

The Queen of Soul's Ode to CFOs

All CFOs want r-e-s-p-e-c-t. But what are they doing to earn it?

Bud Kulesza

Could Aretha Franklin have been singing from a CFO's perspective in her hit song "Respect"? Even if we give everything we have, and don't "do you wrong," as the lyrics go, many of us feel shortchanged on respect. But don't forget: effort doesn't entitle you to respect. Results do.

And not just results, but consistent results. Think about the difference between a balance sheet and a profit-and-loss statement. If a balance sheet is, as we say, a snapshot of a point in time, then a P&L is analogous to a movie, because it covers a period of time. A balance sheet says little as to what a company is really about; P&L statements are much more revealing. Likewise, individual events (snapshots) are not enough to create respect — sustained performance over time shows what we are really about.

In his book *The Speed of Trust*, Stephen R. Covey says trust is not built solely on integrity, but on competence as well. Consistent excellence by the CFO and his or her staff helps build the trust that brings respect and, in turn, allows finance to serve organizational needs better and faster. That is a powerful competitive advantage that also can be seen in your personal life, where you would rather deal with service providers (repairmen, financial advisers, doctors, attorneys, etc.) that you respect because you trust them to work better and faster than their competitors.

I once joined a company where the finance department was viewed with some disdain. Rather than being seen as helpful, it was regarded more as an obstruction because, many felt, it didn't understand the business. Finance was seen as a necessary evil that was all about historical reporting, playing the role of corporate cops focused on policy and procedure, and stressing form over substance.

This lack of respect was symptomatic of the fact that the finance staff was trying to control the business rather than serve it. By putting disproportionate emphasis on accounting issues, they were limiting the organization's business potential and putting its very existence at risk. I was certain we could properly account for all the business activities, right down to shutting off the last light. But we needed to focus more on future market potential while still meeting all fiduciary responsibilities.

Finance staff needed to integrate themselves into operational issues and work with the rest of the organization to increase understanding of what the "numbers" meant and how to use them to make better business decisions. And they needed to make new policies that supported rather than hindered those decisions. We did make it clear to the entire company that finance staff and I would remain objective and not compromise our integrity so as not to put the company at risk. All too frequently, some CFOs and their staffs have compromised themselves by misinterpreting their roles as "business partners."

The process took time, but increased interaction between finance and operations, sourcing, human resources, marketing, and other departments improved organizational knowledge and enabled faster and better business decisions. It also led to changes in the services finance provided, the costs of those services becoming more accurate, the cost of quality becoming more reliable, and new approaches to calculating sourcing costs.

All of that came from coming to respect one another by working together and better understanding one another's roles. Respect is a two-way street, and someone has to make the first move. Why not you and your staff? Why not now?

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