

NEW CFO: THE FIRST NINE DAYS

**Hit the ground running by harnessing the collective
Wisdom of leadership, peers, and subordinates**

Overview

Congratulations, you are the new CFO! After a short celebration, the reality of the task before you starts to sink in. You wonder how you can hit the ground running and make a first impression that sets the stage for your continual success.

If you follow the approach outlined in this paper, by the end of your second week you will know:

- 1) How the key stakeholders will be judging your success
- 2) What pain-points and concerns are top of mind
- 3) How these pain-points and concerns are connected to each other
- 4) Where to start focusing your efforts based on the following leverage areas:
 - a. Quick wins
 - b. Broad accelerators
 - c. Outcome measures
 - d. Strategic constraints

Having quickly framed the situation to this extent within your first two weeks, you will be positioned to exceed stakeholder expectations.

Introduction

First impressions matter. They form the baseline of expectations that once set are difficult to change. Exceeding expectations within the first few weeks not only confirms management's decision that they hired the right person, but more importantly begins to position you as a strategic partner to the business.

Context matters. New CFO's that continue to rely on past recipes of action run the risk of ignoring the unique context of the new situation. Every organization is different and the strategy a CFO takes must factor this into account. Additionally, the act of suggesting changes before truly understanding the context might trigger the perception of arrogance which definitely starts you off on the wrong foot.

So, insight into your specific context matters most. Insight specifically means understanding relationships that shed light on solving a problem.

Generating this understanding of relationships occurs when you surface multiple perspectives and connect the dots between seemingly isolated issues, especially those relationships that form circular connections and act as feedback loops.

Each of these feedback loops will act in one of two ways:

- 1) Reinforce: grow or decline
- 2) Balance: close the gap to a goal

Networks of these feedback loops form the underlying "structure" that drives the actual performance of the business. So surfacing and understanding these feedback loops enables you to generate insight on how to change performance.

In his popular book, "The First 90 Days" Michael Watkins raises the importance of reaching the breakeven value point, where the value of your contributions exceeds the value you have consumed as a new CFO. One way to accelerate this achievement is to start generating insight as soon as possible. While this is easier said than done, the primary value of the following approach is that it provides a transparent path to insight.

To drive home the point, let's begin with the end in mind. The following conversation is possible if you follow this approach during your first two weeks (assuming you can schedule meetings with your stakeholders!).

Example 1st Report to Executive Sponsor after 9 Days

CXO: "Come on in!"

CFO: "Thanks for taking the time to talk. I know you're extremely busy."

CXO: "So are you getting settled in?"

CFO: "Yes. Beyond the normal on-boarding activities, I've talked with 25 stakeholders: five from the executive team, ten from operational management and ten from my direct reports. From these initial conversations I've surfaced 50 top-of-mind issues. (Fill these numbers in with what you actually have achieved)"

CXO: "Wow, I knew we had problems but that sounds like a lot to work on."

CFO: "Well, fortunately we don't have to boil the ocean. I've looked at them from two directions: popularity and leverage. By "popularity" I mean the number of stakeholders that brought up the same issue. So these issues are generating a lot of noise and probably setting perceptions we need to change. By "leverage" I mean how the issues are related to one another. For example if we solved one it may also solve many more."



CXO: “So what is your plan of attack?”

CFO: “We’re going to attack them on three fronts:

- 1) First the quick wins, those issues that are relatively isolated but generating a lot of noise and I’ve already spun up two small teams to get these solved. (Give examples)
- 2) Next, will attack those issues with Broad Leverage: those that influence the largest number of other issues but have a low number of prerequisite issues to solve. I’ve started a planning group to get these moving now. (Give examples)
- 3) And finally, the last group, and these are the most important, those strategic issues that are constraining our overall growth & stability. These will require a deeper dive over the next two weeks to understanding exactly how they have been behaving historically and where they will continue to trend if we do nothing. (Give example)”

CXO: “It certainly sounds like you’ve hit the ground running!”

CFO: “Thanks, but it would not have been possible without everyone being so open and accessible. You have a great team here.”

Key Question Discussion

- 1) **How the key stakeholders will be judging your success?** Everyone has a different viewpoint when it comes to knowing how your new organization “really works.” Like pieces of a puzzle, these viewpoints taken together will provide a rich and broad picture of everyone’s working assumptions and how they will be judging your success.
- 2) **What pain-points and concerns are top of mind?** It is critically important that you make these early interviews as spontaneous and off-the-cuff as possible. By not allowing a lot of prep time, the stakeholders will be forced to share their top-of-mind pain-points instead of filtering their statements to what they think you need for them to say. A secondary reason to make these interviews as impromptu as possible is that these top-of-mind issues would also be drawn upon by your stakeholder in the event your CXO happens to spontaneously ask them for their early thoughts on your progress.
- 3) **How are pain-points and concerns related to each other?** In this approach we are looking at your new organization from a “systems” perspective. This means that everything is connected at some level. Decisions and goals in each department or “sub-system” will have a ripple effect across major portions of the organization. Surfacing these connections show how local actions taken within different departments may seem very logical but taken together may end up constraining overall global performance.

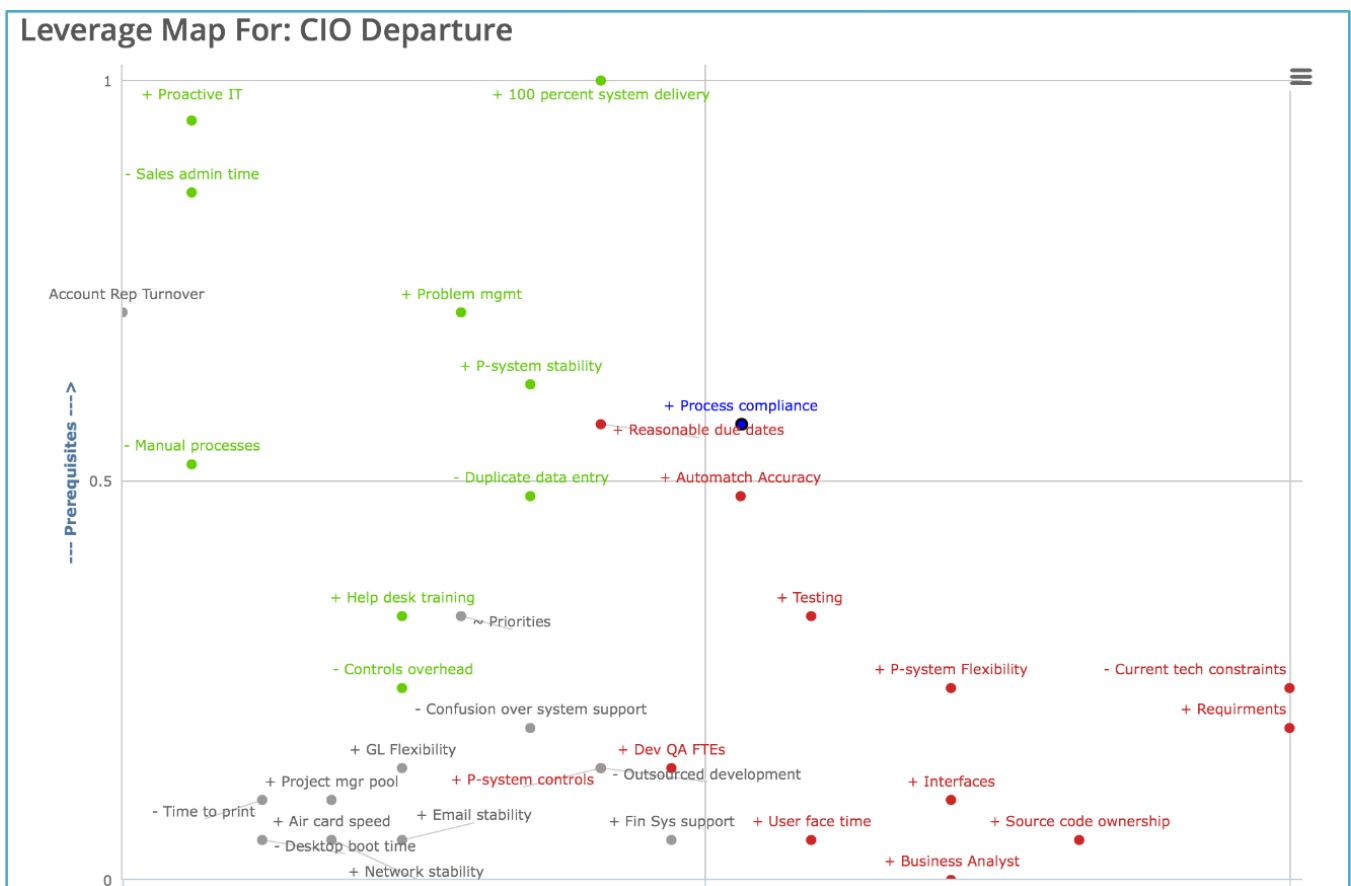


LeverSource: A New Approach to CFO On-Boarding

This new approach to CFO on-boarding is designed to provide you with early clarity on the Business and IT context you're stepping into.

Starting with your brief introduction meetings with stakeholders you can ask them for top of mind changes they would like to see implemented. Every member of your management team has a unique vantage point and a different set of experiences based on their past positions within your organizations or previous organizations. It is important that you capture these differing viewpoints in your first set of introductory interviews to assure we have the most comprehensive list of viewpoints, issues, and potential success metrics.

The LeverSource application enables you to capture each of these suggested changes, and then link them to each other to find their potential leverage as shown below:



The example above is taken from an executive turnover situation, the success measure that had the greatest number of dependencies and influenced the highest number of other metrics was “Process Compliance” (highlight any variable and the system will show prerequisites in red, and dependents in green). “Process Compliance” becomes the Key Variable of Interest (KVI) and provides a jumping off point to begin the next two week deep dive which begins generating a working model of your business. This next phase will be covered in a subsequent paper.

Summary

LeverSource is a systems approach for new CFO’s that uses technology to help paint a shared picture of the context you are stepping into. If followed, it will accelerate your ability to provide insight and hit the ground running and confirm to those who hired you that they made the correct decision.

For more information please contact **Don Frazier** at **(678) 429-9909** or **don@leversource.com**

