

CFO BIBLE

10 MAJOR CHALLENGES TO SUCCESS

HOW COACHING CAN CATAPULT YOU TO ACHIEVE THAT SUCCESS



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CFO Bible: 10 Major Challenges to Success is written and published by Kurt Ostermiller Coaching, Cedar Park, Texas, 78641.

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FOREWORD

Firms now seek to fill the CFO chair with financially acute and experienced professionals who are also excellent strategists, communicators, leaders, and strong in overall business acumen. This growth requires extensively more critical skills than were required in the recent past. Add economic uncertainty and global health issues to that mix, and we now face an incredible demand for a wide breadth of qualifications.

There is no doubt that CFOs play a major role in the success of an organization. While this role is continually evolving, the responsibility burden is continually growing. Simply stated: as the responsibility of a CFO grows, that responsibility requires additional areas of training in non-financial areas. These areas include people skills, communication, risk management, and organizational cross-functional relationships to name a few.

Coaching talented CFOs has been my passion for several years. I am pleased to combine my experience and the teachings of several mentors and coaches into this abbreviated framework. While this is not an exhaustive, all-encompassing collection, it does cover the significant areas that I found to be of vital importance to a CFO. Topics are in no particular order.

Regardless of your financial ability, leadership qualifications, experience, or knowledge, I hope that this eBook brings you useful instruction and tips on how best to develop and use your skills to catapult you to success.

Note: in this eBook I use the term “CFO” for conciseness to denote all the roles of the Lead Finance Professional in an organization. This would include the role of CFO, Director of Finance, Vice President of Finance, Controller, etc. depending on the specific circumstance of your organization.

NAVIGATE THE CEO-CFO RELATIONSHIP



YOUR PAIN:

A weak, strained, or vague CEO relationship, which causes miscommunication, stress, inadequate role fulfillment, and possible termination of employment.

DISCUSSION:

As a CFO, your direct relationship with the CEO can make or break your career. The CEO connection is the single most important relationship that a CFO will manage. You must have clarity of and always understand this dynamic.

Regardless of the CFO's own goals, you should place a definite priority on the fact that CEOs place a high reliance on the CFO to provide timely and accurate financial information. They also look to your office to be a trusted and candid advisor, act as a faithful business confidant, and to fulfill the cliché of being the “CEO's Right-Hand man/woman”.

You should demonstrate that you understand the goals of the CEO and how you are fulfilling your role to assist in meeting those goals. This is much more challenging if, for example, this hasn't been done and you are well into the relationship, or the CEO had dictatorial tendencies.

Overall, a CEO needs a business professional, strategist, future teller, innovator, and communicator in the CFO. Be aware of this and fulfill that to the best of your ability.

SOLUTION:

At the root of "relationship" is the word *relate*. What does it mean to "relate"? It means:

- *Physically walking a mile in their shoes*
- *Emotionally understanding how they feel*
- *Mentally understanding how they think.*

The CEO-CFO bond will grow exponentially once you understand the CEO's goals, experiences, and origin of thought. CFO Coaching processes directly examines this critical relationship and strengthens this vital foundation.

CFO Coaching focuses on the Human Element by:

- *Beginning the Coaching Process by completing the Ultimate Scenario Program*
- *Installing the Relationship Leader Series*
- *Installing the Tolerations and Oversolutions Program*
- *Installing the Inevitability Thinking Program*

HAVE YOUR FINANCIAL HOUSE IN ORDER



YOUR PAIN:

You currently oversee subpar finance and accounting systems/personnel, which causes inadequate financial information, lack of viable business analyses from a strategic standpoint, and possible termination of employment.

DISCUSSION:

Ask any CFO what they do, and their first response is typically “I am responsible for the financial condition of the firm” or something close. Without that, job tenure is a fleeting goal.

Installing and establishing a strong Controllershship function is an absolute key to your success. That Controllershship should establish strong policies, processes, month-end close procedures, and internal controls.

This will enable you to focus on the strategic aspect of your CFO role, most notably cash flow, growth, KPIs and initiatives. Focus on being a User of the information – not the Preparer of such information.

Keep innovating and stay curious. Adapt to new technology and methods to improve transactional items. Institute controls for cybersecurity, regulatory oversight, legal risk mitigation and taxation.

Don't go cheap when fulfilling your Finance and Accounting Department. Most CFOs use this area to lead by example and cut costs in their labor force and/or tools to get the job done on a low-cost basis. Shaving the budget to be your firm's "Model Department" could significantly hurt the results attained by your department. You need to have your team fully trained, engaged, and energized to do the work at the highest level that your organization requires.

SOLUTION:

CFO Coaching focuses on the Procedural Element by:

- *Implementing the Key Five Internal Controls*
- *Installing the Tolerations and Oversolutions Program*
- *Installing the Productivity Pyramid*
- *Installing the Routine Rituals Program*

MANAGE YOUR TIME, ADDRESS STRESS AND REJUVENATE



YOUR PAIN:

When I recently asked 4 CFOs how their time management was currently, they responded with:

“Cash flow. Monthly close. Bank compliance. Audits. Board reporting. Revised forecasts. PE firm relationship. Accounting errors. Revenue recognition. Does that answer your question?”

“My stress level is not sustainable.”

“When will we find the time to get all of this done?”

“My family time is at an all-time low right now and I need to change that.”

I would bet that some of your answers do not differ much from these.

DISCUSSION:

Some of the top personal issues facing today's CFO – time availability, stress, and rejuvenation – have detrimental long-term “human” effects. Too often we forget that we are people, trying our best to meet every deadline while paying the price in other areas of our lives.

There are 3 C's that are killing your productivity:

1. **Culture of Multi-Tasking, Distraction, and Interruptions** - we live under constant wave of emails, tweets, notices, blips, beeps.... these can rob us of vital time more than any other phenomenon.
2. **Compounding Effect** - how many times has the CFO been assigned to lead Human Resources...ERP implementations...CRM conversions...without proper training?
3. **Culture of the Magic Pill** - there is a quick fix for everything...we don't get to the source of the problem to remedy the underlying cause...then it repeats itself.

Developing and exercising sound practices to mitigate these problems is key to managing these issues.

SOLUTION:

CFO Coaching focuses on the Human Element by:

- *Installing the 12 Principles of Personal Productivity*
- *Installing the Productivity Pyramid*
- *Installing Stress Management techniques*
- *Installing the Wake-Up Productive Program*
- *Prioritizing the Rejuvenation Process*

BE ENTREPRENEURIAL: ENGAGE IN VALUE CREATION

YOUR PAIN:

How do you measure and proactively carry out Value Creation activities within your organization in order to fulfill the goals of the CEO and Board?

DISCUSSION:

To create organizational value, CFOs need to know and understand what the parameters of value consist of so that they can construct activities with the goal of increasing that value.

While analytics within the operations side of your enterprise will become increasingly important, CFOs must also be able to look at the value their company is creating based on variables such as intellectual property and intangible assets. Those non-financial business drivers are becoming increasingly important.

Traditionally, the valuation of a company was based on 80% of the value created in the balance sheet by tangible items and 20% of the value creation originating from intangibles. There was a gap between the market cap of the company and the historical balance sheet. A study in 2020 found that with S&P 500 valuations, the gap between the balance sheet and the market valuation has become 80%. That means 80% of the valuation is no longer evidenced in the balance sheet.

What does this mean for today's CFO? If the CFO is too focused on the balance sheet and compliance, they are not engaging in value creation. The concept of CFOs evolving into "Chief Value Officers" is becoming more prevalent in our business society.

SOLUTION:

CFO Coaching focuses on the Value Element by:

- *Beginning the Coaching Process by completing the Ultimate Scenario exercise*
- *Installing the 12 Principles of Personal Productivity*
- *Installing the Productivity Pyramid*

FORTIFY YOUR PRIVATE EQUITY FIRM RELATIONSHIP



YOUR PAIN:

You now have two demanding bosses – the CEO and the PE firm. The reporting line to the PE firm is just as solid as the reporting line to the CEO. Both have high expectations.

In the PE world, capital means the risks are larger, the time allowed to show improved results are shorter, and the scrutiny from the investors is like a heat lamp...and you are the individual feeling the heat.

DISCUSSION:

A vast majority, if not all, PE firms want to be involved in the financial analysis and reporting of their portfolio companies. This requires an additional layer of requirements on the CFO and finance team.

In addition, discretion is key: the CEO will expect some of the issues to be reported to him/her, while some will be reported to the PE firm. The threshold and foresight for determining this communication is essential.

Often the CFO is new to the portfolio company as the PE firm installs a different direction after their acquisition. This means there is no long-term relationship with the PE firm and no legacy knowledge of the company in place during a particularly challenging time for a CFO.

You're involved in a fast-paced environment with type-A personalities who may not appreciate the amount of work involved in, say, a monthly close and related reporting. This can be daunting but also very manageable for CFOs who admit to the differences in managing their department, procedures, and expectations in a PE-owned firm.

SOLUTION:

CFO Coaching focuses on the Human Element by:

- *Beginning the Coaching Process by completing the Ultimate Scenario exercise*
- *Installing the Relationship Leader Series*
- *Installing the Tolerations and Oversolutions Program*
- *Installing the Inevitability Thinking Program*

LIVE A FULFILLING LIFE OUTSIDE YOUR WORK



YOUR PAIN:

You take great pride in your professional career and accomplishments – after all, it took some major work and sacrifice to get where you are today. However, your current work-life balance qualifies as a Knock-Knock joke, midnight financial statement review is nothing new to you, and that extra few pounds from the holidays didn't melt off as promised...and we all know that none of that is sustainable.

DISCUSSION:

Top corporate financial leaders spend two-thirds of their waking hours working and would prefer to be working only half the time, according to a recent survey conducted by Duke University. This staggering statistic puts your health and productivity at risk, which in turn could put the financial health of the company at risk.

But when the day closes, the job still has to be done and you are the only one sitting in the figurative office. Again.

To top it off, nobody wants to miss their child's game or be late for dinner...and that puts everybody in a tough predicament...with you explaining to the "other side" why you didn't choose them. Again.

SOLUTION:

To make Work-Life Balance possible, you need to develop strategies for maintaining productivity while reducing productive hours. As counter intuitive as that may sound, achieving that is entirely possible. That does not mean failing to meet the responsibilities that comes with the role – it means prioritizing those responsibilities and developing a reliable achievement system to depend upon.

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- *Prioritizing the Rejuvenation Process*

SOLIDIFY YOUR RELATIONSHIP WITH THE BOARD OF DIRECTORS

YOUR PAIN:

A weak, uncommunicative, or even a dysfunctional relationship with the Board, which causes inadequate business resource allocation, lack of clarity on strategic initiatives, and decreased company performance.

DISCUSSION:

For an organization to function effectively, the management team and the Board must be in general alignment and agreement on the larger initiatives.

CFOs should spend time helping the Board understand the company's strategy and value creation. These lessons should be reciprocated – CFOs can benefit from strong relationships with the Board in areas such as external perspectives, expertise, and as a trusted advisor. The biggest opportunity for a CFO's relationship with the Board revolves around being able to compile an objective view on the company's performance, benchmarking, and future expectations of the company. The CFO's clarity on proper resource allocation to higher performing or ROI business lines is critical to educating the Board on the best strategic direction to invest.

The more CFOs can interact with the Board, including proactive conversations during non-Board meeting times, the better they can keep the Board apprised on current events while receiving valuable support and advice in return.

SOLUTION:

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BE A LEADER AND MENTOR



YOUR PAIN:

Being a great Leader is so much harder than it looks. You deal with many professional types, personalities, moods, and expectations. Each individual that you are leading requires their own exclusive set of handling and motivation.

Fail in this area, and you face loss of team morale, losing your best people, and failure to deliver in your department's most critical responsibilities.

DISCUSSION:

Poor leaders are characterized by their lack of ability to provide direction to their team, which may stem from their own individual lack of vision. Setting clear expectations for your team enables them to have clarity and understanding on what they need to deliver. To do this, you must have your own clarity and understanding in your own role first.

What is difficult about Leadership is that nobody really sits down and teaches you what a true Leader is all about. By sitting in the CFO chair, it is assumed that you have significant success in the Leadership area. The expectations come with the seat, as do impeccable ethics and integrity.

A recent survey by the Arizona Department of Public Safety revealed that 67% of workers in the state experience low morale because of their manager. As the saying goes, "People don't leave jobs, they leave managers." This puts even more pressure on you to increase your leadership capabilities.

SOLUTION:

No leader is perfect, and we all have our own strengths and weaknesses. An effective leader takes the time to analyze where they are weak so that they can take measures to prevent or mitigate these issues from affecting the organization.

CFO Coaching focuses on the Leadership Element by:

- *Installing the John Maxwell 21 Irrefutable Laws of Leadership*
- *Installing the Relationship Leader Series*
- *Installing Habit Gravity and Escape Velocity exercises*
- *Installing the Inevitability Thinking Program*

MANAGE THE FIRM'S LIQUIDITY AND FINANCING CAPABILITIES

YOUR PAIN:

You have problems managing and forecasting cash flow, or even worse, are entering into a liquidity crisis.

DISCUSSION:

One top priority for CFOs is to ensure adequate cash and liquidity for the firm to operate. CFOs are in a unique position to cultivate an overall culture of cash awareness within their organizations. There must be alignment throughout the organization to drive a culture of performance revolving around cash flow – this message must be broadcast relentlessly. When implemented in conjunction with proper and accurate forecasting, the requirements should be accurately ascertained.

In the long-term, providing alternatives and having capital flexibility to enable a company to grow organically without jeopardizing the bottom line is key. Continually ask yourself, “Do I have access to alternative capital financing to allow flexibility in times of growth?” and “Have I evaluated and have at my disposal capital available in anticipation of the company’s needs?”

SOLUTION:

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- *Installing the Routine Rituals Program*

COMMUNICATE AND KEEP YOUR EARS OPEN

YOUR PAIN:

You've been blindsided by fellow member of the Management Team, unaware of the possibility of a missed deadline, or were not aware of a team member's diminishing performance – all causing suboptimal department and corporate performance.

DISCUSSION:

The strong CFO will know what is going on throughout the organization, not just within their accounting and finance department. This emphasizes knowledge of operations within your company, regardless of whether you operate in SAAS, manufacturing, professional services, or another industry.

It can be devastating to miss a deadline or appear to be ill-prepared for a Management or Board meeting. This typically originates from a lack of communication between yourself and the rest of the organization in some fashion.

The listening and digestive process can be crucial for a CFO to understand and manage the political landscape within an organization. Yes, we need to call out and address the *Elephantidae* in the room. As much as we want to believe our organization is filled with all do-gooders and pure-thought teammates, unfortunately it may not be. Being able to anticipate and navigate possible obstacles is crucial to future decision-making and your appearance as a Leader in the firm.

SOLUTION:

CFO Coaching focuses on the Communication Element by:

- *Installing the John Maxwell 21 Irrefutable Laws of leadership*
- *Installing the Tolerations and Oversolutions Program*
- *Installing the Relationship Leader Series*
- *Installing the Inevitability Thinking Program*

CONCLUSION

The role of the CFO continues to expand with the rising expectations of your stakeholders. With this comes the need for increased training, insight, and people skills. Significant responsibilities such as monthly financial reporting have become a “given” as far as outputs are expected.

As a financial business leader, you have a multitude of pains and stresses. Cash flow. Monthly closes. Reporting. Compliance. Vendor contracts. Board materials. Employee issues. Banking. Tax Planning. Revenue Recognition.

I feel your pain!

Augmenting your toolbox for your increased responsibilities is a must. Taking an honest inventory of your skills versus what you need to fulfill these responsibilities is a critical early step in the process. Then build upon both your weaknesses and strengths, and you’ll be on the right path towards reaching your Next Level.

Remember - it doesn’t have to be this hard!

To book a session with me, please contact me at kurt@kurtostermillercoach.com or schedule directly on my Calendly at <https://calendly.com/kurt-ostermiller-coaching-calendar>

THE AUTHOR



My name is Kurt Ostermiller, and I am the Principal of Kurt Ostermiller Coaching. After serving financially distressed companies as Turnaround Executive / CFO for nearly two decades, I am now fulfilling my professional passion as a Certified Coach. I partner with corporate financial leaders to fulfill their goals. This transformation is done using my Certified CFO Next Level Coaching Program.

Coaching is a confidential designed alliance in which the Client and the Coach are active participants in the combined single pursuit of meeting the Client's intended outcomes. I believe and have witnessed that this relationship is transformative – heights can be reached that were once not even considered.

I am certified under both the John Maxwell Team and the Eben Pagan Virtual Coach Programs. I have combined the teachings of these programs with my corporate experience to derive my Program earmarked specifically for financial executives.

My formal education consists of a Bachelor of Science in Accounting from Montana State University, an MBA from the University of Oregon, and over 30 years in the trenches of corporate finance.

I would appreciate hearing your thoughts on this content. Feel free to contact me at kurt@kurtostermillercoach.com or visit my website at www.kurtostermillercoach.com for more information.