, and communicate the information in a manner that is understandable by nonfinancial associates. A finance department must be able to provide information needed by a company's leadership team in order to make sound business decisions. This involves listening to the needs of the functional leaders, knowing what data is available, and deciding the best way to provide the data. A financial leader must be able to assess the reasonableness of forecasted data. Does forecasted data make sense given market conditions, trends, and the current economic environment?

TIMELY AND ACCURATE – A finance department must be able to report data timely and it must be accurate. The financial leader must take ownership for the accuracy of the financial information. This includes reviewing processes involved in compiling data and identifying opportunities to shorten those time limits so data can be available faster to the organization.

In today's job market there are a lot of financial candidates that have a long track record of providing the above skills to their employers. However, a company should be looking for someone to be a Champion in their finance department. A financial Champion possesses all the above skills, but is also someone who will make the finance department a key business partner to the organization. A Champion is someone your business leaders will want to work with to get things done and help elevate their performance. This Champion will help give your company a competitive edge by raising the performance bar in their respective area, which will become contagious throughout the organization.

The key characteristics of a Champion in the finance area are:

1. Integrity
2. Confidence
3. Excellent Communication Skills
4. Love of People
5. Team Player
6. Ability to Execute

A finance leader who possesses these characteristics will bring that Champion quality to your organization. Without these characteristics, you will likely hire a good financial person who will meet the basic needs of your business, but will struggle to advance the function or the organization in a manner that is noticeable on the financial statement.

1. INTEGRITY

In a book titled *Letters from Leaders* compiled by Henry Dorman, James Turley the Chairman and CEO of Ernst & Young wrote “Integrity is the bedrock upon which all else is built. Without a solid foundation of integrity, any success will ultimately crumble.” In the finance area your integrity is everything. Without integrity you don’t have credibility. Without credibility you don’t have trust. As a leader in the finance area the rest of the organization has to believe they can depend on everything you say or provide to be accurate. This doesn’t mean they will always like what you say, but they will know it is the truth. I had a boss one time that demonstrated this very clearly to me. Our business was not performing as well as we would have liked. Every business unit was contacted by the CEO to discuss their current business and their forecast for the future. We knew our business was underperforming. While we had action plans in place to turn around the business, it was going to take longer than senior management had hoped. At the beginning of the call the CEO asked how are things going. A great general question to kick off the meeting. While it might have been tempting to provide a false timeline for the business to turn around, and avoid the unpleasant conversation that surely would come with the true timeframe, my boss responded by saying “I can tell you the truth or I can tell you what you want to hear”. Obviously, the CEO wanted the truth so we laid out our action plans and time table for the business to improve. At the end of the call the CEO thanked us for an honest and accurate assessment of the business. In the end, the business did turn around within the time frame we laid out. Our credibility with senior management skyrocketed.

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The other reason integrity is critical is that it can affect the performance of your team. As a leader you want your team to be engaged in the business and to give you their best effort. In the book *Strengths Based Leadership* by Tom Rath and Barry Conchie, “a national Gallup poll revealed that the chances of employees being engaged at work, when they did not trust the company’s leaders are just 1 in 12. In contrast, the chances of employees being engaged at work are better than 1 in 2 if they trust the organization’s management team.”

The strength of one’s integrity is a reflection of their character. David Snyder in his book *How to Hire a Champion* says “champions, first and foremost, are defined by their character. Because character is defined by what people do – not by how they feel or what they think – character is demonstrated to others every day”. In his book David Snyder references a study conducted by Doug Lennick, an executive vice president of Ameriprise, and his colleagues at Lennick Aberman Group listing the character traits of high performing financial advisors that best predict success. Results showed that integrity was the key behavioral competency that predicted the most positive returns for clients.

A key measure of integrity is accountability. It’s easy to take credit when your work is right. However, the position one takes when something is wrong, that is the measure of a leader. Do they take a position that someone else made a mistake and it wasn’t their fault or do they own up and accept responsibility? I contend that even if there is a mistake, your credibility will grow if you own up to the mistake and admit that it is your fault. This very thing happened to me once. I made a mistake related to sales commission. Rather than keep quiet and hope no one would find out, I immediately came forward once I discovered it. I felt horrible. But, it was my mistake. You see I was fairly new in this position and working with a new management team. I was sure they were going to think I was an idiot. Afterwards, I found out just the opposite happened. The fact that I took accountability for my actions told the team that I had integrity and that they could trust me to tell them the truth.

2. CONFIDENCE

If you think back during your career on leaders you’ve respected, one characteristic probably holds true with each one. That leader was full of self confidence. That confidence made you feel better that they were in charge. They seem to always be in command of the situation around them, regardless of how chaotic things were. In the book *The Confident Leader* by Larina Kase, she says “confident leaders confront their fears and use them to propel themselves. People who stay within their comfort zone may not experience much anxiety, but they also don’t experience much growth”.

A part of being a Champion is taking the lead when the opportunity arises. The problem with taking the lead is that everyone is watching you. If you succeed, that’s great. But if you fail, everyone will know it. A Champion accepts this risk and relishes the opportunity to make a difference. If your organization is going through change, do you want a financial leader that will resist the change? Of course not. You want a Champion that will embrace it and drive it.

Many people are quick to criticize and point out faults. However, a Champion will identify an opportunity and take the initiative to help realize the benefit of the opportunity in order to improve the business. This effort is usually outside their normal responsibility. I call this discretionary effort. Discretionary effort is effort that is above and beyond ones normal

responsibilities. If you have an employee that just does their job, they may perform their job very well. This is a good employee to have. However, this individual will never be a Champion because they are not willing to take a risk. A Champion takes the risk because they see an opportunity and want to take advantage of it. The result, assuming they are successful, is that the business is better for it. The other benefit is that you have an employee that has probably learned something in the process and has become more committed to the business. Even if they fail, they are better for trying because, in failure, they likely learned something.

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In one of the organizations I previously worked, the company had hired a new CEO. The new CEO was looking to implement a culture of continuous improvement. He wanted the company to start utilizing process improvement teams to drive change, resulting in lower costs and increased efficiencies. My boss told me the CEO was looking for a team to kick off the company's new high performance team culture. At the time I was leading a process improvement team in our regional business unit. The team had been in place for a few years and we had saved approximately \$3 million. We talked about it and decided that we would raise our hand and propose taking our regional process improvement team concept to a national level. We presented the idea to the CEO and he agreed. At our national management meeting our team was mentioned several

times as being the example of what the company was going to do. I can tell you that, as the leader of the team, the pressure was very high. If we failed to achieve our targeted objectives, it would be known by the company's entire management team. Well, in that first year our savings target was \$2 million and we achieved a savings of \$4 million. Over a two year period our initiative saved the company \$9 million.

3. EXCELLENT COMMUNICATION SKILLS

Financial people are stereo typed as dull and boring who wear eye shades and pocket protectors. As I write this, visions of Ben Stein jump into my head. We have all sat through financial presentations where we thought watching paint dry would be more exciting.

The subject matter in finance is generally communicated by using numbers, charts, and graphs. The challenge for the financial leader is to make the message compelling. You want people to look forward to your presentation. To hang on every word you are saying.

I learned the value of excellent communication skills from two leaders (nonfinancial) in a previous company. The first was the head of the company's marketing department, who was eventually promoted to President of our division. He was so good at giving presentations, you looked forward to it regardless of the message. After the presentation everyone would continue discussing the subject matter. How did he do it? There were several things he did that I took away as keys to a successful presentation. First is the subject matter. Make it very clear and easy to understand. Over simplify it. Don't overkill the presentation with numbers and statistics. Usually, the point could be made with just a few facts. If people had questions, you could interject additional facts. The next thing I learned was presentation style. He did an excellent job of working the room. He moved around, drew everyone into his presentation. He was not afraid to be animated. He told great stories that were applicable. Basically, he taught me not to stand behind a podium and present power point slides full of numbers.

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The next person that influenced me on communication was a former boss. He had outstanding writing skills. He took great care crafting his letters and memos. He would evaluate each word, phrase, and sentence to make sure it conveyed the message he intended. I remember a memo he sent out to all of his direct reports about our financial performance. There were various initiatives going on in the company and he felt we had taken our eye off of managing the business. In the memo we were taken to the "wood shed" as we liked to call it when we had a "discussion" with the boss. However, as you read the memo, and as each of the direct reports discussed among ourselves, he wrote a great letter. It was factual, articulate, and conveyed the message that he was not pleased with the performance of our business. This was an outstanding memo. The fascinating thing is that our boss never went to college. He taught himself english and how to write effectively.

Excellent communication skills is probably best summed up by Larina Kase in her book *The Confident Leader* when she wrote "effective communication is the ability to tell something normally uncomfortable to hear, or challenging to our self or our organization, in a way that gains our complete attention and ends up creating an opportunity for us or our organization, or both".

4. LOVE OF PEOPLE

The ability to show that you care for people is one of the key characteristics of a Champion. John C. Maxwell wrote in his book *The 21 Irrefutable Laws of Leadership* that "people don't care how much you know until they know how much you care. Successful leaders take the first step with others and then make the effort to continue building relationships."

In order to be a successful leader one must have people who will follow them. Larina Kase in *The Confident Leader* wrote "one of the keys to whether someone likes and respects you is how you make that person feel about themselves. If you make someone feel uninteresting and unimportant, that person will not like or respect you as a leader". James Turley, Chairman and CEO of Ernst & Young wrote "Respect of others is essential. You will never earn the respect of others unless they feel

you respect them first”.

Some bosses believe that people will follow them and do what they say merely because they are the boss. I have heard this called a “compliant” management style. This type of management style does not drive loyalty among your staff members. Additionally, your staff will not likely be engaged in the business and giving you their discretionary effort. On the other hand, a management style that is based on relationships and employee involvement is called a “committed” style. Simply meaning, the employees are committed to the success of the organization. Why? Employees who feel they are involved in the business, and treated with respect, feel they help create the success of the organization. Simply, people support what they help create.

Tom Rath and Barry Conchie wrote “those who lead through relationship building are the essential glue that holds a team together. Without these strengths, a group is simply a composite of individuals. Leaders with exceptional relationship building skills have the unique ability to create groups and organizations that are much greater than the sum of their parts” in their book *Strengths Based Leadership*. They also wrote “People who feel that their manager/ leaders care about them:

- Are more likely to stay with the organization
- Are much more engaged
- Are substantially more productive
- Produce more profitability for the organization”

5. TEAM PLAYER

The finance team is made up of individuals. The job functions range from clerical up to the executive level. Regardless of the different degrees of complexity that each person is responsible for, the success of the team depends on the performance of everyone on the team. James Turley, Chairman and CEO of Ernest & Young wrote “A commitment to teamwork is fundamental. No one succeeds for very long on his or her own. Virtually every successful person recognizes that success is the product of the entire team working together for a common goal”. A Champion will recognize the value of every member on their team. By recognizing this, they will show an interest in and respect for each member on their team. This creates loyalty for the leader and the organization which leads to the successful performance of the team.

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So much of business today is done by teams. These teams can be cross functional teams, process improvement teams, or management teams. If you are in a key position in an organization you will likely be a part of, or lead, a team. A key aspect of being a good team player is having an excellent working relationship with each of your team members. Having strong relationships

helps the team communicate more openly and helps break down any “hidden agendas” that may exist. The real issues will be identified sooner which makes it easier for the right solution to be developed and implemented.

6. ABILITY TO EXECUTE

The most important characteristic of a Champion is their ability to execute. At the end of the day it is all about the ability of a leader to get things done that positively impacts an organization. Leaders who have a long history of achievement will likely employ, and be very good at, each of the characteristics discussed above. Without each of these attributes, a leader will probably struggle to execute change, strategy, or initiatives.

Recruiters and outplacement coaches will always tell you to list your accomplishments, and the measureable impact on your resume. The reason is they know employers want to see that the recruit is able to execute. If you look at a leader’s resume you should see numerous examples of accomplishments that have made a material impact (either in process improvement, cost reduction, or profit enhancement) on an organization. Drill into those achievements and you will find examples of each of the above attributes.

Larry Bossidy, former CEO of Honeywell International and Ram Charah wrote about the importance of execution in their book *Execution – The Discipline of Getting Things Done*. They said “Strategies most often fail because they are not executed well. The resulting gap between expectations and results is often clear. However, the gap nobody knows at the start of an initiative, is the gap between what a company’s leadership team wants to achieve and the ability of an organization to achieve it. Execution has to be a part of a company’s strategy and its goals. Unless you translate big thoughts into concrete steps for action, you will end up with change for the worse. That’s because failure drains the energy from your organization. Repeated failure destroys it”.

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OK. It makes sense that we want someone who can execute. So what is the ability to execute? Most people will say it is the ability to get things done, or it's achieving your goals. Larry Bossidy says to understand execution you have to keep three things, along with their keys to success, in mind:

EXECUTION IS A DISCIPLINE AND INTEGRAL TO STRATEGY

- Metrics
- Accountability
- Honest assessment of reality
- Linking strategy to operations and people
- Linking rewards to outcomes

EXECUTION IS A MAJOR JOB OF THE LEADER

- Engaged
- Knowledge of the business
- People development

EXECUTION MUST BE A CORE ELEMENT OF AN ORGANIZATION'S CULTURE

- Constant probing
- Challenge the norm
- Linked rewards system

In order for a leader to execute successfully they must immerse themselves into the business. This requires a comprehensive understanding of business, people, and the environment. Because a leader is immersed in an initiative or a strategy does not mean they are micro managers. To the contrary, if a leader micro manages a project he/ she will likely lose the respect and engagement of their team. Being immersed means the leader is actively involved in the project. They are obtaining updates, asking questions, bringing issues to light early, following up, and knocking down barriers the team is bumping up against.

The best leader I ever worked with was one of my former bosses. Not only did he demonstrate each of these qualities, he taught me the value of each one. This in turn helped me successfully accomplish many projects which made a significant impact on our organization. More importantly it helped me become a Champion for my organization.

With over 20 years experience in finance, Jimmy Mullens has worked in leadership roles of both public and private companies with revenue ranging from \$100 million to \$4.5 billion. During his career he has partnered with management teams to help reduce operating expenses. Jimmy has lead a number of process improvement teams which have increased efficiencies and profits for the company. One effort resulted in improved internal controls which reduced labor costs, reduced working capital, increased inventory turns and increased customer fill rates. Profitability of the facility increased 33% making it the most profitable facility in the company.