



# agent of change

Finance directors have the opportunity to greatly influence whole organisations. Esther Ewing outlines steps to maximise the opportunities to facilitate change.

■ **The external pressures on corporations have greatly increased over the last decade with scandals and business failures such as Enron, Parmalat, Royal Ahold and Daewoo being prime examples.**

Regulators and legislators have responded with rules and laws that have imposed greater reporting obligations and reflect the higher ethical expectations of the public and its representatives; initiatives such as Sarbanes-Oxley and the Cadbury governance review are examples of this.

As a consequence, nobody is under greater scrutiny – bar the CEO – than the finance director. And nobody has a greater opportunity to provide positive influence within their organisation than the FD.

Finance directors and their team members continue to be involved in all parts of the organisation. They provide leadership on most of the significant cross-functional teams in the organisation. Therefore, finance professionals are well placed to be agents of change who participate in creating the strategic vision. Of course, vision is not created in a vacuum.

Creating and refining our visions requires that we are skilled at identifying and sharing these discoveries. It requires us to raise issues, question our assumptions and enquire into root causes and fundamental values to uncover complex connections. And it takes more than basic skill to do that in a group or team.

In many Western cultures, the elephant is the metaphor for an inconvenient, hidden or ugly perception that everyone knows about but typically ignores for a host of reasons. Recent examples of infamous elephants include:

- the recording of stock options at a lower price than when they were truly granted
- off-balance sheet entities whose purpose is to hide debt
- capitalisation of debt.

Evidence of smaller less public elephants might include:

- a team member who agrees with a strategy in the meeting but privately, behind the backs of the rest of the team, disparages it
- a pre-meeting that is held to discuss how the 'real' meeting should go and who should say what; and the after meeting held (sometimes in the hallways, or in instant messages or at the smokers' corner) to discuss what to do about what did or didn't happen in the meeting
- data that is clear to many but doesn't get discussed, and is tacitly ignored when it might be inconvenient to address yet proves crucial.

Teams that are skilled at naming and addressing elephants have an edge in creating the kind of corporate climate where these types of issues can get put on the table so the risks can be identified and more easily

managed. Questions that teams can ask themselves might include:

- what data are we ignoring or sometimes denying because it does not match our ways of thinking or our expectations?
- how do we as an organisation develop an understanding from the data we gather?
- what do we do to develop our capacity for thinking in different ways so that we are less likely to be blind-sided?

Teams that take the time to develop the skills necessary for naming elephants are more likely to be innovative, consider a broader range of alternatives and develop a more robust strategy. Start by asking yourself the following questions:

- is our organisation, or are our teams, as successful as it/they could be?
- is there anything holding us back?
- is there anything fundamental that we're not seeing and do we have a process for identifying it at every level of our organisation?
- is there anything our customers would like us to improve? Are we really sure we understand what they want?
- do we encourage our people to really speak up and do we listen openly when they do? Or do we just pay lip service to this?
- do our people really feel that they are heard?

The good news is that these are skills that can be learned and practised. When your teams are up to speed on them, their decision-making is more robust. This results in the search for shared meaning and vision being clearer and more effective. ■

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