

Turning Finance Managers into Strategic Business Partners

The Challenge

Chief financial officers (CFOs) must master more than cash flow and revenue models; they need to be strategic partners to the business.

According to IBM's Global CFO Study, there is a growing gap between the importance of core finance responsibilities and broader strategic questions that affect their companies' long-term success.

The study found that the importance of integrating information has more than doubled, while the priority of risk management has risen 93%. Nearly half of the CFOs say their finance organizations are not effective in the areas of strategy, information integration, and risk and opportunity management.

In today's finance matrix organizations, managers report to a local business unit leader and a corporate CFO—a structure that can create distrust with their primary client.

"In this post-Sarbanes-Oxley world, it continues to be important to provide high-quality, transparent information on what has happened in the past. But at the same time, CFOs and other finance leaders feel they're being pulled more and more to work with business unit leaders to find growth opportunities," observes John Percival, PhD, Adjunct Professor of Finance, the Wharton School.

"Just about every major company is talking about growth and picking the right growth opportunities. Often, finance people are not playing the right role in those conversations that they should be playing. They need to think more strategically and to be proactive as trusted advisors to the business."

— John Percival, PhD, Adjunct Professor of Finance,
The Wharton School

THE IMPACT

From the team-building exercise to the course content to the sessions focused on influence and persuasion, Schlumberger finance managers are using program learnings to influence Schlumberger leaders on the financial implications of key decisions.

Participants already report the program's positive impact, which has enabled them to:

- Move from being cost reduction oriented to being growth oriented;
- Use valuation tools in new ways to assess the performance of the business, especially during the bidding process;
- Realize how the organizational structure of the business can affect the way people behave; and
- Adapt their communication skills to more effectively influence and persuade others inside and outside the organization.

The Goals

The Wharton School offers a comprehensive five-day Executive Education program, *The CFO: Becoming a Strategic Partner*, to elevate finance leaders' business acumen, strategic thinking, and communications skills.

Wharton has delivered a customized version of the program to major oil and gas, consumer goods, manufacturing, and aerospace and defense firms, including Paris-based Schlumberger, the world's leading oilfield services provider. Since the beginning of the partnership, more than 100 Schlumberger finance managers have completed the program, gaining:

- Financial tools and techniques to enhance their financial acumen
- Enhanced understanding of underlying business drivers
- Frameworks and tools to enhance decision making
- Insights to elevate themselves into more effective strategic business partners

The Solution

During the program, managers explored their role as business advisors during strategic decisions. Participants gained critical skills to help them drive their business forward, including:

- New ways to use financial tools to help nonfinance colleagues see if a strategy or investment will succeed
- Frameworks that expand participants' strategic-thinking skills and make them proactive, rather than reactive, advisors
- Techniques to simplify the technical jargon of finance and communicate financial insights to nonfinancial leaders with greater impact

"Our program works very well because we have an A team of faculty that excels in all three of these areas," says Dr. Percival. "Faculty who help functional managers think more strategically, who communicate even technical concepts more clearly, and who know finance and the key determinants that will make an investment or other strategy successful."



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