

Technical Notes

The control of international joint ventures involving Chinese partners p54

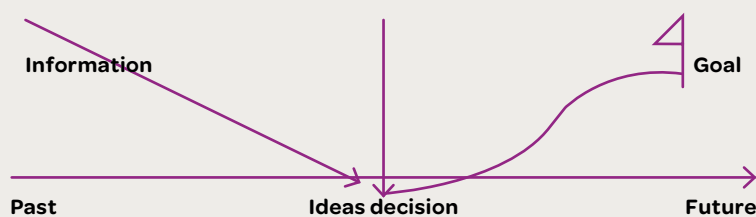
Decisive leadership: effective decision-making for management accountants

Management accountants are now closer to the business than ever before. So how can they improve their ability to make effective decisions – and fast?

By Kevin Yates
Managing director, Mitchell Phoenix

The overall cost of the finance function to the organisation has now been reduced to circa 0.5 per cent of revenue, a figure that is unlikely to drop lower. Instead, the focus has shifted towards extracting more value from finance professionals by having them undertake value-added roles through business partnering, and to do this successfully they will require leadership skills.

Arguably, the most important skill a leader possesses is effective decision-making. How can management accountants improve their decision-making during their day-to-day business life?



The four elements of decision-making

- 1 A clear understanding of the goal – what are we striving to achieve in the future?
- 2 A sound grasp of what has happened so far – information about the past, including all varieties of management information.
- 3 Ideas on how the goal can be achieved, bearing in mind the information we have from the past.
- 4 A decision taken in the present, with a strong commitment to follow it through.

The least influential finance professional might predominantly provide information about the past (2). Furnishing other areas of the business with data may be their only involvement in the decision-making process.

A more influential finance professional has an appreciation of what is to be achieved in the future (1). They use this to select and present data from the past in such a way that it becomes useful information for the decision-makers.

The most influential finance professional has a stronger appreciation of the business's overall goals for the future (1), which allows them to provide not only useful information from the past (2), but also ideas and options on the most effective decision to take (3,4). They therefore play a full part in the decision-making process and are a partner to other areas of the business.

As shown in the progression above, the higher the quality of a finance professional's input into key discussions, the more influential they become and the more likely they are to be called upon to take part in those discussions at an early stage.

Each element of decision-making provides opportunities to improve the quality of a finance professional's input and consequently their level of influence. Let us consider each in turn.

1 Strategy – the guiding principle in decision-making

Decisions are taken in response to a desire to achieve a goal in the future. If we are to provide useful input into a decision-making process, it is imperative that

we understand our business or department’s strategy. The more detailed our knowledge of the future decision-makers are striving to create, the more we can shape our input to help achieve those ends.

And the earlier a finance professional is involved in any strategy-creating process, the more effectively they will be able to help guide decision-makers away from unproductive lines of thought and towards more fruitful areas for exploration.

Action plan for developing leadership

1 Learn the strategy

● THIS WEEK: Decide who you will have meetings with to learn more about the strategy they are pursuing, diarise those meetings and prepare questions.

● THIS MONTH: Arrange an invitation to a strategy or planning meeting you do not normally attend and prepare questions – particularly on how you can provide further assistance to the group you are meeting.

● THIS MONTH: Visit at least one client site or other areas of the business you don’t normally see. If applicable, take a good salesperson or project manager with you to guide you and make introductions.

● THIS MONTH: Review your short-, medium- and long-term goals and how they fit with the goals of those around you. Where there are discrepancies arrange further meetings to discuss these and find ways of collaborating more fully.

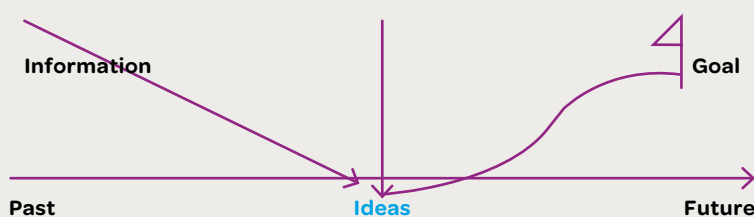
2 Present information from the past

Only when we clearly understand what we wish to achieve in the future should we turn to the past for information. If we start by focusing on the past, we will be selecting what we report based on a host of unquestioned assumptions about the future – assumptions that may not match those of the management group with which we are working.

Action plan for developing leadership

2 Decide what information to present

● THIS MONTH: Based on your insights into the strat-



‘A more influential finance professional has an appreciation of what is to be achieved in the future’

egy of the departments you work with, re-evaluate the quality of the information you are providing.

- How relevant is it to the strategy?
- How understandable to those who receive it?
- How useful in informing their decision-making?

● THIS MONTH: Make one improvement to how you are supplying information, whether that be in the quality, timing, or how it is presented.

3 Offer an idea

What marks out the most influential finance business partners is ideas. More than any other single factor, the quality of our ideas will convince decision-makers we have something to offer that will significantly enhance what they are already doing.

And when others approach us with proposals it will be the ideas we offer to refine their thinking and help them achieve their goals that will mark us out from those who simply report information.

Action plan for developing leadership

3 Offer ideas

● IN THE NEXT SIX WEEKS: Make a presentation suggesting a new idea that will help a department or the business as a whole to achieve its objectives.

4 The decision leads to action

A decision is useless if it is not followed by action. If finance professionals are to provide strong leadership to others in decision-making roles we must be decisive when it comes to our own activities and development.

Action plan for developing leadership

4 Take action

NOW: Decide right now to develop your leadership capabilities.

- Review the action points detailed in this article and tailor them to your situation.
- Set out what you will do concretely and diarise as necessary.
- Decide how you will measure your success in each area.
- Follow through on your commitments.

A plan to develop leadership capabilities is different from an aspiration to do so. One will yield results, the other will not.

With offices in London and New York, Mitchell Phoenix has pioneered training designed wholly to create measurable results in the workplace. To find out more, visit www.mitchellphoenix.com

Further reading To read more on this topic, download CIMA’s report “Improving decision-making in organisations: the opportunity to reinvent finance business partners” www.cimaglobal.com/decisionmaking