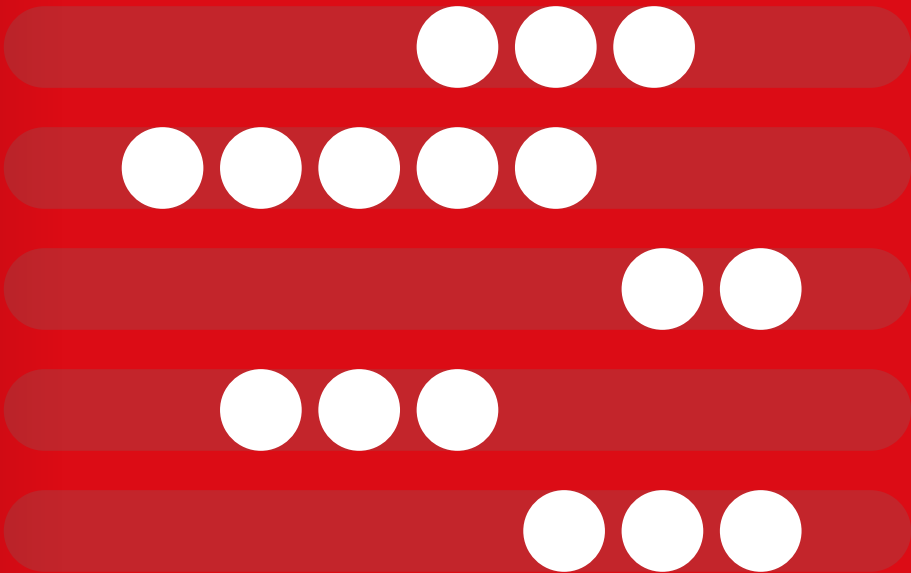


The CFO Personality

What does it take to lead financial transformation?



GatenbySanderson

Introduction

While delivering change and leading in times of uncertainty is nothing new for public services, the degree of complexity currently faced by Chief Financial Officers is, perhaps, unique. Every corner of public life is balancing the immediacy of financial choices with the need to determine longer-term strategies to effectively tackle the big issues of budget deficits, technology, regulatory compliance and climate change. Add to this social and political disruption, both globally and locally, and it's easy to see why the role of a finance leader is evolving and in high demand.

No longer just the remit of the tech team, the implications of AI, machine learning and cyber security need to be understood and driven from the top. Risk management must now take account of a new regulatory landscape, while agile thinking and continuous improvement should be embedded in delivery strategies. In already squeezed sectors, growth and efficiency can only be achieved through more disruptive innovation.

Sitting at the heart of delivering this transformation vision is the Chief Executive and Chief Financial Officer dynamic; it is impossible to view the behaviours of either one in isolation.

This paper explores the behaviours of a successful CFO and the key dynamics in the CEO & CFO relationship.

We assess the traits that are most likely to lead to success and those that, during periods of increased pressure, might derail the entire transformation programme.

Of course, this research is only the start of the insight. The panel discussions we have arranged to discuss its findings will form the real basis of the learnings and recommendations.

Methodology

GatenbySanderson collects behavioural data from leadership assessment and development processes from over 1,000 senior leaders across public life every year.

This report investigates the patterns and trends seen in 200 Chief Financial Officers (CFOs) or equivalent (existing and/or shortlisted for CFO roles).



The assessment data utilised incorporates:

- Psychometric data mapped to our proprietary Altitude behavioural model of excellence in education, not for profit and public sector leadership
- Validated versions of these scores, incorporating psychometric data and a detailed exploration of evidence for the behaviours with an expert assessor / psychologist
- Leadership derailers scores from the Hogan Development Survey™ (HDS) psychometric, investigating the potential 'dark side' behaviours which may be seen under pressure

Altitude

Altitude is the only leadership model to use extensive and continuous research of education, not for profit and public sector leaders to determine and benchmark the attributes that differentiate outstanding leaders in these markets.

We have mapped the Wave psychometric tool to our 12 key public sector leadership 'success' behaviours as set out in the Altitude model opposite.

Focus on Outcomes

Social Heart, Commercial Head

Balances quality service with financial considerations

Drive Strategic Clarity

Navigates ambiguity to create a clear way forward

Tackle Tomorrow

Delivers transformation, balancing risk and innovation

Futureproof Talent

Harnesses the value of diversity & inclusion

Focus on Self

Engage and Inspire

Confident and visible, is an inspiring ambassador

Courage and Tenacity

Optimistic, resilient & persevering

Engender Trust

Authentic, shows integrity & true to oneself

Be Curious and Agile

Adaptable, responsive, flexible & hungry to learn

Focus on People

Make Relationships Count

Builds positive, meaningful & sustainable relationships

Influence and Impact

Achieves outcomes by winning hearts & minds

Build Team Unity

Brings teams together through common goals

Promote Collaboration

Achieves better service by working with others

Altitude

Validated behavioural scores

Throughout this report we will reference 'validated scores' for each of the Altitude behaviours. These scores are determined by our psychologists/expert assessors, accounting for both the psychometric scores and insights from a 60-90 minute exploratory conversation with the individual that includes asking for examples as evidence of their style and approach.

Leadership derailers

While the Altitude model is a 'bright side' measure of someone's personality and behaviour in their day to day working lives, the HDS tool examines 'dark side' characteristics that emerge in times of stress or complacency, leading to reputational damage, poor decisions and strained relationships while derailing people's careers and the likelihood of success.

The way that individuals respond under those circumstances (and their own awareness of their potential risk areas) can be key to their success. Please see the appendix for the 11 HDS dimensions descriptions.

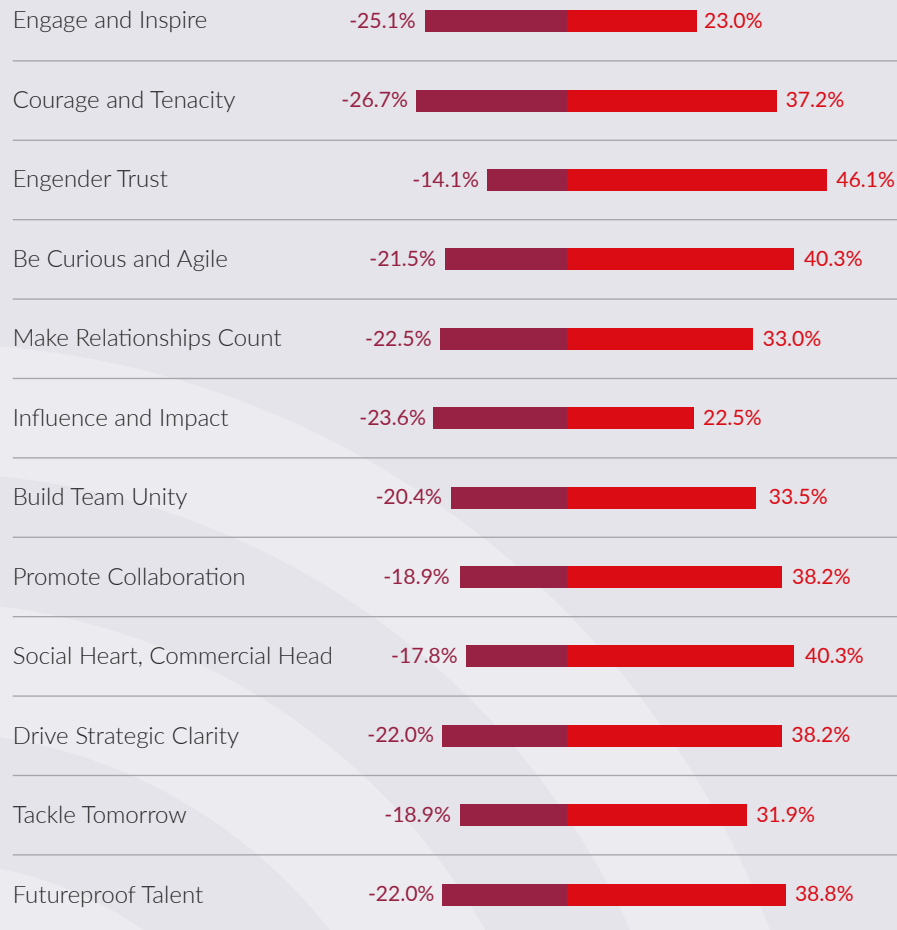
The HDS tool examines 'dark side' characteristics that emerge in times of stress or complacency.



Key Insights

Overall Chief Financial Officer Profile

CFO Strength and Risks



Altitude

(Bright side behaviours)

Our starting point was to assess the percentage of CFO shortlisted applicants who had a strength against each of the 12 Altitude leadership behaviours and, likewise, the percentage that displayed a deficit or risk in these areas.

For these behaviours we would expect a normal distribution; if this were the case for our CFO applicants, there would be an equal proportion of strengths and risks for each behaviour.

Overall, 10 out of the 12 leadership behaviours show a good or strong level of strength, reflecting shortlists made up of talent performing well above the benchmark.

Given the complexity of the current landscape, where delivering change and transformation has become a sustained requirement for CFOs, it is reassuring that public sector final panel candidates and appointees show this level of high quality across the majority of behaviours.

Strengths

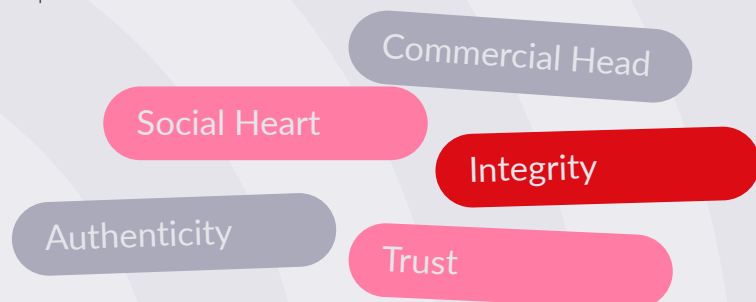
Coming out top of the behavioural strengths for the CFO applicants is Engender Trust. The need for authenticity and integrity in leaders in the public sector (and beyond) has been much discussed in recent years, and this feels particularly pertinent to the responsibilities of the CFO position. Our CFO applicants are particularly strong in this area.

In the context of ongoing change, this key strength will be vital; if the workforce does not feel that they can fully trust their leaders, they are much less likely to accept the vision for change. For many sectors, the coming months and even years will bring more radical change than previous; be that structural or boundary changes, AI/technology progression, increased governance, or just the need to find further efficiencies from already stretched resources. Organisations will also look to CFOs to manage or support heightened risk in terms of decision making. Trust is a crucial element in effective risk management, shaping how individuals and teams respond to risks. Disengagement will inevitably destabilise transformation programmes.

Social Heart Commercial Head is the second strongest area. This ability to strike a balance between quality of delivery and financial considerations has become increasingly challenging in the context of reduced resources and increased demands. It is reassuring that our CFO pool show particular strength in this area, especially as our CEO and more general Director research indicates that this is typically the key risk area for most public sector leaders.

While we expect CFOs to be strong in the financial aspect of this behaviour, the strength here is in striking the delicate balance between finances and quality of service delivery to end users – ultimately the public, and in many organisations the most vulnerable in our society. Too tight a grip on the purse strings and the service may lose sight of its customer or end user needs; too high a specification or lack of budgetary control and the service may not be viable, fail or be compromised.

Given the potential for financial leaders to work in any sector, particularly more lucrative commercial areas, this combination of Social Heart Commercial Head may well indicate a particular drive amongst our CFO applicants to make the wider contribution to society that is possible through public sector work. Regardless, this capability to walk the tightrope balancing investment and resources with quality service outcomes is essential to deliver tangible benefits that go beyond the organisation and sit right at the heart of communities.



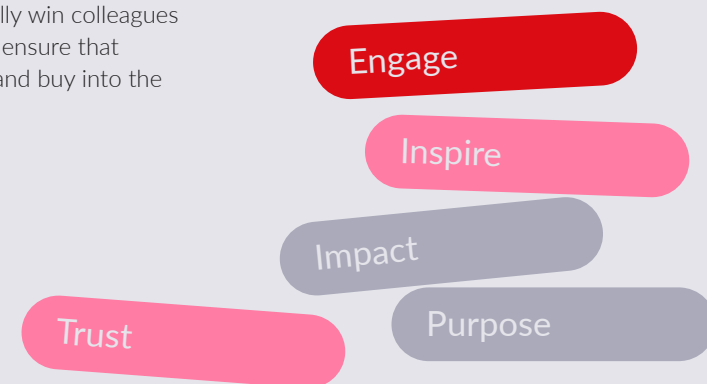
Risks

The weakest area for our CFOs is Influence and Impact, the ability to achieve outcomes by winning hearts and minds.

In second place is Engage and Inspire, which relates to being confident and visible, and an inspiring ambassador.

Taken in combination these areas raise a question; even though they are more likely to have the combination of skills and behaviours required to navigate the commercial versus quality balance we discussed earlier, how effective are CFOs at persuading and engaging with others to ensure their proposals land with impact? Inspiring leadership moves beyond the ability to simply influence and, instead, fosters a shared sense of purpose and positive mindset, so important when driving transformation. We see that our CFOs have strengths in building trust, but are they visible enough and influential enough to win hearts and minds to fully win colleagues over? This is critical to ensure that staff fully understand and buy into the changes being made.

Notably, these two weaknesses are areas where we have previously found CEOs to be stronger than their fellow Executives in general; the balance and combination of strengths between these two key Executive roles is an important dynamic. If a trusting relationship is developed between CEOs and CFOs showing these typical profiles, they will be able to capitalise on each others' strengths and support each other to achieve the best outcomes for the organisation.



Derailers

Almost a quarter of our CFO applicants showed the same leadership derailer – being overly Diligent. Linked to strengths around being meticulous, perfectionistic and rule following, it is evident why such a preference may lead people to roles in finance where precise details and legalities count. But the ‘dark side’ of this strength when overused can lead to being inflexible, overly critical, micromanaging and struggling with delegation and prioritisation. This derailer is twice as common in CFOs we have assessed compared to CEOs.

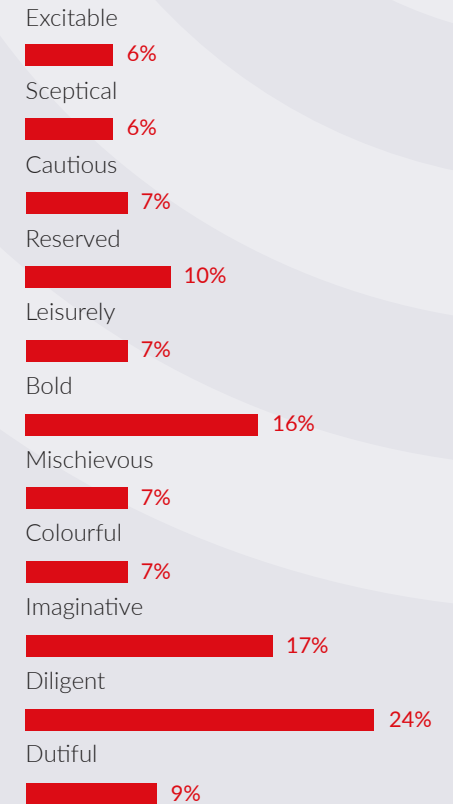
Interestingly the second most common derailer is Imaginative, linked to creativity and strategic thinking but also an overconfidence in one's own ideas, or an unfocused approach that fails to deliver. This is the most common derailer we have found among public sector CEOs and is seen at a similar rate in our CFO sample (17% of applicants).



Bold is a notable 3rd placed derailer at 16% of the group. This is about confidence spilling over into arrogance and reluctance to admit to shortcomings. Interestingly, our research elsewhere suggests people with this derailer are less likely to be successful at final panel, potentially because overconfidence becomes apparent at interview.

During periods of change and transformation, where the accompanying increased pressure is more likely to surface derailers, the derailers of being Imaginative and Bold both share the risk of overconfidence in one's own solution. How likely are CFOs to push their own views forward and fail to fully engage with alternative views and solutions?

CFO HDS High Risk Behaviour Scores



■ CFO

Key Insights

The CEO and CFO dynamic

Altitude strengths and development areas

	CEO	CFO
Engender Trust	Strength	Strength
Social Heart Commercial Head	Development area	Strength
Influence and Impact	Strength	Development area
Engage and Inspire	Strength	Development area

The table above presents the key strengths and development areas for CFOs and compares them to CEOs. Only one key development area was apparent in our analysis on CEOs, which is complemented well by the CFO data where the same behaviour 'Social Heart Commercial Head' is a key strength. The trends that we see here demonstrate how important a good working relationship between the CEO and CFO is in terms of ensuring the best balance of skills and strengths is applied to the key decisions within the organisation.

Derailers

This table shows all derailers where both CEO and CFO groups show more than 10% of individuals with each derailer.

When assessing behavioural risks, it is notable that, in combination, Diligent, Imaginative and Bold present the greatest derailer risks for both CFOs and CEOs. How might this impact their relationship and dynamic?

Given the prevalence of these derailers in both the CEO and CFO populations, might the following challenges occur more regularly?

- Overly diligent leaders who micromanage and fail to prioritise effectively?
- 'Ideas people' who fail to take account of alternative views or see the potential risks in their own ideas?
- Overconfidence – which could lead to the CEO and CFO either clashing badly when they take different stances, or giving each other false reassurance where they are aligned?

CFO & CEO Derailers

Diligent



Imaginative



Bold



■ CEO
■ CFO

Ensuring that the Executive team are aware of their individual strengths, weaknesses, and derailers, both personally and as a group is an important element of leadership, but more so during periods of change. While we have described the most common strengths and weaknesses we have seen in CFOs and CEOs, each individual will show their own combination of capabilities.

Appendix

HDS Scales: Themes and Implications

Excitable

Moody and hard to please, with intense but short-lived enthusiasm for people and projects. High scorers are sensitive to criticism, volatile, and unable to generate respect from subordinates due to frequent emotional displays.

Sceptical

Cynical, distrustful, and quick to doubt others' true intentions. While acutely sensitive to organisational politics, high scorers are easily offended, argumentative, and ready to retaliate for perceived mistreatment.

Cautious

Reluctant to take risks or initiative due to fear of failure or criticism. High scorers are good "corporate citizens" but avoid innovation, offering opinions, taking controversial positions, or making decisions.

Reserved

Aloof, detached, uncommunicative, and disinterested in the feelings of others. High scorers work poorly in groups, are reluctant to give feedback, are insensitive to social cues, and often appear intimidating.

Leisurely

Independent, resistant to feedback, and quietly resentful of interruption or others' requests. High scorers can be pleasant but difficult to work with due to procrastination, stubbornness, and unwillingness to be part of a team.

Bold

Unusually self-confident, reluctant to admit shortcomings, and grandiose in expectations. High scorers feel entitled to special treatment, are reluctant to share credit, and can be demanding, opinionated, and self-absorbed.

Mischievous

Charming and friendly, but impulsive, non-conforming, manipulative, and exploitative. High scorers test limits, ignore commitments, take ill-advised risks, and resist accepting responsibility for mistakes.

Colourful

Expressive, dramatic, distractible, attention seeking, and disorganised. High scorers confuse activity with productivity, are unable to allow others to offer suggestions, and are intuitive rather than strategic in decision making.

Imaginative

Creative, eccentric, impractical, and idiosyncratic in thoughts and ideas. High scorers avoid details, are easily bored, lack awareness of their impact on others, and often fail to see the practical limitations of their suggestions.

Diligent

Meticulous, perfectionistic, critical, and inflexible about rules and procedures. High scorers micromanage their staff, find it hard to delegate, and have difficulty setting meaningful priorities for themselves and their subordinates.

Dutiful

Eager to please, reliant on others for guidance, and reluctant to take action independently. High scorers have difficulty making decisions on their own, may not stick up for subordinates, and promise more than they can deliver.

Products/Services

Through our Leadership and Talent Consultancy practice we support our clients in the following areas:

Leadership and Talent Assessment;

Executive Profiling and Assessment,
Succession Planning and Future Leader Identification.

Leadership Development;

Leadership Development Programmes, Top Team Development,
Executive Coaching, and Leadership Development Workshops.

Board Advisory;

Board Evaluation and Board Development.

Leadership Insight and Benchmarking;

Behavioural Framework Design and 360 feedback.

If you would like to discuss the findings in this report, including insights we have for your specific sector, or would like to explore how we can support you with our services, please contact us at: LTC@gatenbysanderson.com

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