



David's Business Owner Advisory #3

8 Signs Your CFO is an Internal Advisor

By David Wimer, Author of *INSIGHT*

Every business owner gets financials. Numbers are the scorecard of this great game of business. And many owners know their numbers at a finger snap or have them at their fingertips. But what is the value for an owner to have a CFO become an Internal Advisor?

1. Cross-Departmental Involvement.

Every department advocates certain practices, continued education, compliance and metrics such as key performance indicators (KPI's) to evaluate "progress". The CFO as Internal Advisor can be an integral member in these intra-company teams as "corporate glue." Big picture strategic work takes CFO perspective. And that's where cross-discipline involvement pays off. To be an Internal Advisor, the CFO must be involved and integrated with all facets of your organization in order to understand the entire business and provide financial advice to you and your group leaders.

2. Analysis & Prediction.

Data mining can help to quantify human behavior. Assessing trends in purchasing habits, coupled with actual purchasing data, provides insight for you and your product managers and marketing & sales managers for margin management and profit optimization. The CFO as Internal Advisor must be a student of observing human behavior to understand the effects of customer behavior on financial performance.

3. Effective Communications.

Getting just the facts is one thing. Getting an opinion with the facts is something altogether different. Some owners and team leaders may consider the CFO opinion as taking a personal shot. It all depends on how the message is delivered. Effective communications start with an intent to help and assist. That comes in the form of providing you not only the facts but also thought-provoking questions about the implications of those facts for the business. For example, the CFO might begin such questions with: "Have you considered...?" "What impacts would that have on...?" "Are we missing something here...?" The CFO as Internal Advisor is much more than numbers. She is a trusted ally when effective in communications with you and your staff.

4. Mentoring Attitude.

Being a both a performer and a mentor takes two different skill sets. The best performers do not necessarily make the best teachers. And that's precisely why the CFO, having the perspective of the entire enterprise, is in a great position to develop group leaders as business people. The CFO as

Internal Advisor is engaged and involved in every supporting role allowing others to rely upon her for analysis, input, feedback and guidance.

5. Breadth of Experience.

The CFO as Internal Advisor must be able to apply prior experiences to any new situation that arises, or, be able to know where to recommend getting help, if the situation is outside her skill set. Processing and analyzing numbers is not the end goal. Rather, it's the deeper involvement in the business, and an interpretation from a strategic view that you and your group leaders rely upon. In order for a CFO to be an Internal Advisor, they may need to have regular interaction with peers to be able to share experiences.

6. Critical Thinking & Solution Finder.

It is easy to be critical and difficult to accept even respectful criticism at times. Possibilities and solutions that accompany critical thinking help to bridge the natural resistance to change. That's where the CFO as Internal Advisor becomes more than the "bean counter". Working one-on-one with a group leader can be a valuable way to source new approaches to deep-rooted problems.

7. Forward-Looking.

Every CFO has to deal with results. Rear-view mirror accuracy has been drilled into CFO's from their accounting discipline. But CFO Internal Advisors find a way to get windshield perspective for forward-looking trending, forecast analysis, special capital project ROI and expansion possibilities.

8. Trusted Objectivity.

My father, CFO of a publically-held company once said, "My job is to provide options and the CEO makes the final decision." I believe that trusted objectivity is what you, as the owner, rely upon from your CFO as Internal Advisor. The CFO as Internal Advisor has a valid, objective perspective that may be helpful especially in fending off financial crisis. Establish the time to listen. And question the perspective of the CFO because there may be many kernels of wisdom that make a big difference in your company's performance.

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