



CFO Insights

Do you have the finance talent you need now?

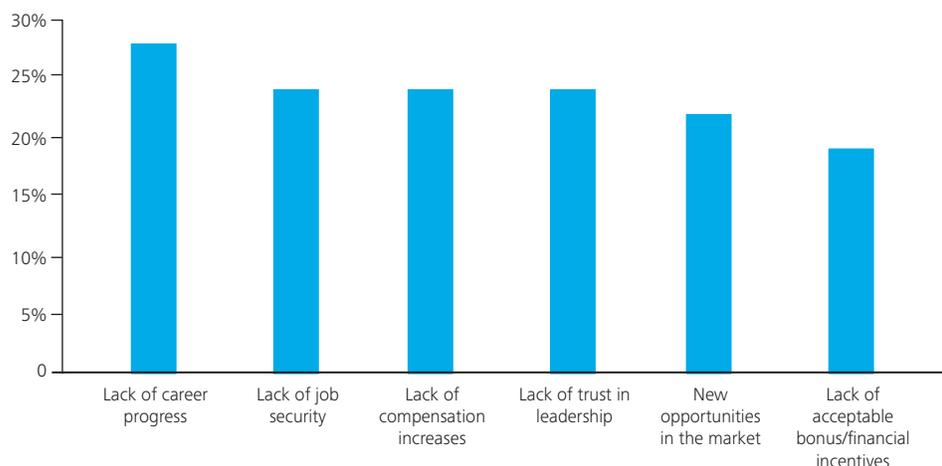
Economic volatility. Tax reform. IFRS and convergence. Hedging strategies. The scope of a chief financial officer's (CFO) responsibilities is constantly evolving and expanding and calls for a team of highly skilled leaders as well as deep bench strength. Identifying and keeping that talent is far from easy.

In fact, it is the talent paradox. Despite continued high unemployment rates, CFOs tell us that they cannot find the talent they need. In the [Q1 2011 Deloitte CFO Signals™ survey](#), for example, one out of three CFOs surveyed said they were having trouble filling open positions, and nearly 60% were taking steps to engage and "lock in" top performers. At the same time, critical talent is on the move. Since the end of the recession, for example, voluntary quit rates have nudged higher according to the Bureau of Labor Statistics, and employees leave for a variety of reasons (see Figure 1). In addition, finance employees are at greater risk of being poached as companies compete for the *same* highly skilled talent pool.

None of that bodes well for CFOs who want to move beyond their operator and steward roles and focus long term on the development and execution of strategy. It is hard to move forward when you do not have the team you need to make such an advance. When CFOs honestly assess their teams, they often do not see the talent necessary to free them up to spend more time on broader business priorities (see "[Crossing the Chasm](#)," *CFO Insights*, May 2011). So when critical talent can be identified, it is even more imperative that CFOs work to retain that talent and neutralize the numerous triggers that can lead to a separation.

In a recent issue of *CFO Insights*, we looked at the benefits of having a finance strategy that identifies the people and skills needed at the macro-, micro-, and individual levels; integrates and deploys those people and skills into both the finance and business functions; and supports finance professionals across the employee life cycle—from

Figure 1. Top six departure triggers which support the development of appropriate retention strategies



Source: [Talent Edge 2020: Building the recovery together - What talent expects and how leaders are responding](#), Deloitte Consulting LLP, April 2011

acquisition to retirement (“[Do You Have a Finance Talent Strategy?](#),” *CFO Insights*, July 2011). In this issue, we take a deeper dive into ways to identify critical performers and develop strategies to keep them loyal and productive. In addition, we will discuss how to align those best-in-class finance executives with all-important value creation.

Differentiating good employees from critical players

With finance talent at a premium, it might be easy to view everyone on your team as essential. After all, it takes time and money to identify and develop critical skills—a real deterrent to changing up talent even when the situation warrants it. In addition, it is often easy to get caught up in the “rescue fantasy” associated with trying to mold certain subpar performers into the talent that is necessary.

But identifying your truly critical players is the first step in developing a world-class team, and the process entails more than just measuring productivity. Instead, it requires a careful evaluation of a) who has the skills necessary to execute on your current set of priorities, b) who can be trusted to effectively execute those priorities, and c) who can raise the bar on performance and reshape expectations. As one CFO recently told us, his yardstick was to imagine exiling all of his employees out to the parking lot and then inviting back only those he could not do without. Our alternative is to simply ask the following questions:

1. What knowledge, skills, abilities, and experiences do you need now? What about going forward? Who on your team best embodies those skills?
2. Given your priorities in finance over the next 12 months, who are the wingmen you can count on to execute those priorities?
3. If someone you consider critical resigned tomorrow, do you have the bench strength to backfill the position? Is the current talent capable of developing a successor?

4. Despite how talented this individual is, does he or she contribute in any negative way to the organization? In other words, does this person pull energy out of the team or of you personally?
5. Finally, when you evaluate your key players, do you only consider their value as individuals or as part of a larger whole? In other words, do they team and do they team well?

Departure triggers; retention levers

Once the key players are identified, the challenge then becomes how to motivate and retain them. That’s not so easy when many are eying the door. In fact, among 356 global employees surveyed last spring for *Deloitte’s Talent Edge 2020 study*, only 35% expect to stay with their current employers, down from 45% in 2009. Moreover, 65% of global employees report they are either passively or actively testing the job market.

In finance, such turnover could be devastating given the leanness of most operations and the current focus on growth. But the solution is not simply a matter of increased compensation or benefits. Rather in the same research study, we found that retaining top talent, in the changed environment, mandates an understanding of employee expectations. And in finance, we would argue, it is up to the CFO to develop the finance talent strategy to meet those expectations and tailor it for critical performers.



Specifically, the research identified the following departure triggers, and here we offer some suggestions for muting them for top performers:

1. Lack of career progress. Topping the list (28%) was the opportunity to grow and advance—and nowhere is that more important than in finance. As we discussed previously, the hallmarks of a world-class finance-talent organization are developed competency models, articulated views of career advancement, and positive talent experiences. With “must-have” employees, however, CFOs should also avoid handcuffing them to certain roles because of their critical skills. Instead, you should consider stretch and developmental assignments, such as moves inside and outside of finance, particular roles in key geographies and/or business units as well as board and enterprise projects and special initiatives.

2. Lack of compensation increase. In this era of cost cutting and wage stagnation, it is not surprising that inadequate compensation is often a departure trigger (24%). In finance though, with so much compensation data publicly available or shared over social media sites, the issue is not often the pay itself, but the perception of the fairness of pay. In our experience, there will always be a small number that will leave for the money, but most high performers are looking for balance. Consequently, it is up to the CFO to find out what top performers actually value—whether it is off-cycle bonuses, virtual work arrangements, etc.—and tailor those factors to ensure motivation and loyalty. At the same time, when corporate uncertainty mandates certain skills, CFOs still should consider “ringfencing” their top performers with pay packages or incentives that prevent exits at inopportune times.

3. Lack of trust in leadership. Quite simply, employees want leadership that inspires trust. For high performers in finance that trust is embodied in the CFO, who earns it by being straightforward, honest, and complete. For some highly talented employees, gaining trust is sometimes a matter of straight talk from the CFO. Finance professionals often are in the know regarding many challenges facing the company; it helps to hear the CFO address these concerns directly. This trust can further be developed through clearly communicating individual career expectations or commitment to a given employee.

4. Lack of job security. Given the volatile economic conditions, job security is obviously a departure trigger, cited by 24% of respondents. For top performers, however, the skills that make them critical, such as tax or treasury expertise, often provide job security. At the same time, that expertise also makes them prime poaching targets. In such cases, offering selective contracts or other incentives may be something CFOs want to consider.

5. New opportunities in the market. Finally, there is always the risk of a competitor offering your top performer a better pay package or an opportunity he will find hard to refuse, such as a position that expands his skills using analytics. To keep critical performers from straying requires communication as well as action. Simply having regular check points with your talent not just about their work, but their attitudes toward their work and their workplace, is crucial. In addition, as CFO you should keep an ear to the ground for potential competitor moves that might lead to the poaching of your staff. And if all that seems too time consuming, keep in mind that much of an executive’s value comes from effectively navigating the firm—something your top performers already know how to do.

The talent/value equation

Simply knowing the triggers, of course, does not guarantee retention, particularly with high-demand talent. That is why sometimes it pays to incorporate creative incentives that leverage critical players into a finance talent strategy. Take the case of the telecom CFO who recently challenged his team to elevate the process of finance hiring and leveraged 25 key performers as mentors to summer interns. Those key performers not only helped identify future finance leaders, but also helped reinvigorate the finance career track at the company.

Another CFO we recently worked with sought to transform his department into a “net exporter of talent.” Concerned that other parts of the business did not truly value finance, he developed a competency model and finance talent strategy that determined which high performers were prime candidates to move out into the business units. Those critical staffers not only gained valuable strategic skills, but helped raise the profile of finance throughout the company—so much so that the program is now being adapted in other parts of the business.

Sometimes retention is tied to other more basic factors. Another CFO recognized a critical member of the team was working long hours on a deal in addition to a long commute. He proactively encouraged more flexible work arrangements from home so the employee felt valued, reduced travel times and avoided burn out.

In each case, the CFO was thinking strategically, as well as tactically, about how to retain his top performers and keep them performing to create value. Such creative thinking is a competitive weapon at a time when recession as a retention strategy no longer holds merit. And by developing finance talent programs that keep top talent committed and challenged in their jobs, excited about their prospects, and confident in their leadership, you may not only thwart the triggers that lead to separation, but also set your organization apart as a world-class employer.

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