The Finance Team

Setting the Business Growth Agenda

Robert Half Executive Round-Table Series 2011
Introduction

Growth. It’s the imperative of every business boardroom and a yardstick by which the world’s economies are measured

With certain areas of the UK economy showing signs of recovery from the recession, growth is a common theme on the corporate agenda, even for organisations that have yet to experience any. Of the finance and business leaders who attended our five executive round tables this year, almost 70% said they were experiencing growth, while a further 79% of those who could not report growth today predicted that it would return within the next 12 months.

These figures are supported by the findings of the most recent Robert Half Professional Hiring Index, which surveys more than 450 senior executives at UK companies. Here the proportion of CFOs who felt at least as confident in their companies’ prospects for growth as they did six months before stood at 84%, while a further 73% were as confident or more confident than six months ago when thinking about the wider UK economy.

As usual, our executive round tables were able to delve behind the statistics to hear directly how finance and business leaders across the country are managing the growth agenda, including those operating in markets where conditions remain challenging.

During the lively discussions in each city, we heard interesting views on the role of finance leaders and their teams as enablers of growth, including the effect these new responsibilities might have on the future shape of the finance function.

> Nearly 70% of 2011 Executive Round-Table Series attendees said they were experiencing growth

With the funding environment still tough, many participants also stressed the need to manage cash resources carefully, as well as to strike the right balance between risk and reward when considering investments that will spur growth. And we assessed the extent to which the finance team could do “more with less” by making the most of technology to sharpen its internal processes and ways of working.

I am grateful to all those who attended the 2011 Executive Round-Table Series and shared their views with such frankness. I came away from the meetings with new insights, and I’m confident that you’ll find the same after reading this report.

Phil Sheridan
Managing Director United Kingdom
Robert Half

“Of the finance and business leaders who attended our round tables this year, almost 70% said they were experiencing growth, while a further 79% of those who could not report growth today predicted that it would return within the next 12 months.”
A time for leadership

Some harsh lessons about cash flow, risk and profitability had to be learned during the credit crunch and recession

As a result, the finance team, with its proven expertise in all these areas, earned its right to sit at the strategic top table of many organisations.

Today, as organisations prepare for growth, the evidence from our round tables suggests an extraordinary opportunity for senior finance professionals to provide genuine leadership to this process. Most notably they have the potential to:

• Become enablers of growth
• Spearhead the development of their teams as engines of growth
• Become partners, not just score-keepers, to the rest of the organisation
• Ensure the viability and sustainability of new business opportunities

Enablers of growth

There’s always been pressure for businesses to grow. What is different from the past is that corporate boardrooms are now looking to their finance functions to contribute to decisions on where and how to grow, as well as managing and supporting that growth in a way that would have been unthinkable a generation ago. This is an opportunity that many top finance professionals are seizing.

For example, Patrick Wilson, Director of Finance at Simplyhealth, declares: “When cash flows are all-important, it puts the finance team right in the centre. You can’t do anything without finance.”

Many see this chance to lead the growth agenda as a reward for the vital role finance played in minimising the effects of the recession. Ian Plumb, Associate Director at Endless LLP, explains: “Finance has built its credibility through the downturn; now it needs to be everywhere within the organisation. The more finance flexes its commercial muscles the more indispensable it becomes.”

The finance team’s growing credibility manifests itself in other ways too. From being seen – often unfairly – as the bean counters only interested in thwarting commercial opportunism, now the function’s role as a legitimate sounding board is recognised and understood within many commercial teams.

As Linda Foster, Finance Director (UK region and Economist Online/Digital Editions) for The Economist Group, notes: “Because we’ve been through the recession, the commercial teams are much more aware of the impacts of investment decisions. If you present them with a financial business case that indicates ‘no’ and explain the rationale for that decision, they’re much more receptive to the finance view. This may change in time as memories of the recession fade, but it’s a nice position to be in right now.”

Within public sector bodies and the businesses that supply public services, the prevailing atmosphere of retrenchment means the context is different, even though similar leadership opportunities present themselves.

Ian Hughes, Chief Operating Officer at BBC English Regions, says: “We’re going through a huge period of change. While some in the finance team have fallen by the wayside, those who are left are at the cutting edge of transforming the business.”

“ When cash flows are all-important, it puts the finance team right in the centre. You can’t do anything without finance.”

Patrick Wilson
Director of Finance
Simplyhealth

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“Because we’ve been through the recession, the commercial teams are much more aware of the impacts of investment decisions.”

Linda Foster, Finance Director (UK region and Economist Online/Digital Editions), The Economist Group
Spearheading the development of the finance team

“I see finance’s future role in terms of owning delivery of exemplary performance instead of just supporting it. We have become effective business partners to the rest of the group, but if we want to achieve the growth that we’re aiming for, then everybody in the team needs to know what they need to do in order to deliver their part of it.” This view, from Richard Bee, Finance Director – Diageo Europe Supply, Diageo Scotland Ltd, emphasises the changing role of the finance team but also brings to the fore the human challenge involved in making change like this happen. Clearly, the finance team cannot adapt overnight to its new responsibilities within the growth agenda. So the onus is very much on the CFO/FD to control the change process and to drive it forward within their teams at the same time as they look to develop the “growth engine” element of their own roles.

Mark Tweed, Chief Financial Officer at GMAC UK plc, says of this challenge: “Finance is now expected to be the facilitator to growth. My role is to cascade this through the department so the team members can become growth leaders too. It’s not really possible to train this into them; I give them time with the MD and Sales Director in order to build their commerciality.”

Another proven way for finance leaders to help their teams become better facilitators of growth is by showing their trust in their staff to get on with the job. Encouraging prudent risk-taking and creative solutions to problems, delegating tasks then keeping out of the way while they’re performed – all this will help commerciality to flourish.

Finance Director David Robson is one who believes commercial “gems” can be polished up in this way. He says: “I’ve worked with finance teams that appeared to totally lack a commercial outlook, but that was simply down to the fact that nobody had ever asked them for their opinions on commercial matters. It’s up to us to engage and encourage people to uncover these hidden skills.”

Partnering with the rest of the organisation

If the recession helped to break down the barriers between finance and the rest of the organisation, the next step is for the function to become an equal and valued partner within the boardroom, as well as among the sales teams and operational areas.

Mark Bullough, Finance Manager at Gleeson Capital Solutions Ltd, gives some context to the transition: “The greater role of finance in business strategy was something born of necessity, but as a result the team is now much more integrated with the operational side. That has led to a challenged but happy workforce, as accountants have been able to drive their own ideas on cost reduction and find a more receptive audience for those ideas.”

The job is far from complete, though. “Finance needs to continue its journey from reactive provider of management information to proactive business partner,” says David Jones, Financial Director at IGT-UK Group Ltd.

Often the transition into a true business partner can be eased by shedding some of the more transactional aspects of the finance team’s work. This is especially true when headcount is tight. Neil McArthur, Chief Financial Officer at Bifold Group Limited, explains: “While the size of our finance team hasn’t changed much we have found ways to replace some of the day-to-day control and analysis activities with more focus on strategic direction, in particular working closely with senior management to address opportunities in new sectors as well as deciding where best to spend our marketing resources. Finance has become a sounding board for the rest of the business.”

An early benefit of this partnering approach is that some of the traditional strengths of finance – prudence and sound analysis – have percolated into the front-line functions. Neil Stevenson, Executive Director of Brand at ACCA, is one who has witnessed this occurrence. He remarks: “Finance has helped to foster a more cost-conscious culture across the international organisation, pinpointing the drivers of cost more clearly. This in turn has improved our ability to fund more strategically for growth.”
The alternative to such an approach is unthinkable to people like Martin Saurma-Jeltsch, Finance Director at CEME. He argues: "Finance should remain at the heart of the organisation in the years ahead – not to do so is a short cut to ruin. It's great to have exciting visions for an organisation, but unless there’s solid financial engineering behind them, the wheels generally come off very quickly."

Ensuring new business is viable and sustainable

As companies look to either kick-start or push on with growth, the clear message from the round tables was that there must be no return to the bad corporate habits that were so badly exposed by the credit crunch and recession. While risk must always be an element of doing business, since it goes hand in hand with reward, the finance team has a particular duty to keep risk under control and to rein in any excessively ambitious growth plans put forward by commercial teams or senior management.

Martin Reynard, Finance Director at FST Technologies Limited, emphasises this point, saying: "Finance must not be afraid to get stuck in, because in times of challenge there's a real risk that the sales team could corrode the future of the company by going after 'easy wins' when the margin isn't there."

Ashwin Gadher, Finance Director at Vaultex UK Ltd, agrees, adding: "...finance has got a key role in balancing commercial enthusiasm with a hard-nosed 'show me the money' approach." This task will undoubtedly be helped by a more general change of attitude towards risk among key decision-makers. Jonathan Wyatt, Managing Director at Protiviti, has witnessed this development first hand. He says: "What has happened over the past year or two is people have recognised that the information they had about risk – and their understanding of that risk – was not as good as it perhaps could have been, leaving them quite exposed. Today organisations are starting to become more sophisticated in the way they analyse and understand risk. The onus is on obtaining good information about risk exposures both within the organisation and those that come through exposure to outside organisations such as agents or suppliers."

From a process point of view, one of the key roles identified for the finance team is to ensure any new business is manageable, profitable and sustainable. Gordon Hutcheson, Financial Controller at Regenersis (Glenrothes) Ltd, explains that within his company, every new business proposal must now go past finance. "And in doing so we don’t just look at the potential profitability of the business," he adds, "we also analyse the cash flow implications across the group. Some contracts, even if they’re quite profitable, can suck away cash that another part of the business is waiting on."

This same prudence and risk awareness also applies to expanding through acquisition: while the current climate is an excellent time for companies with strong balance sheets to pick off weaker rivals, such deals must be proven to create value.

Looking to the future

If the consensus at the round tables was that the lessons of the downturn have been learned within today’s boardrooms, there was less agreement on how long this new-found prudence might last. On one hand were participants like Boyd Robinson of ESI Ltd, who notes: "I’d say about 80% of the people in our company had never experienced a recession until this one. As they’ve worked through it, they’ve acquired new skills and this will put us in a stronger position in the future."

Those with the opposite view included Frank Lewis, Chairman of Asia Ceramics Holdings plc, who counters: "The fundamentals of running a business – cash flow, gearing, etc. – should apply in good times as well as bad. However, there’s no reason to suspect that we’ve learned our lessons this time around and that people will be prudent once growth picks up."

“...finance has a key role in balancing commercial enthusiasm with a hard-nosed ‘show me the money’ approach.”

Ashwin Gadher
Finance Director
Vaultex UK Ltd
Building the future finance team

How ready is the finance team for its new, more central role in driving the growth agenda?

When questioned about the impact of growth on their teams, just over three-quarters (76%) of those attending our round tables said that “existing staff will need to assume additional responsibilities”, while 63% said “existing staff will need additional training and development”.

In looking to give direction and impetus to this change, round-table participants were mindful of three areas that would need to be of particular focus:

• Ensuring the team has the skills it needs to support the growth agenda
• Structuring the team for success
• Developing and retaining staff capable of thriving in the new environment

Upskilling the finance team to support the growth agenda

If the finance team is to be a facilitator to growth, it will have to acquire and develop new skills outside the more technical/transactional areas that have traditionally been its core strength.

Round-table participants tended to fall within two camps when it came to upskilling within their teams. Finance Director Alan Lunt is one of those who looks to upskill through practical experience. He notes: “We need to encourage our teams to develop their judgement so they have trust in themselves and their experience when it comes to making decisions. This can be done by mentoring, by specialised training and by putting people out into the business."

“Growing your own” is also a concept that appeals to Andrew Wilkins, Finance Director at VolkerRail Group. He says: “To support growth, we had to make sure we had the right people in the right roles within the finance team. This meant giving capable people an opportunity to go up a level. I now feel more confident that the team can support growth than I did 12 months ago.”

Other finance leaders are happy to go to the job market to acquire some of the skills they feel their teams presently lack. They include Jonathon Parker-Stafford, Finance Director at Managed Support Services, who says: “While the size of the finance team has reduced overall, I’ve looked to upskill through bringing in the right people even if that costs additional cash. It’s a case of paying more for people who can contribute more.”

While finding the skills to meet the finance team’s new challenges is a perennial issue, the view from the marketplace seems to be that the recruitment market is beginning to quicken post-downturn. A recent Robert Half survey of 180 CFOs/FDs found that 24% of executives planned to hire financial professionals in the second half of 2011 and 18% expected a decline in the size of their teams, representing a net 6% increase. During the same period (July–December) of 2010, the net figure was -8%, so we’ve seen a 14-point positive swing in a year. Of those who currently plan to recruit, 70% saw business growth as a key factor in that decision.

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Andrew Wilkins
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“We need to encourage our teams to develop their judgement so they have trust in themselves and their experience when it comes to making decisions.”

Alan Lunt, Finance Director
Structuring the team for success

Roger Williams, Commercial Director at Hulse Ltd, spoke for many when he told the Birmingham round table: “We must continue to elevate the finance department out of solely crunching numbers.”

Clearly, the finance team’s more central position within the organisation means a head-down approach is no longer appropriate for many roles within it, including those at what could be called the “transactional” end of the spectrum.

Instead finance needs to assume a much higher profile as it looks to become a genuine partner to the business. Keith Brown, Group Finance Director at Gerber Emig Group, sums it up like this: “In uncertain times communication is key to keeping the show on the road. And finance emerges as a very important function because we make sense of what’s going on out there. We have to be able to reassure people that although things are tough we’re going to be OK because we know what we’re doing.”

The need for communication also extends outside the business to client relationships. Scott Brown, Director, says of this change: “Clients are now much more demanding – they want to be able to look into the eyes of the people doing their business. That’s a step change and it’s great for the industry overall, but commercially oriented finance staff suitable for these client-facing roles don’t grow on trees!”

Not all finance leaders have the opportunity to structure a team from scratch to make it fit within this new environment of open communications and business partnering. Alan Sievewright, EMEA Controller at BlackRock International Ltd, was presented with such a chance, and he explains how he went about making the most of it:
“My aim was to pick people from a mix of backgrounds, not just from the accounting profession or other areas of the financial services sector such as the banks. People coming from industry have a good understanding of financial control and will often come up with a better way of doing things, which can be applied in a financial services setting. So far it’s worked very well and people have asked questions and bounced ideas off each other.”

In other cases adapting to new ways of working has had a material effect on the established structure of the finance team. Ian Hughes at BBC English Regions explains: “Within the finance team business-facing skills have become essential; the result is that we’ve seen a palpable split between the commercial and transactional roles within our team.”

Elsewhere, some of the transactional elements have been outsourced to shared service centres or third-party providers, to free up budget for selective hiring of professionals who are better able to meet the team’s strategic/commercial requirements.

Within that context, a balance does need to be struck in terms of managing individual development, so that skill sets don’t become lopsided.

Developing and retaining staff capable of thriving in the new environment

Retaining star performers is a perennial challenge, and while economic uncertainty made that job a little easier for a while, the indications are that the pressure may be building again. For example, Robert Half’s Professional Hiring Index revealed that almost six in ten (59%) of the 450 senior executives it polled were concerned about losing talented staff.

At our round tables there was also agreement that good people will get itchy feet if not given sufficient reason to stay put. This is partly down to the sheer marketability that their work throughout the downturn has given many finance professionals.

> 59% of 450 senior executives polled are concerned about losing talented staff
Judie Green, UK Regional Financial Controller at Electrolux Professional Ltd, says of this development: “One effect of people sitting tight within the finance team during the difficult times is that people have now become multi-skilled – that could prove a problem when they realise how important they’ve become as a result.”

For those employees who have been prepared to step up to the plate, the payback in job satisfaction has been significant. As Mark Tweed at GMAC UK plc notes: “Even people at quite junior levels are liking the impact they’re able to make within the business.”

But finance leaders also need to be aware that those team members who thrived within the more intense post-credit crunch environment are unlikely to relish a return to a more humdrum existence. Ian Plumb at Endless LLP says: “As the Trutex business went through considerable turmoil, there was great pressure on the finance team, but a lot of them enjoyed the challenge and the excitement of such rapid change. Now we’re into busy season with a focus on sales and growth, we have to consider what we’re going to give the team to do that will maintain that excitement. The best people will need to see some real career progression ahead of them.”

In the public and not-for-profit sectors the pressures may be even more profoundly felt, as individuals and their employers adapt to a tougher commercial environment.

James Money-Kyrle, Director of Finance and Support Services at St John’s Hospital, has seen this begin to take effect already. He states: “The not-for-profit sector needs to be weaned off its dependency culture. We need a changed mindset where we focus on impact and outcomes – delivering what our funders are looking for. That’s going to be a challenge for a sector that has traditionally been softer in cultural terms.”

At WRVS, Director of Corporate Services Darren Xiberras also sees challenges on the horizon: “As the employment market picks up and competition for talent increases, the not-for-profit sector will need to start thinking about structuring some of people’s pay according to outcomes,” he says.

Money remains tight, however, and that will remain the case even within many growth scenarios. So while improving salary and benefits – especially for those who made concessions during the downturn – are extremely important retention factors, implementing them is not always possible.

In those situations the promise of personal development is vital. Mike Scott, Director of Finance at Post Office Financial Services, believes: “Lack of career progression is the key contributor to high staff turnover, especially for people who have developed more strategic and commercial attributes only to find their employers unable to pay them any more as a result.”

Bifold Group Limited’s Neil McArthur argues that when things are going well: “It’s important to look at the team and ensure they’re getting something out of the process. This may be a share of the financial rewards, but it could also be public recognition of their contribution to success with the opportunity to enhance their CV.”

Public praise for a job well done can never be underestimated as a retention tool. Frequent encouragement will keep motivation levels high as well as increasing employee engagement. And of course, one of the best retention tools is also one of the simplest: sitting down and talking with employees about their career aspirations and how these can be met without them having to leave your organisation.

“It’s important to look at the team and ensure they’re getting something out of the process.”

Neil McArthur
Chief Financial Officer
Bifold Group Limited
Margins continue to be squeezed while debt funding remains expensive and difficult to obtain for many businesses.

This presents the finance team with several avenues through which it can make a significant difference to the corporate bottom line. They include:

- Driving further efficiencies within the organisation
- Striking the right balance between risk and reward for future investment choices
- Ensuring the business has sufficient access to funding

**Managing cash remains a critical issue as the economy picks up and the growth agenda becomes more widely established.**

Evidence from our round tables suggests the job is not complete, though. When asked to nominate the financial barriers to growth, participants chose “higher business expenditure” and “difficulty cutting expenditure” as their top two answers.

As Andrew PL Walls, Managing Director, Group Finance Company Secretary at Quayle Munro Limited, puts it: “Looking to the future, I think there’s going to be a renewed focus on cost and whether we are doing things as efficiently as we can.”

Encouragingly, it appears that the downturn may well have produced a generation of finance leaders who have unrivalled capabilities to drive their organisations down the path of greater efficiency. People like Jasvir Sanghera, Finance Director at Floors-2-Go, who reveals: “I’ve learned more about managing costs and cash in the past two years than at any time in the last 20.”

Meanwhile, David Jones, Financial Director at IGT-UK Group Ltd, emphasises the growing receptivity to finance’s ideas on efficiency. He says: “The recession has made businesses more aware of the benefits of having an effective finance function. It’s the companies with strong finance teams that have invariably performed best throughout the downturn and will continue to do so going forward.”

Efficiency doesn’t just manifest itself within a purely financial arena. It can percolate into other aspects of running a successful business, such as making efficient use of information. Keith Brown of Gerber Emig Group explains: “Our business information is highly centralised within the finance function. We take the information, analyse it and then tell everyone else what is happening. This suits an organisation where most of our revenue is centred on 10–15 key customers, but there are huge complexities around managing these contracts. When the outside is complex, the inside needs to be very simple and clearly defined.”

"Looking to the future, I think there’s going to be a renewed focus on cost and whether we are doing things as efficiently as we can.”

Andrew PL Walls
Managing Director,
Group Finance Company Secretary
Quayle Munro Limited
The Finance Team  Setting the Business Growth Agenda

Nick Graham, Interim Director of Finance; Ian Hughes, Chief Operating Officer, BBC English Regions

Ann Sillwood, Financial Controller, Damar Group Ltd

Frank Lewis, Chairman, Asia Ceramics Holdings plc
For manufacturers, significant levels of capital expenditure can sometimes be saved through process efficiencies. Max Campbell-Jones, Finance Director at Rencol Tolerance Rings, says: “We try to become better manufacturers through process innovation and other initiatives, rather than simply spending lots of money on the latest shiny piece of kit. That said, we will sanction capital investment when it’s the right thing to do and will deliver a better product.”

**Striking the right balance between risk and reward for future investment choices**

“When competitors are being cautious, that’s a good time to take some risks,” says Peter Cooke, Chief Executive, Bagnall & Morris Waste Services Ltd. Every round table produced a healthy dialogue on the importance of balancing risk and reward. It is an area that many finance leaders clearly believe their teams can truly “own” in the years to come.

Martin Reynard at FST Technologies Limited says: “There is a genuine risk that people try to undersell in order to build sales numbers, so from my perspective, finance’s role is as much about trying to control which customers our sales team goes after, because margins will be squeezed if we try to compete in the wrong places.”

That said, the concept that finance is there to manage growth rather than to stymie it is an important one to emphasise to those within the organisation for whom the quest for new business is priority number one. Jim McAuliffe, Financial Director at Bristol Airport, thinks: “We’re approaching what will be quite a fascinating time. From 2008 to 2010, the role of finance was fairly simple, it was mostly a case of saying ‘no’. But now things are more nuanced; finance has become more involved in developing the business. Innovation will be key from here on – there are big opportunities for businesses that are innovative.”

For companies looking to grow by broadening their international horizons, choosing the right target markets is crucial, given the different speeds at which countries – and even market segments within countries – are recovering from the downturn. Here the analytical capabilities of the finance team can come to the fore, as Nick Isaac, Finance Director at WB The Creative Jewellery Group Ltd, points out: “We know we’re going to take a beating in some markets but others will be highly fruitful. So it’s important to determine the markets where investment will lead to the greatest business growth.”

Once a potential market has been identified, finance can play a major role in smoothing the path to entry. Gordon Hutcheson of Regenersis (Glenrothes) Ltd explains: “We believe we have a very good solution for the American market so we’re currently going through the process of deciding the best method to enter that market, including issues such as where to manufacture, the logistics of getting products into the US market and the size of the support network on the ground. The finance team is assisting this whole process at a high level within the group.”

While careful planning can reduce the cost of entry to a market, some elements cannot be sidestepped. Grant Findlay, Group Finance Director at Havelock Europa Ltd notes: “There are different regulatory controls in every jurisdiction in the world, so putting in place teams and mechanisms to deal with them is an overhead that comes with every attempt to go into a new market. But we need to go into those markets because conditions in the UK are going to be tough for quite some time yet.”

“ We know we’re going to take a beating in some markets but others will be highly fruitful.”

Nick Isaac  
Finance Director  
WB The Creative Jewellery Group Ltd
For manufacturers, the challenges of growth tend to have some commonality regardless of the product involved. Richard Bee of Diageo Scotland Ltd remarks: “We have a real opportunity with the emerging middle class in developing economies, but it brings its own challenges in terms of the best products to meet their tastes. There is a particular demand around affordable luxury and that is having an impact on the complexity of our manufacturing processes, with greater numbers of different products running down our lines.”

**Ensuring the business has sufficient access to funding**

One of the topics that stirred up most debate at our round tables was the issue of funding. With banks and businesses at several meetings, it was possible to hear from both sides of the financing equation; views were also given on how best to manage their relationships with financiers to keep the money flowing in.

As with other aspects of the growth agenda, the funding environment was seen as another opportunity for CFOs/FDs to make a genuine difference. Robert Lucas, Finance Director – Projects at Kerry Foods, says: “The tougher financing climate forces finance leaders to really analyse each investment to make sure the expenditure is justified. Those that are worthwhile should not have difficulty attracting funding.”

Frank Lewis of Asia Ceramics Holdings plc takes this one step further, adding: “...there’s plenty of money around for companies that do business in the sectors that are in demand, such as commodities and renewable energy. The answer is to make sure that you’re ahead of the curve in terms of what lines of business are in vogue and growing; also that you have the right backing behind you, whether it’s equity or bank borrowings.”

Some participants reported seeing a return to a more relationship-driven financing environment – with less money generally available to lend, it seems natural that bankers will want more certainty about the security of each loan, so will aim to get closer to their customers. With that in mind, Ian Plumb of Endless LLP shares this advice: “The partnership dynamic is very important to lenders. Keep them close and communicate regularly … treat banks as stakeholders and bring them along with you, because you’ll find if you’ve got a good story to tell, there’s still money available at good rates.”

Knowledge was seen as one of the FD’s most powerful bargaining tools by Gary Slawther, Treasury Director at Financial Risk Advisory Limited. He argues: “It’s vital to have a solid grasp of your business when dealing with potential lenders. If they ask you awkward questions and you can’t come up with the answers, then you’re unlikely to get the money you need.”

From the banks’ perspective, Muj Malik, Chief Financial Officer of Dexia Bank has this to add: “Liquidity still remains a major issue for banks. We’ve seen a recovery in short-term liquidity but the market for longer term liquidity, for example, to cover infrastructure projects, is still very restricted and will only come back as part of a broader increase in confidence as well as opening of bond markets again.”

It’s vital to have a solid grasp of your business when dealing with potential lenders. If they ask you awkward questions and you can’t come up with the answers, then you’re unlikely to get the money you need.”

Gary Slawther
Treasury Director
Financial Risk Advisory Limited
Prospering through process improvement

A recurring theme at the 2011 Executive Round-Table Series was the growing appetite for financial information to guide strategic decision making within the organisation.

The debate centred on three questions:

- What is driving the need for additional reporting/financial analysis?
- How will the finance team gear up to support this extra workload?
- How can technology help the finance team do “more with less”?

What is driving the need for additional reporting/financial analysis?

According to our round-table participants, businesses in the UK have now fully woken up to the power of information. For example, Neil McArthur at Bifold Group Limited states: “Thanks to the development of more comprehensive KPIs, we now understand more about what drives our business, so we can take risks in a more controlled manner.”

That view is echoed by Ann Sillwood, Financial Controller at Damar Group Ltd, who adds: “As we look ahead to growth, we need to have the IT systems to support that – in particular, systems that we can use to analyse our business to see exactly where our money is coming from.”

One of the reporting tasks that was said to have grown most substantially is financial forecasting and re-forecasting. Catherine Bland, Finance Director at Menzies Distribution Limited, has seen this element of her team’s responsibilities snowball. She remarks: “We need to put extra resource into the financial planning and analysis side of the business. There’s now much more focus on re-forecasting, looking at the numbers each month so we can understand what’s going to happen for the rest of the year. We are also more engaged with longer term strategic planning, getting into greater detail and exploring different scenarios.”

On the same theme, Adam Hurst, Deputy Chief Financial Officer at Entertainment One Group, adds: “From a planning perspective we place a lot of emphasis on forecasts; and we’re reliant on our commercial colleagues to help assess the potential returns from each opportunity.”

Sometimes the volume of reporting has been driven by growth in the “customer base” for information. Round-table delegates highlighted several stakeholder groups that now have greater appetite for reporting, including investors, banks and regulators. Thomas Syme, Commercial Finance Manager at BAA Edinburgh Airport, has had to cope with this change. He explains: “A lot of people talk about rationalising reporting, but we’ve just experienced an explosion in reporting because everyone wants a different report for a different reason, whether it’s internally or external stakeholders.”

The balancing of risk and reward – as this report has already highlighted – is becoming a key task for the finance function. Here again, analysis and reporting can play a major part. Mark Llewellyn, Chief Financial Officer at L B Plastics Ltd, says of this development: “The major change in investment decision-making is the level to which risks are now considered. Even quite bold decisions are now based on a much better understanding of the potential upside and downside, because businesses can’t afford to get it wrong.”

While having more information to hand is clearly a benefit to strategic decision making, it doesn’t provide guaranteed solutions, and the finance leader can still add significant value through making the right judgement calls. Keith Brown at Gerber Emig Group says of this responsibility: “In a fast-moving marketplace it’s rarely possible to have complete and definite information, so when we need to come up with an answer, we have to make the best balanced decision given what we know of the variables.”

“From a planning perspective, we place a lot of emphasis on forecasts, and we’re reliant on our commercial colleagues to help assess the potential returns from each opportunity.”

Adam Hurst
Deputy Chief Financial Officer
Entertainment One Group

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“The major change in investment decision-making is the level to which risks are now considered.”

Mark Llewellyn, Chief Financial Officer, L B Plastics Ltd
How will the finance team gear up to support this extra workload?

“The finance team is undoubtedly more important to the organisation in today’s difficult times, because management has a greater need for numbers and information than was the case when our market was growing. However, it can be challenging to cope with that demand when we’re tight on resources,” says Jasvir Sanghera, Finance Director, Floors-2-Go.

With limited flexibility in terms of headcount, finance leaders at our round tables are instead looking to build greater efficiency into their processes as well as streamlining ways of working, to meet the escalating demand for information.

If there is a paradigm of process improvement, it would probably be something akin to the experience reported by Phil Price, Chief Financial Officer – Europe at Reader’s Digest. He says: “Through better processes and systems, we’re commoditising and reducing the cost of the transactional stuff, which then empowers our people to get closer to the business and to provide them with the information they need to help drive the business agenda.”

Hiring specialist financial consultants can also provide short-term access to skills, as well as enabling fresh eyes to look at the team’s day-to-day activities with a view to highlighting activities that can be done quicker or more efficiently. This was seen as particularly beneficial to finance teams where the majority of employees had sat tight during the downturn, leading to an inability to freshen the team through natural turnover.

There’s also potential to rationalise or scale back other areas of the team’s work to free up capacity. Martin Reynard of FST Technologies Limited, notes: “Over the past 10 years we’ve seen a steady expansion in the amount of internal process and administrative work taken on by the finance team. Now we’re reversing that process by stopping everything we do that doesn’t add value, isn’t essential or is duplicated elsewhere.”

Where new financial systems have been put in place, the focus must switch to getting the most out of them, as well as deciding the extent to which access to the information platforms is distributed throughout the organisation. There are critical decisions to be made here, as Ian Webb, Finance Director at Wilts, points out: “We’ve made our IT investment and we now have a powerful platform, but the key is to get the information into the hands of the people who can use it to make insightful decisions. In some ways the easiest way to do this is to build awareness within the field so our salespeople can access the information directly; however, that will inevitably produce variable results since not everyone has the same aptitude for this sort of analytical work, so there’s still a need to invest centrally in a Business Intelligence capability.”

“Over the past 10 years we’ve seen a steady expansion in the amount of internal process and administrative work taken on by the finance team.”

Martin Reynard
Finance Director
FST Technologies Limited
How can technology help the finance team to do “more with less”?

When round-table participants were asked to list the priorities for their organisations as they prepare for growth, IT was the joint second most popular answer, quoted by 40% of respondents.

Technology can make a significant contribution towards the finance team being able to meet the new demands being placed on it, according to Neil Easson, Head of Finance – International Banking at Lloyds Banking Group. He comments: “We’re looking to transform our systems landscape, to give people better tools in terms of management information.”

For their part, financial technology providers are gearing up to take advantage of this market opportunity. In its Technology M&A Insights publication, PricewaterhouseCoopers (PwC) states: “A greater focus on transparency and risk management is contributing to a large increase in the volume of financial data being processed, helping fuel demand for integrated software solutions … For the software providers, there is an opportunity to capture synergies in a fragmented market that is ripe for consolidation, managing the cost base downwards and focusing on efficiencies.”

Another technological innovation beginning to gain traction is cloud computing – whereby users gain access to the computing power and data storage they need through the internet instead of relying on in-house IT facilities.

PwC’s Technology M&A Insights says of this trend: “The prospect of significant cost savings and ability to handle large data volumes is making Corporates take notice and become more open to exploring the creation of a private Cloud or of outsourcing to public Cloud providers; paying a third party to host their data and applications and take responsibility for its security. While initial interest may be confined to larger companies, the SME sector can also achieve significant benefits, particularly from the public Cloud.”

For finance leaders managing tight budgets, the potential cost savings from “outsourcing” technology in this way cannot be ignored. This is especially true for CFOs who also have additional responsibility for managing IT, a situation that’s not uncommon in the SME sector.

“We’re looking to transform our systems landscape, to give people better tools in terms of management information.”

Neil Easson
Head of Finance – International Banking
Lloyds Banking Group
Conclusion

In uncertain times for the UK economy, it was heartening to encounter the positive attitudes of the finance and business leaders who attended our 2011 Executive Round-Table Series.

An overwhelming majority aim to be part of a growth story – many already are – and they’re busy preparing themselves and their teams to support the growth agenda.

That there will be challenges in bringing their teams with them is not in question. Some finance staff find the function’s more traditional, “back room” role more appealing; others are keen to get closer to the action but need first to be armed with the skills and commercial behaviours that will enable them to do so.

The finance team will be looking to its leadership to guide it into this brave new world: the CFO/FD must show a passion for business, actively participate in developing corporate strategy and strive to break down the barriers between finance and the rest of the organisation.

At the same time, cash remains king even for businesses in growth mode.

The finance function must ensure that striving for growth doesn’t “break the bank”. In reality this means carefully assessing growth opportunities and discarding any that might soak up too much cash or would not achieve the size and speed of payback that banks and other sources of finance are presently willing to back.

Finally, it was clear that technology is going to play a major part within the growth agenda, particularly for those organisations where headcount remains tight, and so there’s a requirement to do “more with less”. Innovations such as cloud computing remain in their infancy, but the forward-looking finance leader will already be investigating their potential, since any competitive advantage is likely to rest with early adopters.

Looking to the future, where next for the growth agenda? Judging by the wide range of economic predictions made in our round tables – which fluctuated from a dip back into recession through to an Olympics-inspired resurgence in confidence – it seems the best advice might be to prepare for all eventualities! What is not in doubt is that business growth remains an achievable goal for organisations able to formulate the right strategy and work single-mindedly, and collectively, to achieve it.

For the finance team, the opportunity to make a major contribution to that collective effort is one that must be grasped with both hands.
Attendees

Robert Half Executive Round-Table Series 2011

Edinburgh

Alan Sievewright
EMEA Controller
BlackRock International Ltd

Andrew PL Walls
Managing Director,
Group Finance Company Secretary
Quayle Munro Limited

Catherine Bland
Finance Director
Menzies Distribution Limited

Gordon Hutcheson
Financial Controller
Regenersis (Glenrothes) Ltd

Grant Findlay
Group Finance Director
Havelock Europa Ltd

Innes Chalmers
Finance Director
Choices Community Care

Martin Reynard
Finance Director
FST Technologies Limited

Neil Easson
Head of Finance – International Banking
Lloyds Banking Group

Richard Bee
Finance Director – Diageo Europe Supply
Diageo Scotland Ltd

Thomas Syme
Commercial Finance Manager
BAA Edinburgh Airport

Manchester

Alison Jones
Finance Director
SSL International

Andrew Wilkins
Finance Director
VolkerRail Group

David Jones
Financial Director
IGT-UK Group Ltd

Gary Slawther
Treasury Director
Financial Risk Advisory Limited

Ian Plumb
Associate Director
Endless LLP

Jill Barnard-Blom
Chief Accountant
British Cycling Federation

Jonathan Parker-Stafford
Finance Director
Managed Support Services

Mark Bullough
Finance Manager
Gleeson Capital Solutions Ltd

Neil McArthur
Chief Financial Officer
Bifold Group Limited

Peter Cooke
Chief Executive
Bagnall & Morris Waste Services Ltd

Robert Lucas
Finance Director – Projects
Kerry Foods

Birmingham

Andrew Churn
Strategic and Commercial Leader
RSA Group

Boyd Robinson
ESI Ltd

David Robson
Finance Director

Ian Hughes
Chief Operating Officer
BBC English Regions

Jasvir Sanghera
Finance Director
Floors-2-Go

Jude Green
UK Regional Financial Controller
Electrolux Professional Ltd

Kevan Taylor
Finance Director
UK Athletics and England Athletics

Mark Lee
Chief Financial Officer
Calthorpe Estates

Mark Llewellyn
Group Chief Financial Officer
L B Plastics Ltd

Nick Graham
Interim Director of Finance

Nick Isaac
Finance Director
WB The Creative Jewellery Group Ltd

Nigel Gilpin
Interim Finance Director

Richard Neale
Finance Director
Hadley Industries PLC

Roger Williams
Commercial Director
Hulse Ltd

Scott Brown
Director

Sue James
Financial Planning Director
Nord Anglia Education Group
The Finance Team Setting the Business Growth Agenda

London

Adam Hurst
Deputy Chief Financial Officer
Entertainment One Group

Ashwin Gadher
Finance Director
Vaultex UK Ltd

Baljit Johal
Finance Director
European Care Group

Frank Lewis
Chairman
Asia Ceramics Holdings plc

Gavin Fox
Chief Financial Officer
Ansbacher & Co Ltd

Jayesh Pankhania
Financial Controller
Vallar Plc Group

John Jack
EMEA Controller
BNY Mellon

Jonathan Wyatt
Managing Director
Protiviti

Linda Foster
Finance Director – UK region and Economist Online/Digital Editions
The Economist Group

Martin Saumur-Jeitsch
Finance Director
CEME

Muj Malik
Chief Financial Officer
Dexia Bank

Neil Stevenson
Executive Director of Brand
ACCA

Nigel Addison Smith
Finance Director
ECGID

Phil Price
Chief Financial Officer – Europe
Reader’s Digest

Ray Perry
CIMA

Rolfe Lakin
Chief Financial Officer – Specialised Group Assets
National Australia Bank Limited

Bristol

Alan Lunt
Finance Director

Amelia Price
Financial Planning Director (SW&W Region)
FirstGroup plc

Andrew Lambert
International Finance Director
Omnicare Clinical Research

Ann Sillwood
Financial Controller
Damar Group Ltd

Darren Xiberras
Director of Corporate Services
WRVS

David Bloomer
Corporate Services Director
RCUK SSC Ltd

Ellis Organ
Financial Director
Clifton Asset Management Plc

Graham Papworth
Finance Director
CM Group

Ian Webb
Finance Director
Wills

James Money-Kyrle
Director of Finance and Support Services
St John’s Hospital

Jim McAuliffe
Financial Director
Bristol Airport

Keith Brown
Group Finance Director
Gerber Emig Group

Mark Tweed
Chief Financial Officer
GMAC UK plc

Matthew Wakerley
Portfolio Finance Director
Revelation Business Solutions Ltd

Max Campbell-Jones
Finance Director
Rencol Tolerance Rings

Mike Scott
Director of Finance
Post Office Financial Services

Patrick Wilson
Director of Finance
Simplyhealth

Piran Scott
Commercial Finance Controller
Lifetime

Trevor Morland
Finance Director
Clarke Bond

Victoria FitzGerald
Finance Director
Bristol Old Vic Theatre School Ltd

Wil Godfrey
Strategic Director – Corporate Services
Bristol City Council
About Robert Half

Robert Half pioneered specialised recruitment services and today is the world’s leader in the field. Founded in 1948, the company operates six separate divisions in the UK, each serving distinct markets:

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Robert Half Finance & Accounting is the world’s first and largest recruitment consultancy specialising in the placement of accounting and finance professionals on a temporary and permanent basis.

Robert Half Management Resources
Robert Half Management Resources is the largest premier provider of senior level accounting and finance professionals on a project and interim basis.

Robert Half Financial Services Group
Robert Half Financial Services Group specialises in placing high calibre banking and capital markets professionals on a temporary, interim and permanent basis.

Robert Half Technology
Robert Half Technology is a leading provider of IT professionals on a project, interim and permanent basis.

Robert Half Human Resources
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