

The 'new normal': Time to hit reset



CFO TALKED TO Mark Frigo about the radical changes the global financial crisis has made to business life.

What advice do you offer CFOs on positioning for recovery following the recession? “There’s a need to ‘audit’ and reset the strategies of the organisation to drive new growth opportunities, value creation and manage strategic risk. The primary challenge for most organisations is to achieve profitable growth and innovation and co-create the future with their customers, employees and other stakeholders. This requires developing the business case for growth opportunities that will allow companies to move beyond the ‘new normal’ and start growing the business again. Strengthening enterprise risk management (ERM) for competitive advantage is another challenge. Boards of directors are asking executive teams to focus on strategic risks and to strengthen ERM in ways that’ll complement the business strategy and drive competitive advantage.”

What recommendations do you make to CFOs who are stretched ‘keeping the lights on’? “CFOs can think over two levels of strategic leadership: Level 1 is ‘managing the present’, which focuses on keeping the lights on, keeping customers and so on. Level 2 is ‘co-creating the future’, which involves

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innovation for future growth. This means balancing focus on executing strategy while continuing to develop options for growth in the future.”

What are your tips for getting an organisation investment-ready? “There are two fundamental every CFO needs to answer: How does the organisation intend to create shareholder value? How does the organisation intend to protect shareholder value? The first is related to the plans and strategy of the organisation and how those plans will generate profitable growth. The second is related to risk management and governance, which is of increased importance to investors after the GFC. CFOs can play a valuable role in improving risk management in organisations and embedding it in the fabric on the organisation.”

Which quality transforms an average CFO into a great one? “Strategic

thinking, which means having deep understanding of the business strategy and how it drives value creation for shareholders, customers, suppliers, partners and employees. Here we use the return-driven strategy framework as a way of thinking about strategic initiatives and plans of an organisation. It provides a logic and language for understanding and communicating strategy. The first step for strategy execution is communicating the strategy.”

Do you have any advice to help C-suite executives work better together?

“The C-suite should be an area where the CFO is viewed as a vital strategic partner. CFOs can fulfil higher level strategic needs of their C-suite constituents. This will require CFO teams to have the required ‘brand’ and capabilities. In examining the ‘CFO brand’, the CFO should ask, ‘What words would my C-suite constituents use to describe me?’ The word ‘strategic’ and ‘innovative’ should ideally be part of this description.”^{FRIGO}

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