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CFOs as Growth Leaders

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CFOs as Growth Leaders

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As a CFO, helping a business expand is not just about numbers and spreadsheets. It's about mastering the soft skills required to lead people through the unexpected twists and turns that come with growth. Poor leadership can derail a growth plan and can have a profound negative impact, leading to misalignment, lack of direction, low morale, and inadequate decision-making. In some studies, leadership-related issues are cited as a contributing factor in growth plan failures, ranging from 30% to 60% or even more, depending on the context.

What can CFOs do to reduce the risk of such leadership failures and to take the lead on ensuring the execution of a successful growth plan?

In this article, we'll explore the art of business expansion through the lens of a CFO, with a focus on three essential soft skills needed to succeed.

> "In times of change, learners inherit the Earth, while the learned find themselves beautifully equipped to deal with a world that no longer exists."
>
> Eric Hoffer

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PART 1

Building and Articulating a Clear Vision

The role of a CFO in a business with bold growth goals extends beyond the realm of financial dexterity. The CFO must have a visionary outlook that unifies and excites their team as well as the company at large.

Why? Because growth can be messy. Growth brings unexpected challenges and stresses and it is easy for employees to lose focus and faith when adversity strikes.

Having a unified vision helps align the team's efforts and energies toward a common goal. It provides a sense of purpose and direction that fosters collaboration and encourages the team to work in harmony.

Consider the following statements:

Our growth strategy is to enhance operational efficiency, develop a cutting-edge digital platform, and double our market share in the next three years.

It is clear and concise, but not very inspirational.

Now try this one:

We're on a mission to expand our digital platform that will not only transform our industry but also empower our customers around the globe. Our commitment is to double our market share within three years, ensuring that we lead the way towards a future defined by efficiency, innovation, and market leadership.

Which would you rather follow?

CFOs have an under-appreciated opportunity to fuse grounded financial insights into an energizing vision statement.

A CFO who paints a vivid picture of the company's future not only boosts morale but also helps attract and retain top talent, as individuals are drawn to organizations with a compelling vision. A visionary CFO becomes the catalyst for innovation and adaptability, guiding the team through unforeseen challenges and opportunities with clarity and confidence. Ultimately, a unified and inspiring vision, championed by the CFO, becomes a cornerstone for the company's success in a dynamic and competitive marketplace.

> "Vision without action is a daydream. Action without vision is a nightmare."
>
> Japanese Proverb

PART 2

Treating People the Way They Want to Be Treated

Throw Out the Golden Rule

A CFO's effectiveness in a growing company hinges not only on financial acumen but also on their ability to lead and inspire a diverse team. While the "Golden Rule" many of us grew up with suggests treating others as you would wish to be treated, the wisdom of treating people as they want to be treated becomes more important.

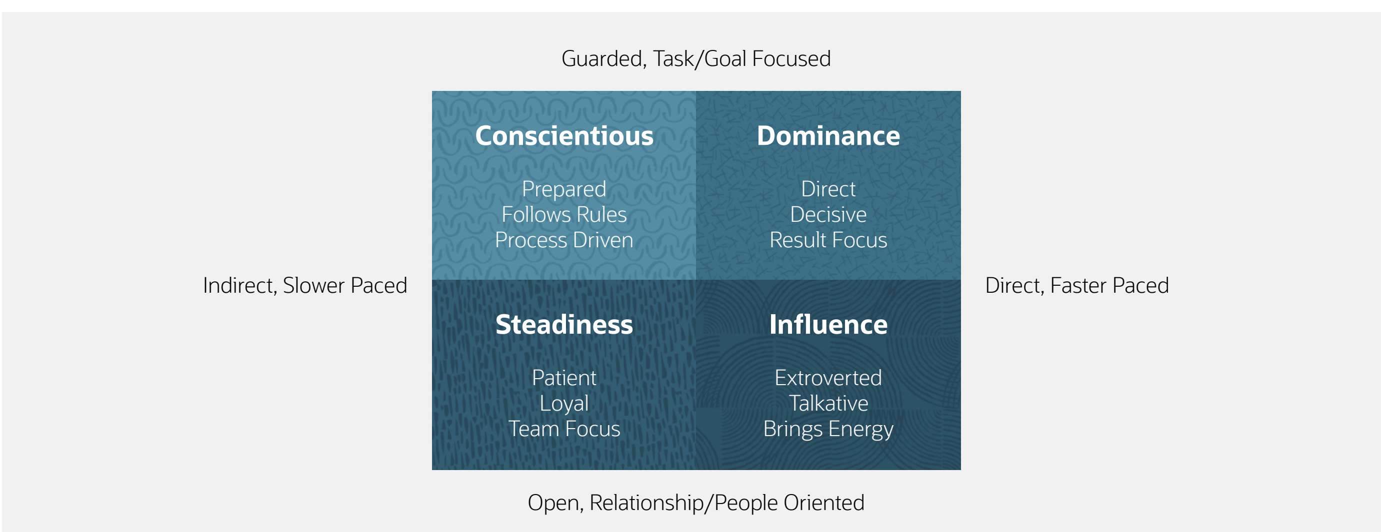
This approach acknowledges the distinct needs and working styles of each team member. By adapting their leadership approach to align with individual preferences and expectations, a CFO nurtures stronger relationships and cultivates an environment where employees feel understood and valued.

Such a people-centric approach is instrumental in achieving the company's growth goals. It enhances team cohesion, boosts morale, and fuels a collective commitment to success. In embracing this philosophy, a CFO not only demonstrates a profound understanding of human dynamics but also propels the company toward realizing its growth objectives by unleashing the full potential of their most valuable asset: their team.

The DISC behavioral model is a great place to start this learning journey. DISC is a psychological framework that categorizes individuals' behavioral traits into four primary dimensions: Dominance (D), Influence (I), Steadiness (S), and Conscientiousness (C).

Each dimension represents distinct personality characteristics and communication styles. "D" individuals are assertive and results-oriented, "I" individuals are sociable and expressive, "S" individuals are calm and patient, and "C" individuals are analytical and detail-oriented.

The DISC model is often used in organizational settings to improve communication, teamwork, and understanding among team members by identifying and adapting to different personality types and preferences. In other words, it helps leaders to treat people the way they want to be treated.



PART 3

Adapting Behaviors Through the Growth Cycle

"Adapt or perish, now as ever, is nature's inexorable imperative." H.G. Wells

Managing a growing team requires different leadership styles for different phases of growth. The Tuckman model is one of my favorite frameworks for understanding and adapting to different phases of team development. Combine this with the DISC model from part 2 and you've got a solid roadmap for helping adjust your leadership style.

The Tuckman Model describes the stages of group development. It outlines four main stages that teams typically go through: "Forming," where team members initially get to know each other and establish ground rules; "Storming," characterized by conflict and disagreement as roles and responsibilities are sorted out; "Norming," where the team starts to cooperate and establish norms; and finally, "Performing," when the team is highly functional and productive. In some interpretations, a fifth stage, "Adjourning", is added, representing the disbanding of the team after its work is completed. This model helps teams understand and navigate the challenges of group dynamics and development.

Here's how it can help CFOs and other team leaders. By combining the behavior traits mapped out in DISC, leaders can apply different leadership styles to different phases of team growth.

For example, **forming** requires outgoing traits and being a networker and communicating the big picture ideas. That's I – influencer.

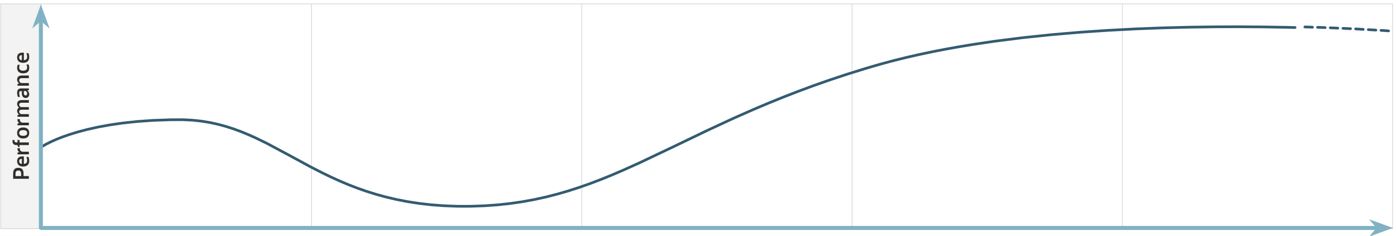
Storming is the phase of team development where things get messy. Growth can strain systems and individuals may end up creating their own approaches that can lead to confusion. This is where a D – dominant leader is needed to assess the situation, determine what is working and what needs to be thrown out. The goal here is to get the team to the next level of development as quickly as possible.

Norming requires attention to detail, making sure policies and systems are being implemented and that everything is working smoothly. The C – conscientious traits are most valuable here.

Performing is the phase where the leader needs to get out of the way and let the team deliver. This does not mean that no leadership is needed, it means that it needs to be supportive with a focus on emotional intelligence to help individuals when needed. This is the S – steady behavior type's time to shine. Steady behavior is also needed for the **adjourning** phase, as teams separate or transition to other projects.

In the world of financial leadership, it's clear that a CFO's role extends beyond mere financial wizardry. The success of a company's growth plan hinges on more than just numbers; it's rooted in the mastery of soft skills and the art of effective leadership. The costly pitfalls of poor leadership loom large, accounting for a substantial percentage of growth plan failures.

Phases of Team Development



Phase	Forming	Storming	Norming	Performing	Adjourning
Characteristics	• Displaying eagerness • Socializing • Generally polite tone • Sticking to safe topics • Unclear about how one fits in • Some anxiety and questioning	• Some resistance • Lack of participation • Conflict based on differences of opinions • Competition • High emotions	• Purpose and goals are well-understood • More confident • Improved commitment • Members are engaged and supportive • Relief, lowered anxiety • Developing cohesion	• High motivation, trust, and empathy • Individuals defer to team needs • Effectively producing deliverables • Consistent performance • Demonstrations of interdepence and self-management	• Adjourning is also referred to as the Transitioning of Mourning phase • Potential sadness • Recognition of team and individual efforts • Disbanding
Strategies	• Taking the "lead" • Being highly visible • Facilitating introductions • Providing the "big picture" • Establishing clear expectations • Communicating success criteria • Ensuring response times are quick	• Requesting and encouraging feedback • Identifying issues and facilitating their resolution • Normalizing matters • Building trust by honoring commitments	• Recognizing individuals and team efforts • Providing learning opportunities and feedback • Monitoring the 'energy' of the team	• "Guiding from the side" (minimal intervention) • Celebrating successes • Encouraging collective decision-making and problem-solving	• Recognizing change • Providing an opportunity for summative team evaluations (lessons learned) • Providing an opportunity for individual acknowledgements • Celebrating the team's accomplishments (a party/after-party)

Forming, Storming, Norming, Performing, and Adjourning—based on group dynamics model by Bruce W. Tuckman. All phases are necessary and inevitable for teams to grow, tackle problems, find solutions, plan work, and deliver results.

As numerous studies, and more importantly, real-world experience, suggest, it's the human factor—the ability to inspire, align, and adapt—that can make or break the path to growth. For CFOs, it's a call to action, to take the lead by embracing three essential soft skills:

1. Building and articulating a clear vision
2. Treating people the way they want to be treated
3. Adapting behaviors through the growth cycle

In embracing these essential soft skills, CFOs are not merely reducing the risk of leadership growth; they are taking charge and leading the way toward the successful realization of their company's growth plan. Fusing financial acumen with these invaluable human-centric qualities creates a true growth leader who transcends spreadsheets and numbers and truly masters the art of business expansion.

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