

## What does being a great HOF look like?

(1,414 words, 5 minute read)

Being a great Head of Finance (HOF) has multiple elements to it – success in the core activities, innovation, attention to detail, the enduring challenge of leading a team well and winning people’s respect. Here are some tips on how to do it.



### Success in the core activities

As a HOF, what does great look like? Professionally, you need to maintain a reputation for integrity and pragmatism - not easy if the situation requires one or the other. (Top tip: let ethical integrity trump pragmatism, or you’ll be in trouble with your professional membership body and accounting regulator.) If integrity regards internal consistency as a virtue, then some budget holders may regard you as bureaucratic – rigid and too keen to stick to the rules & policies, rather than flex them for different situations.

Make sure the finance chart of accounts stays fit for purpose, deliver process outputs on time (including fast closes), keep the organisation solvent, pay suppliers and staff on time, modernise for reporting changes, keep the auditors and your boss happy and make sure staff adhere to the various finance policies and internal controls in place. No pressure!

### Innovation

In the emerging age of AI, AI come to play a larger role in business strategy development as well as financial strategy & operations. Staff roles will need to adapt to better ways of working, evolving processes, using AI-generated insights and becoming data managers in their own right. Technology stacks and data management will evolve, with systems integration, descriptive, predictive & prescriptive analytics all becoming more prominent.

Digressing slightly to talk about ERP solutions, in a small, private sector manufacturing firm that I worked in for three years, I was their Company Accountant, but effectively their Head of Finance. In that role, I did get the opportunity to fully implement an ERP solution, alongside my day job. I was lucky that my ERP implementation was viewed by all the departments concerned, as a big improvement over the old system. In reality, much of that success was due to the:

- internal departments being very clear on their user requirements (desirables and essentials),
- the supplier's clever internal integration of modules within the system,
- the fact that the system had been in use for at least five years (design evolution) and various bugs fixed,
- the fact that we chose to make the new system as 'vanilla' as possible,
- that we were lucky enough to find one system (not SAP by the way) that was so versatile and proven, for an affordable price, given our relatively small scale of operation.

Other than systems innovation, other finance innovation can come from:

- monitoring financial performance and providing actionable insights to address variances and protect income streams. Coaching your FBP team to provide the pithy stories behind the numbers,
- improving working capital measures and linking outward-facing financials to internal treasury and investment management,
- helping the organisation go on the financial journey from regional to national to international to global and helping stakeholders move between I&E and cashflow implications,
- improving some existing reporting e.g. in the Annual Report, on risk management, or KPIs,
- providing new insights to inform decision making (did you know...?). Finance team members working with data managers to develop new data fields and exploit AI opportunities (including descriptive, predictive and prescriptive analytics),
- routinely generating business cases, to value different options and risks,
- improving the quality of forecasts & budgets, including surfacing the key assumptions, developing scenario plans and providing sensitivity analysis,
- FBPs working with the strategy team on the financial planning aspects of the business strategy; including quantifying income and costs associated with M&A, new market growth, organisational restructuring, AI investment and/or building greater business flexibility in the face of environmental uncertainty,
- building costing models (product profitability or understanding cross-subsidisation)
- benchmarking against good practice.

### **Attention to detail**

*The price of accuracy is eternal vigilance...*

As a Head of Finance, your role includes reviews. That said, quality should be designed into finance processes at all stages and part of your review is to make sure team members are reviewing the work done themselves and fixing errors as they go. Reasonableness checks,

reconciliations, investigations and correcting mispostings needs to happen, before final reporting, with cashflow and I&E forecasting assumptions challenged as well.

Balance sheet accounts deserve particular attention, especially if there are:

- unresolved issues in the debtors or creditors ledgers,
- unidentified cash in the bank account,
- out of date valuations,
- suspense accounts requiring further action.

In a small, private sector manufacturing firm that I worked in for three years, I was their Company Accountant, but effectively their Head of Finance. I didn't attend Executive Director meetings, I didn't line manage any other corporate services functions and I did have a small finance team to manage. One day, I found an error in the Annual Report financials, after the auditors had just signed them off, which I promptly told them about, in time to reissue a revised version of the Annual Report. In hindsight, it was a lonely ride - not quite being a fully-fledged Executive Director, running a small finance function and not being one of the cool kids like Manufacturing or Commercial Marketing either!



### **Leading the team**

*Micro-management isn't leadership. It's an expression of the fear of losing control.*

In my early experiences of being a Head of Finance, I found that the hardest thing was effective team leadership. I learned that:

- people are complex,
- everyone has their good and bad days at work,
- staff across functions have a variety of views about being led,

- that success as a manager is rarely complete.

I also learned the hard way to leave my ego at the front door, when I came to work.

As an HOF, you have to, at least in the short term, work with the team resources you inherit. Find ways to guide, motivate and inspire your team, stop wars breaking out within your team (or information hoarding) and reassure them that you remain accessible, if they need some support and guidance. Do that and you'll be well on the way to becoming a great HOF.

It's true what they say about any new team going through a cycle of forming, storming, norming and only then performing. Over the years and having overseen multiple teams across multiple corporate services departments, I've seen that cycle in action many times. Learn to expect it and see yourself as a catalyst to help move the team forward to the next stage in that cycle.

People have their own reasons for wanting to succeed. It might be; ambition, fear, curiosity or stubbornness (not wanting to give up). It's your job to play to their strengths, which are sometimes hidden, help them remain professional in all situations and help them build up their confidence to perform, step by step.

It's your job to help your team members handle setbacks, errors and the occasional failure too – all of which are inevitable if your team is being ambitious.

Sometimes, you'll have a 'bipolar' employee – they massively celebrate their successes. But are shattered to the core, if they encounter setbacks. Help them to rationalise setbacks and learn from it constructively. Help them avoid winning the battle with other departments, if it means losing the war against irrelevance and inefficiency.



*When you join a new organisation, the sooner you find your head, the sooner you find your feet. And the sooner you find both, the sooner you'll find respect.*

### **Winning people's respect**

How do you win respect – from other departments, from the Executive Directors, your boss and from you own finance team?

- Try to be right as often as possible (quietly seek out the facts), so that people will come to respect your judgement,
- Be fair and don't accept poor standards from any team member for too long,
- Try to learn from every mistake, or people's impatience with you will quickly turn into something more serious,
- Show integrity and be inclusive in the workplace,
- Try to stay humble and give plenty of credit where it's due,
- Thank people repeatedly for their efforts and celebrate their successes,
- With other departments and functions, slightly under-promise and then work hard to over-deliver,
- Tell your team you want their best efforts every day and then help them to work smarter rather than burn out, working ever harder. Show them you're trying to find ways to take the stress out of their working lives.

Being a great HOF is most of all about leadership when it's needed. So don't be shy. Lead!

Simon Leicester

CFO and Business Consultant

<https://www.sleicest-consulting.org.uk/>