

## Opening remarks, By Lee Schopp, FD British Friendly

When Martin asked me to be involved in today's meeting we discussed the overall theme and I was keen to make it as forward looking as possible hence the title:

“Exceeding Expectations In A Modern Finance Function”

As Finance Directors I truly believe we are the conscience of our firms and the custodian of our member's funds. This should not mean we act as a 'brake' and we can act as accelerators of growth, but above all we need to ensure decisions and strategies being followed have our member's interests at their heart.

I'd like to consider how we can do this by looking at 5 softer skills, these are often overlooked as we get caught up in technical detail but they can make a real difference to how we work.

### **1. Being Pro-active**

In it's simplest form, I interpret this as looking for the issues before they find you.

Asking the difficult questions both internally, externally and of yourselves

From the 'what should be simple questions': “How am I going to report assets under Solvency II” well in advance of the need to report them.

To the more complex: “What does Solvency II mean for my business, and what do we now need to track differently? What does it really mean to how we need to run our business?”

Your Board will rely on you to be informed, and will assume you have plans in place to deal with future change coming down the track. It is easy to say, yes

we need to plan for that, and there's still plenty of time, but what you actually need are concrete plans:

- Who do I need to talk to?
- When should I prepare a Board Report?
- Are there additional risks that should be brought to the Boards Attention?

Invariably research already exists so use it.

If you can't find it then ask your professional advisors -auditors, actuaries or solicitors.

I know most of us work for smaller firms so we need to use our time wisely and that means asking for help sometimes, but the mere fact you are asking will show that you are being pro-active.

## **2. An Analytical Mind**

I am sure we all see reports which purport to being an analysis of information, yet are little more than a replaying of the data in front of you.

E.g. sales were up x% and are y% above budget.

What the Board are looking for from an FD is more in-depth analysis – and the 'Why' questions being asked.

- Why did sales go up, was it due to the recent campaign?
- Why has our solvency ratio gone down, has an underlying assumption changed or was it interest rate movements perhaps?

We should not need to be asked these questions, we should seek the answers out ourselves and even if we don't write them all down in reports, we should know them for when the questions do get asked.

It is not the FD's job just to present the data, they should also understand all the intricate parts of the business that made the numbers what they are.

### **3. Understanding Risk**

Some firms here today will have a CRO. In others that role will be undertaken by the CEO or FD. Either way, the FD will play a key role in understanding and managing risk.

We all know we need to take risks in business, the mere spending of money is a risk and no one would do it without thinking they would get something back in return.

But what are the core risks facing your business?

They may be:

- Declining membership numbers
- Increasing costs
- Outdated IT - resulting in key man or data security risks

It is our job to not only know and identify these risks, but also to ensure the firm does something about them or at least has mitigation in place if the risk surfaces.

An example would be, if asked “can we afford to spend money on more staff or a campaign of growth” it would be hard to say no if the growth then means overheads per member decline in the longer term and capital is generated, but the risk is if the growth does not arise.

It is the FD’s job to monitor progress and have the mitigation plan in place should that plan not succeed. We should never assume risk is someone else’s problem.

### **4. People Mgt / Communication**

The finance department generates no new business, it does not directly help members or pay their claims. It exists in order to serve the business.

We should be open and approachable in our style of working, Collegiate in our approach to problem solving, and encourage our staff to do the same.

Colleagues should want the FD to be involved in their plans. We are some of the most qualified and skilled people in our firms, but all this is wasted if people don't know it.

We also need to take the time to manage and nurture our staff. I know all too well the costs and time recruitment takes, and the weeks of training it takes to bring on new staff. Our staff are our greatest asset, in fact you could argue they are our only real asset (as funds belong to members). We need to ensure we take the time and effort to bring them to their full potential, through training, mentoring and giving them new challenges so they will find work fulfilling.

## **5. Decision making**

In my experience, people look to the FD not only for information but also for advice.

We should not be afraid to voice our opinion. We might not always be right, but then many questions don't have a right or wrong answer.

It is in our nature to look for right answers, that is the right hand side of the brain us 'numbers people' favour, but we should not be afraid sometimes to be willing to use our intuition as well, and be decisive.

Believe me, NEDs will welcome knowing which sides of difficult decisions the FD favours.

Much of what I have mentioned may appear common sense and in a way it is. This is not to belittle the very difficult technical challenges we face in our day to day job, but as I say it is taken as given we can cope with those.

The characteristics I have talked about are the skills that will differentiate you and that allow you to exceed expectations and excel. They will also ensure that we don't just produce numbers but consider the implications of results and ultimately put our members first.

I'm sure that's enough from me for now and I am delighted with the range of guest speakers Martin has assembled for us today.