



Five Ways to Turn the Finance Department Into a Transformation Agent

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There is at least one bright side to the chaos and upheaval caused by the financial crisis and economic downturn for many Los Angeles and Southern California finance executives and CFOs: Their successful financial stewardship and leadership have enhanced their profile, status and influence within the company.

The challenge for these finance executives now is to leverage this enhanced position in a way that enables them to serve in a more strategic role in the organization. But assuming a more active and influential role in corporate strategy won't be easy. It will require CFOs to view themselves and their departments much more broadly than they traditionally have. Specifically, they need to view the finance department as more than just a provider of transactions — they need to view finance as a true transformation agent.

Doing so will not only require a shift in mindset for many finance executives and CFOs, but also a shift in how they staff their departments. Specifically, they will need to focus on developing and hiring finance employees who have skills and abilities beyond simply conducting financial transactions. They will need finance employees who also possess strong soft skills who can thrive in judgment-based roles.

Technical vs. Soft Skills

Unfortunately, it appears that many finance executives and CFOs do not believe that their current staffs possess these kinds of transformative skills. An article published on CFO.com¹ reported on the results of a study in which finance managers and CFOs were asked to rate their staffs on both technical and soft skills. In the survey, different types of skills were broken into five categories:

- 1. Learners** — These employees seek feedback on their performance and look for opportunities to improve.
- 2. Doers** — These employees have strong functional expertise.
- 3. Persuaders** — These employees articulate their views clearly and challenge business assumptions.
- 4. Strategists** — These employees have a strong understanding of business operations and emerging technology.
- 5. Builders** — These employees create vision, set business-aligned goals and develop talent pools.

The first two types of skills — learners and doers — are typically viewed as technical skills that are most important for finance staff, while the latter three are soft skills that have traditionally not been emphasized in finance. But in order for finance to become a true transformation agent within the organization, finance managers and CFOs need to focus on developing and hiring more persuaders, strategists and builders.

In the survey, finance managers and CFOs rated their employees much more highly as learners and doers than they did as persuaders, strategists and builders. They gave a 6 or 7 rating (on a scale of 1-7 with 7

being “very effective”) for doer competencies to 28 percent of their direct reports and a 6 or 7 rating for learner competencies to 17 percent of their direct reports.

While these numbers are not particularly encouraging, their ratings for staff members as persuaders, strategists and builders were even lower. They gave 11 percent of direct reports a 6 or 7 rating for builder competencies, seven percent a 6 or 7 rating for strategist competencies, and just five percent a 6 or 7 rating for persuader competencies. But when asked which set of characteristics they felt were most important for growing the influence of the finance department, nearly half (48 percent) said strategist and about a third (31 percent) said persuaders. Just three percent listed doers and zero percent listed learners.

One of the researchers summed up the survey results this way: “They (finance managers and CFOs) feel they don’t have the right skills on their teams, especially at the middle-manager level. They feel many of those people are not building competencies that will set them up for effective decision support in the future.”

How to Transform Your Finance Department

The study made five recommendations for ways that finance managers and CFOs can begin to transform the finance department into a transformation agent:

1. Invest in more training to help staff develop soft skills.
2. Reward employees who possess builder, strategist and persuader competencies.
3. Rotate your finance staff among different roles intra-departmentally and internationally.
4. Look in less-obvious places when recruiting talent, like media and startup firms.
5. Do a better job of coaching your staff with regard to professional growth and teaching new skills.

Concluding Thoughts

Many Los Angeles and Southern California finance executives and CFOs are now in a good position to leverage their enhanced position in a way that enables them to serve in a more strategic role in their organizations. But assuming a more active and influential role in corporate strategy will require CFOs to view finance as a true transformation agent. To do so, they will need to focus on developing and hiring more persuaders, strategists and builders, without excluding the learners and doers who are traditionally associated with filling finance roles.

¹ [Finance Leaders Bemoan Talent Shortage; David McCann; CFO.com; April 24, 2013](#)

About CFO Edge

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