

CONVERSATIONS THAT COUNT

Moving Finance from back-office to
business partner

ALENA BENNETT



**“The art of
communication
is the language
of leadership”**

- James Hume



CONVERSATIONS... A FINANCE IMPERATIVE

Conversations are at the core of an effective strategic business partner relationship.

They can create or kill just about anything. Conversations that count shift the context and as a result, content becomes more meaningful. It is easier for others to engage with Finance.

A joint study between Deloitte and CPA Australia¹ indicated that 27% of respondents agreed with the statement: “The business rarely sees Finance as a business partner.”

Finance must lift the conversation out of the back office and into business partnering to create value for the organisation. Having this capability enables Finance to steer the organisation to achieve its objectives now and into the future.

**“Bore: one who has the power
of speech, but not the capacity
for conversation”**

- Benjamin Disraeli

THE COST OF INEFFECTIVE CONVERSATIONS

TIME

It creates dysfunction, especially in leadership teams. Mixed, conflicting messages are sent to teams and stakeholders, resulting in disengagement. It takes longer for things to happen.

REPUTATION

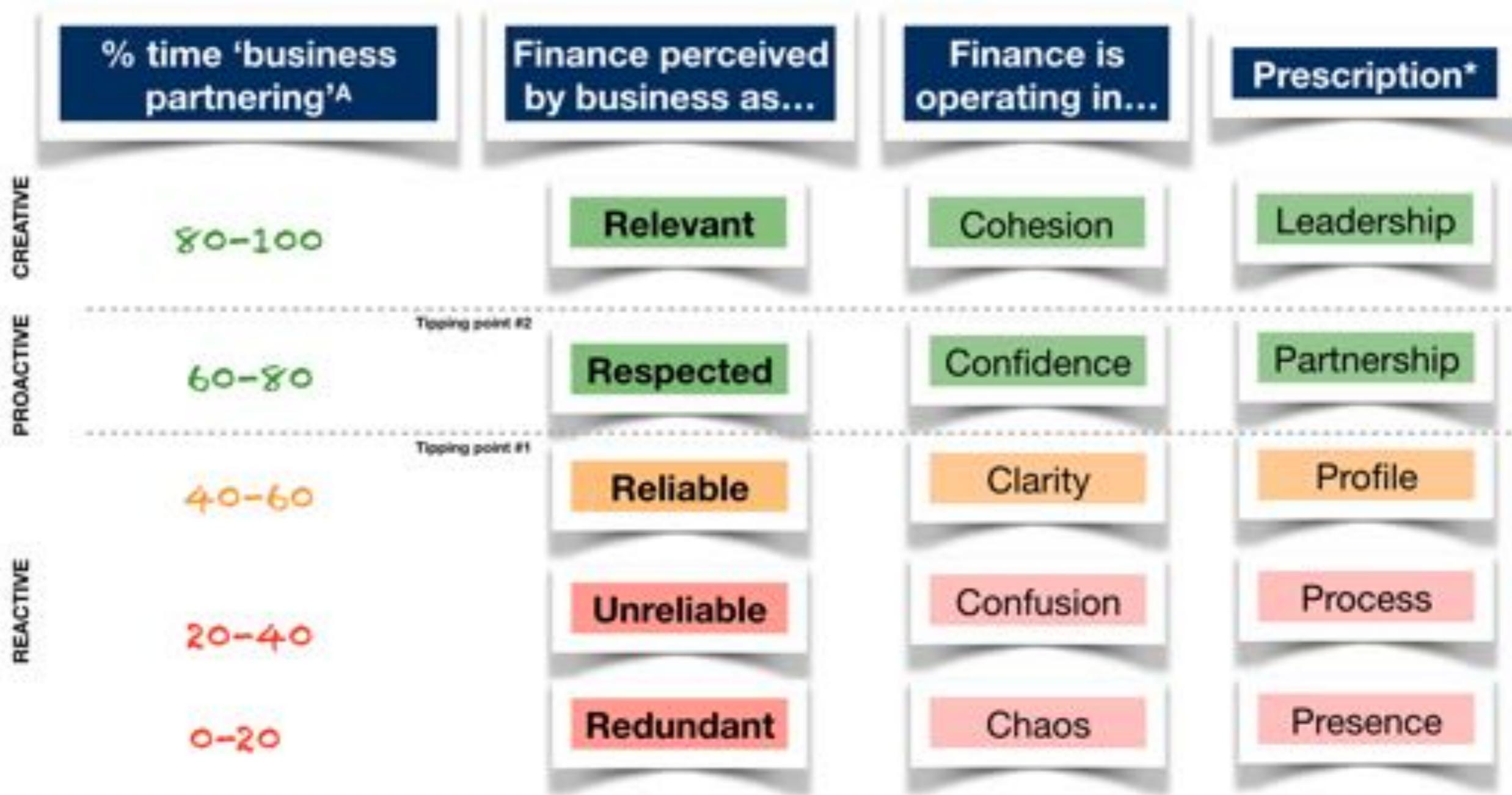
Team members undermine the Finance brand because they haven't had the opportunity to learn the skill of business partnering conversations. Finance doesn't deliver on its promise because internal conversations don't support the external one.

MONEY

Stakeholders form shadow finance teams to perform the analysis they need. The organisation carries additional headcount doing Finance analysis who don't report to the CFO.

CEB studies show that when corporate functions, including Finance, are slow, they waste staff resources to the tune of \$30 million annually. ²

ARE YOU BACK-OFFICE OR BUSINESS PARTNER?



A: As measured by the nature of conversations being had in Finance

* Prescription is determined as either what Finance needs to improve OR where Finance is functioning well, how to leverage strengths

From reactive to proactive: the first big decision

When leaders make the decision to move out of the back-office, they often forget to tell their teams! Chaos ensues as the business receives mixed and often conflicting messages from Finance: it's easier to leave them out of the conversation. They are considered **redundant**.

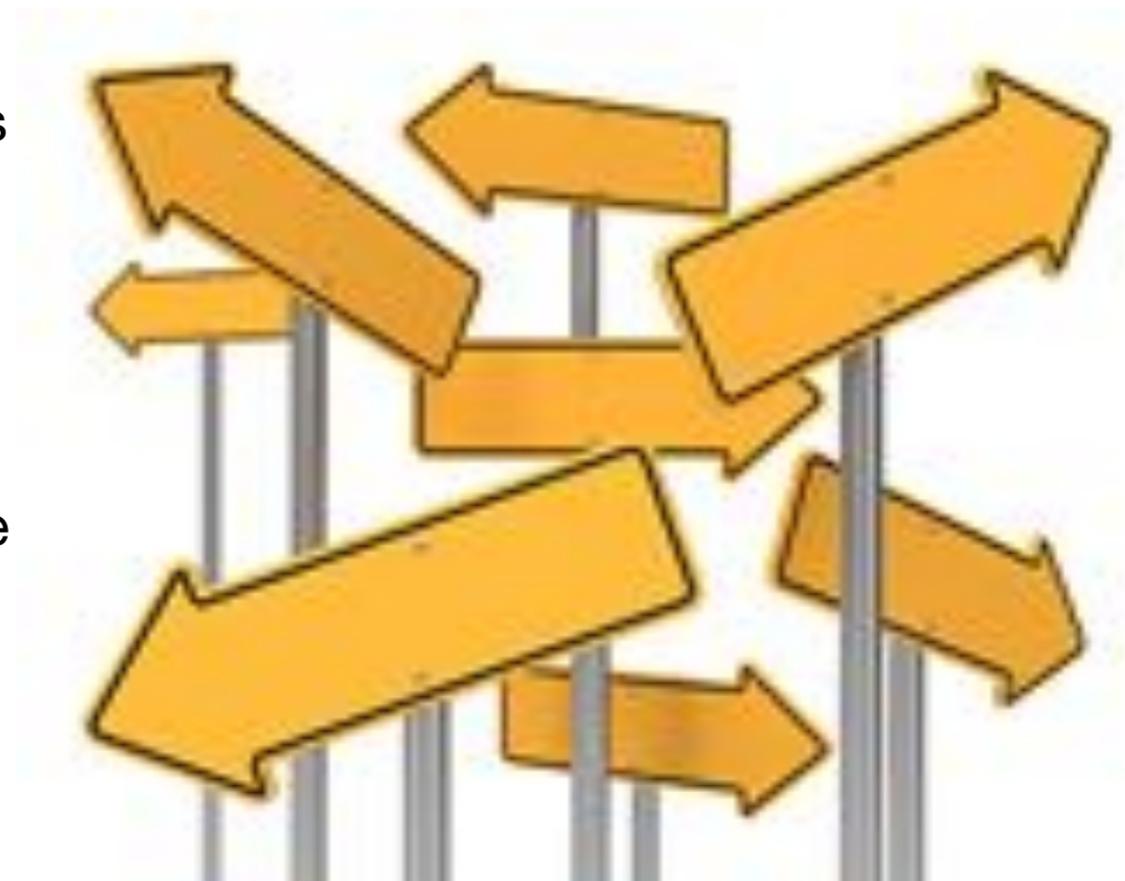
Even when this is remedied, legacy data, systems and process issues get in the way. Inaccurate and **unreliable** results are shared. This causes confusion within and outside Finance.

As a result, time, energy and focus is spent trying to get it right, so that information shared with the business is accurate and Finance can be seen as **reliable**. There is clarity within the team.

The above progression of improvement is logical, but the focus of the conversation is *internal*. The work is dictated by issues - that is, Finance is *reacting* to events and circumstances.

In business partnering, this is not enough.

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From reactive to proactive: the first big decision

This is why the first tipping point is a really important one to get right. It's the move from 'reactive' to 'proactive' and from 'internal' to 'external'.

When Finance teams are proactive, they are a **respected** member of the business unit's leadership team and have a seat at the table to provide insight and opportunities that serve their stakeholder. They confidently address the 'so what' before it's even asked and positively explore options and consequences with the business when challenged. They are highly commercial, and use data to drive conversations, not destroy them. The conversations they are having are heavily weighted (60-80%) towards their business partner role.



From proactive to creative: where the magic happens

While being a proactive finance business partner who is focussed on their external stakeholder is a great outcome, there is one place that serves the organisation even better.

*When a Finance function is so **cohesive**, that each business unit is provided with commercial and forward thinking support, guidance and challenge, in a way that balances the aggregated goals of the organisation, they become so profoundly **relevant** that they cement their position as **leader** in the organisation to achieve its goals now and into the future.*

What makes relevant Finance functions so effective, is that their conversations are focused on 'business impacts' AT LEAST 80% of the time. This opens the door for innovation, efficiency and experience for the organisation as Finance goes beyond proactive and becomes **creative** in the 'service' it provides to the business. It does so without compromise to risk, quality and accuracy because core finance operations is well run.

Internal conversations support them: they are able to challenge and be challenged and they have practices in place when sharing 'bad' news with each other. It's a safe space. Clarity and consistency ensure 'business as usual' consumes little air time during meetings.



CREATE

WHY NOW?

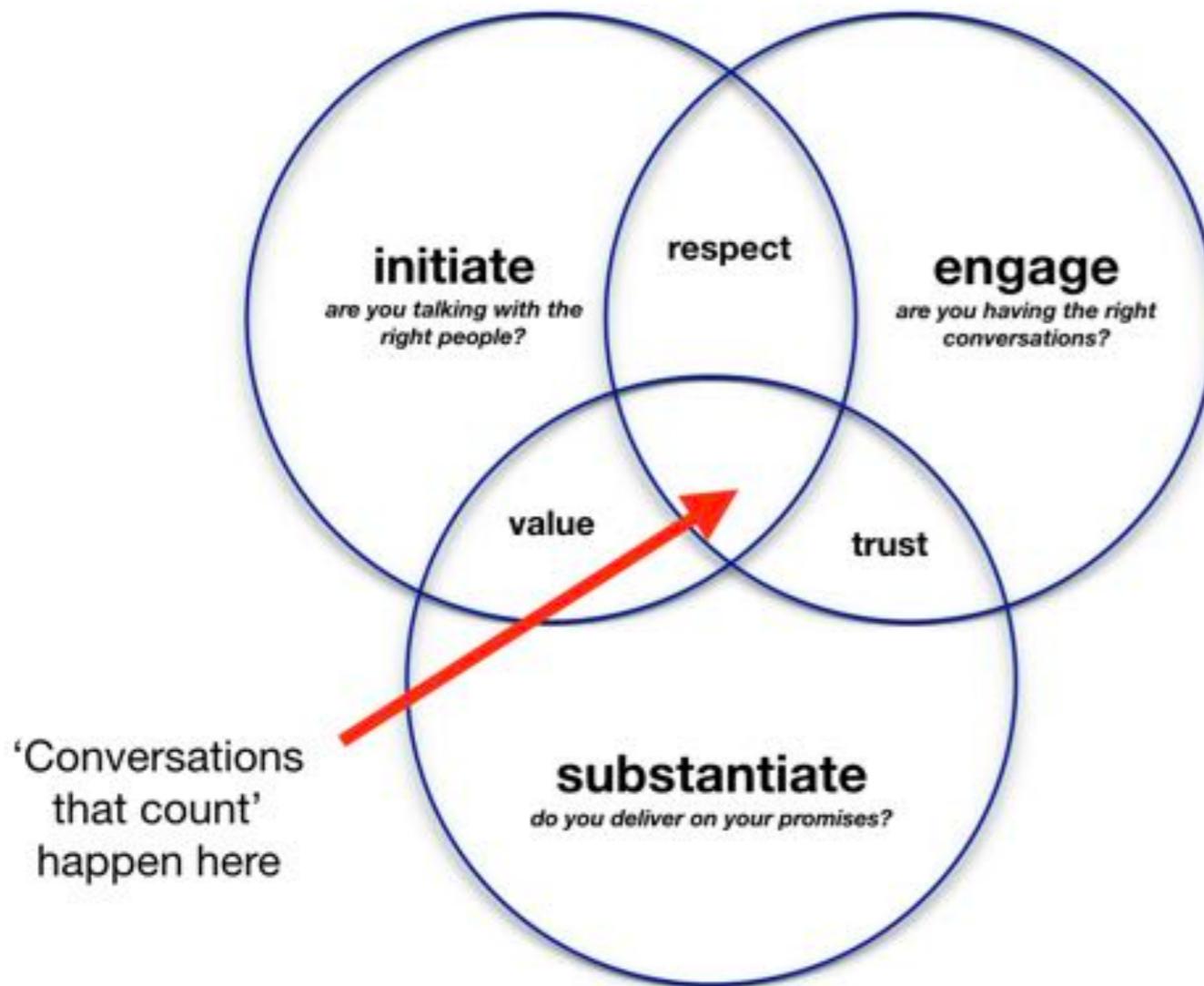
- The landscape is changing. Like industrial revolutions gone past, Industrial Revolution 4.0 will fundamentally change the nature of our jobs. Finance must future-proof themselves.
- Governance is changing. Boards are being publicly held to account both in Australia and globally and so understandably they are doing more to discharge their Board duties. The APRA risk reviews and ongoing Financial Services Royal Commission is also increasing the focus on effective governance. Finance needs to be more proactive than ever to stay on top.
- People are changing. The workforce today simply doesn't turn up for the money. They expected 'a sense that being in your business will make their life more interesting and satisfying.'³ Business partnering is where they want to play.
- We are changing. In our senior leadership positions, we want to deliver more. We want to realise the change in role from a 'fiduciary one (custodian and preserving value) to a visionary one (an architect creating value)' and help to redefine value for the organisation⁴. But we can't do it by ourselves - it's exhausting. We want more.

The keys to having CONVERSATIONS THAT COUNT

- **INITIATE:** We need to be initiating connections and relationships and talking with the right people.
- **ENGAGE:** This is where we communicate and getting it right is like turning the dials of a safe. You need to know the combination that is going to serve you and the needs of the business.
- **SUBSTANTIATE:** Those that have conversations that count also make themselves accountable to ensure delivery happens. It's not all talk.



THE APPROACH



The approach combines the 3 critical elements of conversations into a holistic approach.

It uses the intersections of

- Respect
- Trust
- Value

to create
CONVERSATIONS THAT COUNT.

THREE INTERSECTIONS THAT SET YOU APART

Initiation, engagement and substantiation alone are not enough to have CONVERSATIONS THAT COUNT.

You know this, because when missing, *these are the things that destroy a business partner relationship*. These intersections, therefore, are the leverage points to create and sustain the relationship over time and make it resilient to change and challenge.

RESPECT: We have respect for time, and respect for their expertise. We also have respect for our own expertise and the appreciation that we are better together. So we do the work to make the experience of the business a positive one.

TRUST: We understand that without trust, communication is transactional not relational. Stakeholders won't take our calls, meet with us or help us deliver. Trust means providing accurate information in a commercial and realistic manner.

VALUE: When we perform, we provide value. Finance performance improves, business performance improves, and there is organisational growth.

INITIATE for mutual value

One of the biggest mistakes people make is when they connect haphazardly and, as a result, usually too late. This results in talking to the wrong person.

Talking is just one element of the conversation. Before you start anything, be clear on your strategy.

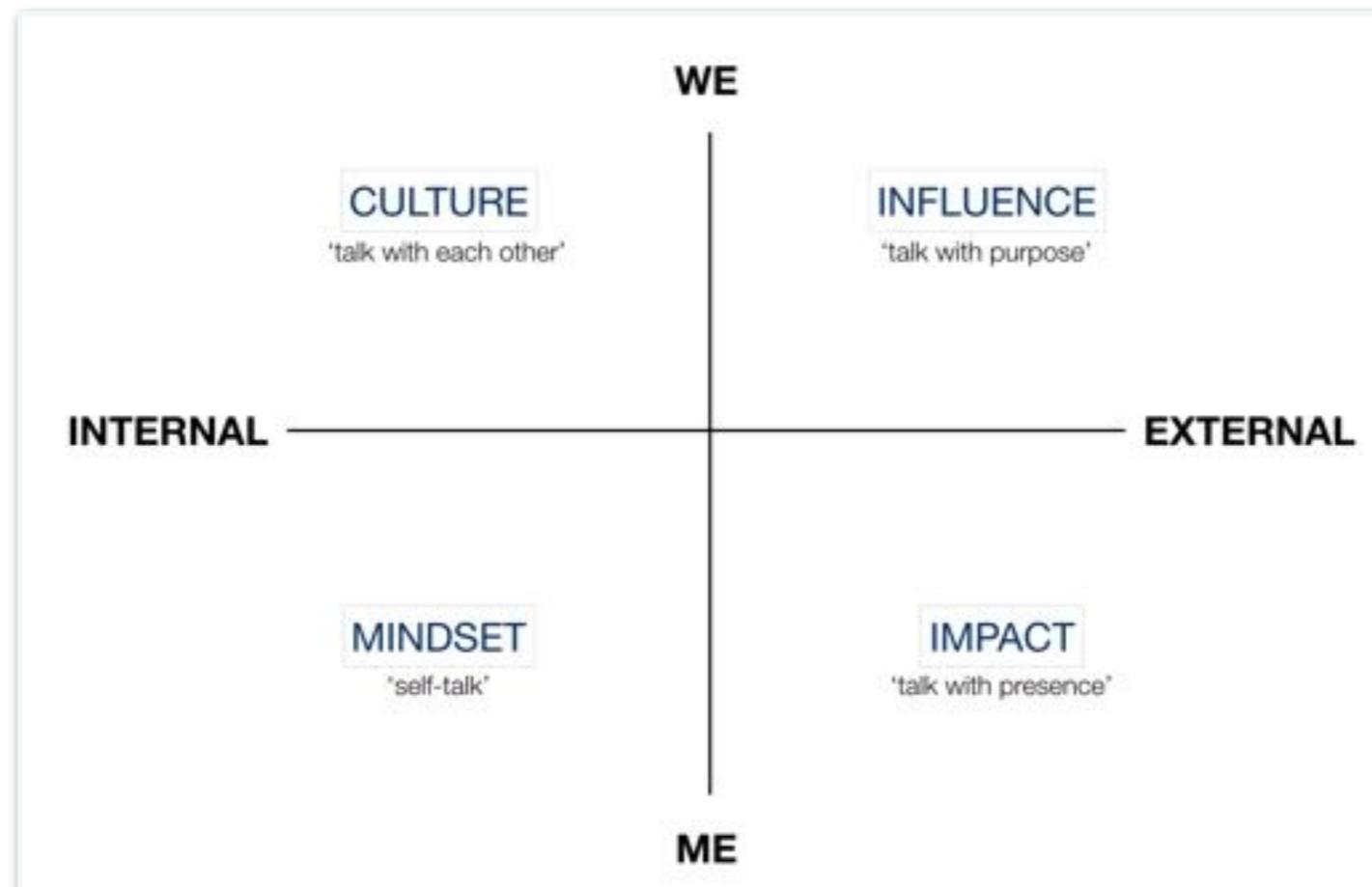


INITIATE for mutual value

- 1 WHAT:** What are you trying to achieve, by when. What are your milestones, deliverables and goals, who's help will you need and who does that mean you need to connect with. Find the right person for now, but if you want the edge, find the right person for later (a specified later).
- 2 WHO:** Based on step 1, clarify the person you need to connect with. Decision-makers, influencers, doers. Triangulate this list with the people you know. Allow your existing network help make you relevant.
- 3 WHEN:** Make the timing relevant for both of you where you can. Is there some thought leadership (eg an article) you can provide to them that may be helpful for them? If you can, use this to influence the timing but don't use this to procrastinate!
- 4 HOW:** You are looking to form relationships not transaction-ships, so your conversations need to be relational not transactional. You need to be able to identify immediately the mutual benefit of the relationship for them to want to take the next step with you. Ensure when you initiate the connection you clearly articulate the WHY.

ENGAGE: What conversation are you having? What conversation do you want to have?

As an enabling function, Finance need to talk with presence and purpose to *influence* decision making and make a positive *impact*. External conversations must be supported by the right internal conversations which are made up of *culture* and *mindset*.



ENGAGE: What conversation are you missing?

MINDSET: we are all individuals with our own issues and insecurities as well as strengths and successes. Our internal talk has a strong hold over us and we need make the time for personal reflection and growth.

CULTURE: Business partnering is a tough gig, so you need support from your team. Create opportunities to talk. With more people relying on email and instant messaging services, the art of conversation is dying. Don't let this sabotage your culture.

IMPACT: Every interaction, every conversation counts, so make your mark. Talk with presence so that people want to hear and understand you. Get rid of jargon, talk their language and master the art of storytelling. Make yourself memorable.

INFLUENCE: 'they're your (the business) numbers, not mine': true. Your role in Finance is to help the business understand and optimise their numbers. To do this you need to influence their mindset and decisions. You need to put yourself in their shoes and think about the conversations they need to have.

SUBSTANTIATE: Do you walk the talk?



‘My team doesn’t deliver’ is one of the biggest fears of a business partnering function.

To overcome this, Finance must influence their peers because production of underlying numbers and results is not within their control.

Have conversations that count.

SUBSTANTIATE: Do you walk the talk?

- “” Everything that you need to do to prepare for business conversations, you need to do internally, too. Initiate, engage, substantiate. To make an impact on and influence the timing and quality of your peers' deliverables requires mutual respect. While on the same 'team', this can be hard.
- “” Form cross functional teams. Whether they are informal or formal, enable a free-flowing conversation to happen. At first it will feel strange - why do I care what that part of Finance does? Before long it will become clear. Cross functional conversations allow more relevant analyses to be performed and clear roadblocks more creatively. A 2017 CEB study showed organisation can realise a 12% increase in profits or revenues by increasing the proportion of employees who are effective collaborators.⁵
- “” Let timetables and your calendar be your friend. Start with big deliverables and deadlines and work your way down to detail. Identify the dependencies and have the right conversations now.

The last thing you want to be known for is as someone who doesn't deliver.

“Think twice before you speak because your words and influence will plant the seed of either success or failure in the mind of another.”

- Napoleon Hill



NEXT STEPS

You may have existing business partners in your finance function who currently report historical financial information.

You want your team to engage in insightful conversations that have influence outcomes now and in the future.

You need this to be the foundation for all of Finance.

You need your team to have conversations that count.

Ask yourself the following questions:

- *Where are you trying to go as a function?*
- *How effective are the conversations that are held internally (within finance) and externally (with the business) in getting you there?*
- *To what level are your people maximising their relevance in the business by effectively initiating and engaging with their stakeholders and doing the work to validate their conversations?*
- *What is holding you back?*

ABOUT THE AUTHOR



If the issues and strategies raised in this white paper resonate with you, maybe it's time to have a conversation about our Conversations that Count program. Conversations that Count is a training program that helps leadership teams identify and articulate the conversation they want their teams to be having and provides them with the skills to build a business partnering culture for the benefit of all.

Send me an email or give me a call and we can arrange a time to meet.

Obsessed with helping leaders and teams deliver through crunch times, Alena uses her years of professional experience expertise as a Chartered Accountant, accredited coach and motivational profiling practitioner to identify and unclog outdated practices and unleash the innovation that lies within each individual and team.

By connecting technical and leadership skills, she arms leaders with the capability to tactically navigate and lead their teams through the depths of crunch times, like year-end. She focuses on the power of conversation to deliver the impact required to get through crunch times - fast!

Alena regularly provides insights into the what, why, how and when of leading through crunch times. Register for information that will change the way you get through crunch times at - www.alenabennett.com.

Get in touch

alena@alenabennett.com.au
0451 541 481

Connect with Alena:

LinkedIn: [linkedin.com/in/alena-bennett-5825103](https://www.linkedin.com/in/alena-bennett-5825103)
Twitter: @ab_alenabennett
Website: www.alenabennett.com

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