LEADING With Personal Mastery

Fickle markets, regulatory uncertainty and economic hardship have conspired to make this one of the most difficult times yet to be an executive over any functional area of the enterprise. All areas in an organization are struggling to not only keep pace but to excel, despite a climate of extreme instability and uncertainty.

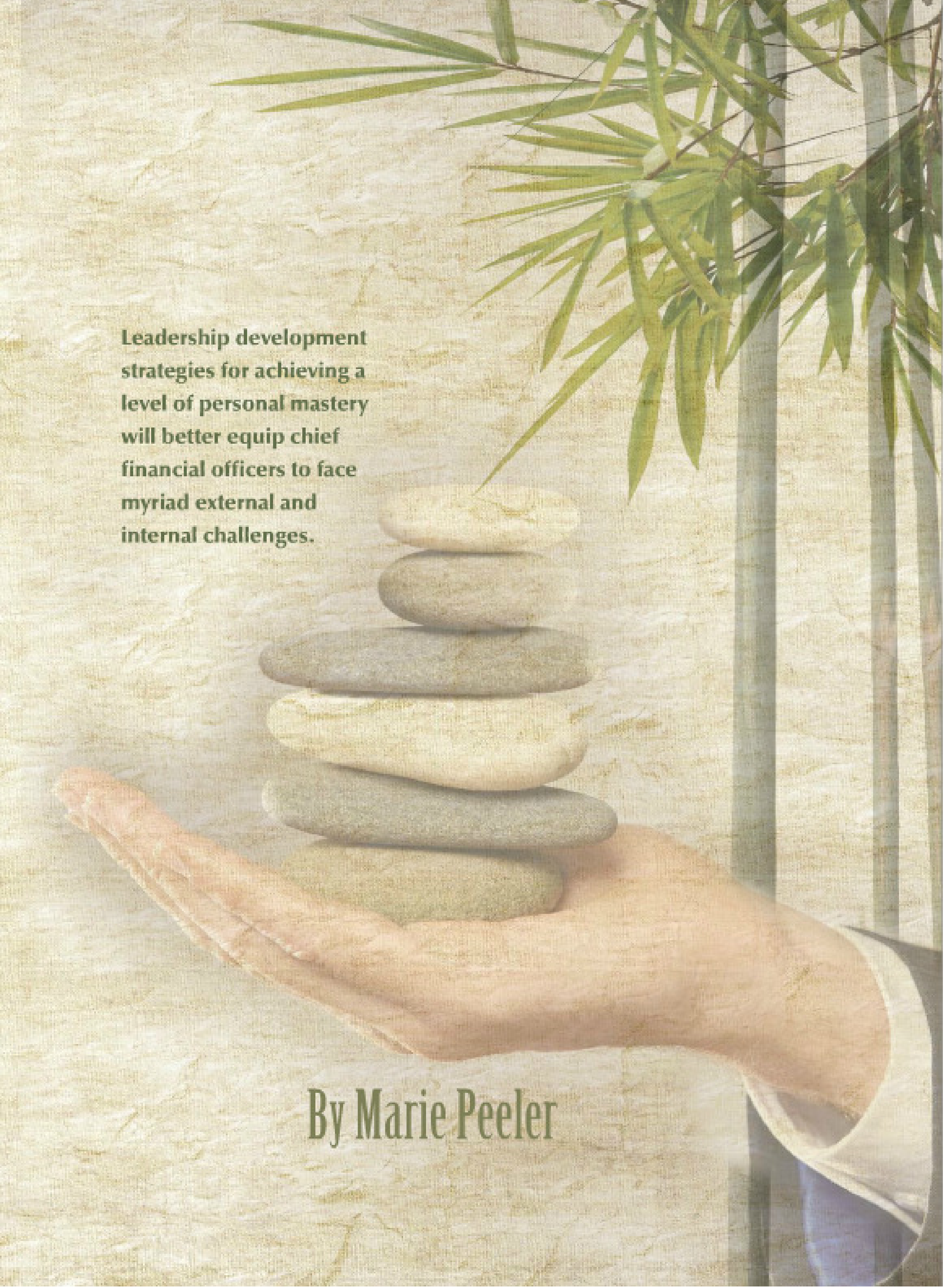
Financial executives face particular challenges. While some of the most troubling external issues faced by today's companies — the Dodd-Frank Wall Street Reform and Consumer Protection Act, tax reform, XBRL implementation and potential health care reform among them — fall into the main purview of the chief financial executive, CFOs sometimes face the biggest challenges within their own organizations.

The Conundrum

The very nature of the CFO's role can cause the executive to appear to be the gatekeeper to innovation and creativity. In fact, while other executives have roles to play in guarding the financial integrity of the company and managing risk, it is often the CFO that holds these responsibilities closest and, in doing so, seems to be a naysayer. Many CFOs have likely heard the cry, "Can't you be solution-oriented, instead of telling us what we can't do?"

Such cries frustrate the CFO, who is simply trying to do a difficult job and keep the organization on the straight and narrow. Some, faced with the apparent choice of doing "the right thing" or being a team player, simply choose the former and resign themselves to "being the bad guy," not realizing that there are other options.

The problem with addressing the conundrum with such "either/or" thinking is two-fold. First, the CFO, like all executives, has a dual role. One role is as the head of finance and the other — the one that some would say is the more important one — is as a member of the larger



Leadership development strategies for achieving a level of personal mastery will better equip chief financial officers to face myriad external and internal challenges.

By Marie Peeler

Cultivating leadership competencies must be a key pursuit of financial executives. Here are 13 main competencies for chief financial officers:

Integrity and honesty • Not only telling the truth but "walking the walk."

Courageous authenticity • The bravery to talk about the "elephant in the room," and speak the truth in service to the team, even when doing so is unpopular.

Relationship-building through caring connections • Building relationships just because people are important. Seeing others as valuable regardless of what they can or cannot do for you.

Development of others • Eagerness to assist others in their natural desire to grow and develop.

Motivation and inspiration of others • Ability to energize others and earn their commitment.

Internal and external collaboration • Valuing connection. Understanding and promoting teamwork and shared vision.

Self-awareness • Understanding one's own strengths and weaknesses. Having self-esteem that comes from within rather than being dependent upon external validation.

Composure • The ability to stay calm under pressure, remain present in the moment and handle stress constructively.

Self-development • Curious and humble, leaders high in this competency are open to feedback and new experiences. They seek learning opportunities and alternate work methods.

Results orientation • The ability to set stretch goals and high measurable performance standards, as well as to pursue projects to completion.

Strategic perspective • Trend awareness and propensity to develop strategies to ensure long-term success.

Systems-thinking • The ability to see the bigger picture and the interrelatedness of events. Understanding that cause and effect is often disparate in terms of time and space.

Sustainability • Ability to balance energy and resources to sustain high performance over time.

Personal Attributes of Successful CFOs

The most successful CFOs learn, often over time and with some impetus, to develop the skills to simultaneously build and maintain personal relationships and guard the financial integrity and risk of their organizations. They are both task- and people-oriented.

In addition, they learn to speak boldly and courageously to deliver the critical messages that the organization needs to hear. They cultivate an understanding of the complete organizational system that helps guide their decision-making. They are credible and trusted and therefore influential. They are visionary and skilled in communicating their vision. They are collaborators and mentors who genuinely care about people and relationships.

Further, these senior executives are composed and live in balance. They are self-aware, accept their strengths and weakness and are committed to learning. They are not just good leaders; they are great leaders.

The cultivation of these leadership competencies can be thought of as the acquisition of a set of skills, but it is so much more. For most CFOs, building the various facets of their leadership competency so that they attend to people and tasks with equal skillfulness takes years of practice and a fundamental shift in how the CFO views the world.

team responsible for the success of the overall organization.

Individual team members cannot perform this part of their role if they have retreated into simply looking after their functional responsibilities. Doing the supposed right thing is seldom clear cut and can be better accomplished with a holistic organizational view.

CFOs would be well advised to be ever-mindful of their interpersonal relationships and the full spectrum of their organizational responsibilities because the ability to influence others is far less dependent on position than it is on credibility. The CFO that cultivates a reputation for being balanced and open-minded will inevitably be more respected and wield more influence in the organization.

Going it alone is simply less effective. It is also emotionally exhausting, creatively discouraging and downright lonely.

He or she must examine both conscious and unconscious beliefs with an understanding that behavior is driven by beliefs and that behavior change will not be authentic or durable without a change in the underlying beliefs that drive the behavior.

The successful development of competencies that drive leadership greatness also requires CFOs to get comfortable with ambiguity — a tall order for a profession that often depends on the ability to sharply see delineations.

It requires that they focus not just on the attainment of skills; they must focus as much on their *being* as their *doing*. The distinction is that doing is the tasks and behaviors that one executes (what a person does) while being is the character, beliefs and attitudes (who a person is) that one brings to leadership. Successful being drives successful doing. Working on both is the discipline of personal mastery that CFOs develop that allows them to operate in a creative rather than reactive mode.

Peter Senge, well known for his writing on personal mastery, wrote in *The Fifth Discipline: The Art and Practice of the Learning Organization* that "Personal mastery goes beyond competence and skills, though it is grounded in competence and skills. It goes beyond spiritual unfolding or opening, although it requires spiritual growth. It means approaching one's life as a creative work, living life from a creative as opposed to reactive viewpoint."

Leaders in the quest for personal mastery who desire to lead creatively, rather than reactively, must be mindful of their inherent fallback positions, as these are the natural places they revert to in times of stress, frustration or other less-than-optimal conditions. Fallback positions are rooted in the human need for safety and security. Behaviors produced in this mode include inflexibility, excessive drive, need to control, perfectionism, complacency, pleasing, arrogance and resistance. These behaviors can derail a leader's best creative intentions.

The Case for Personal Mastery

Personal mastery likely sounds a little heavy and perhaps not very concrete. The overburdened CFO, already inundated with the standard fare of responsibilities, might wonder why he or she should commit to this extra task — the development of personal mastery — if things generally seem to be going all right.

Can the difference between a good leader and a great leader be significant enough to make the endeavor to attain leadership greatness worth the time and effort? Yes, as it turns out.

Anecdotal evidence alone might lead one to expect good leaders to outperform those whose leadership competencies are poorly developed. But a surprising finding from research data is the degree to which great leaders earn better results than leaders who are simply good. The data reveal compelling evidence that, indeed, the extra effort to go from being a good leader to being a great leader does pay off, not only for the individual but for organizational results, as well.

Researchers John Zenger and Joseph Folkman assessed subjects' leadership competencies using 360-degree feedback surveys and then compared the data to certain organizational indicators in order to establish a correlation between levels of leadership competency and organizational performance. They reported in their book, *The Extraordinary Leader: Turning Good Managers into Great Leaders*, that those leaders scoring in the higher percentiles in leadership competency — great leaders — enjoyed the lowest employee turnover, the highest customer satisfaction and the highest net profit as compared to other leaders.

In one organization — a mortgage bank — Zenger and Folkman found that while leaders low in leadership competency actually lost money for the bank, good leaders produced a profit. However, the great leaders in the top 10 percent produced net profits that were nearly double those produced by the merely good leaders in the middle 80 percent.

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The researchers also looked at employee turnover at an insurance company and found that leaders in the bottom 30 percent had more than twice the turnover of leaders in the top 10 percent. Those great leaders at the top enjoyed more than a third less turnover than good leaders in the middle 60 percent. Accordingly, it is fair to say that being at the top of the pack in terms of leadership competency does make a difference.

CFOs would be well served by working to cultivate certain leadership competencies, which generally fall on either the task side or the people side of the equation, but sometimes take on aspects of both. (For a list of the 13 main competencies, see the sidebar on page 64.)

Choosing the Journey

The development of personal mastery and creative leadership competencies is a demanding endeavor. The case for it, however, is well supported. CFOs who undertake the venture will not only see better business results but also enjoy the satisfaction of a wider worldview and greater connectedness. This is an intentional journey. The leader must choose it and decide to develop as both a leader and a person. Along the journey, there are a number of supports.

Feedback is an important developmental tool. One can obtain feedback using an informal approach of simply asking questions or utilizing a formal 360-degree feedback survey instrument. Though many senior executives don't receive feedback well (remember those reactive fallback positions?), learning to process feedback constructively is one of the most powerful things that a leader can do for her or his self-development.

CFOs can also work with a coach, mentors and role models who are themselves strong in the competencies that the leader wants to develop. Constant engagement in learning and reflection are key to personal mastery. Being exposed to new ideas and taking the time to reflect on one's experiences are essential in the growth of the great CFO.

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