

China CFO Insights

Talent: Building the team you need now

Whether you are a new or veteran CFO, having the right team in place is essential to your success. Deloitte's research and insights from its CFO Transition Lab™ sessions suggest that among the fundamental resources (that is, time, talent, and relationships) executives must manage during a transition, securing high-performing talent may be the most critical to achieving a CFO's priorities—and one fraught with minefields.

Still, when we asked CFOs in the 2014 Northern American CFO Survey for their top insights on building a strong finance function, they resoundingly said retaining top performers is worth the effort—and recruiting talent that is not only top-notch, but also fits the long-term needs and culture of the organization is vital. Moreover, they encourage hiring not simply for technical skills, but also for mind-set, breadth, and partnering ability.

It is obviously a tall order. But while there are no simple answers to decisions pertaining to people, knowing fleeting trade-offs and how to effectively gauge skills may help you better navigate these decisions. In this issue of CFO Insights, we'll discuss ways to review your current staff and strategies for shaping the team you need to achieve the priorities you've set.

Right people, right seats

Getting the “right people in the right seats” is a goal we often hear from seasoned executives during their transitions. Having the wrong people in certain positions can cost you valuable time—often your most precious resource—as you have to review and repair work. Those wrong people can also cost you credibility if you are viewed as carrying and not attending to nonperformers in a timely way.

Accomplishing this goal begins with gauging the capabilities of direct reports and other critical staff and deciding whether to improve individual capabilities or recruit new talent. A starting point is to peruse performance reviews, which are often not sufficiently informative, or to quiz a previous leader, if he or she remains with the organization. But, typically, you have to make your own observations.



Aside from gut impressions, the following seven questions can help provide you with a quick snapshot of your key staff members and their capabilities:

1. **How confident are you in each of your direct reports and the key staff below them?** You want to have confidence in your staff in three areas: competence, judgment in critical situations, and execution abilities. To gauge competence, it is useful to frame the Occam's razor question for each functional area. For example, CFOs may ask their tax directors what they would do differently if there were no taxes, and why. A good question can provide insight into competence. Good observations probably lend more insight into the behaviors and judgment of your staff in a business and social context. Thus, 360 evaluations of staff can provide insight into the observations of others regarding the competence and judgment of your staff.
2. **Who gives you and your team positive energy, and who sucks energy from you?** Those who drain your energy are probably energy vampires in the broader organization. You generally want to build a team around those who give positive energy overall.
3. **Who would you take with you if you left tomorrow?** Asking who you would take with you is a good way of identifying high potential team members and stars. They are likely to be your "keepers."
4. **Who is a good brand ambassador to other organizations for you?** In most functions, you need people who are technically competent and able to represent the brand you want to create. Good brand ambassadors can partner with clients and help enhance the reputation of your organization.

5. **Who is or is not a team player?** Typically, you want team players in your organization. You will have to decide your strategy with those who choose not to team.
6. **Who is a flight or retirement risk?** You need to identify flight and retirement risks and establish retention or succession plans to mitigate them.
7. **Who is technically competent but managerially incapable?** Another challenge is a direct report who is technically very good but a poor manager. This can manifest itself in poor delegation skills, bottlenecking of work, turnover on a team, or poor hiring choices.

What it takes to fix talent

Talent is usually a top-five agenda item for incoming executives. On average, it will generally take about a day per week in the first six months to review staff, recruit critical talent, and build a sustainable organization.

Identifying the risks that undermine the talent priority and the resources needed to successfully deliver on it can add a helpful dose of clarity to a transition. For illustrative purposes, the table below shows some of the common issues related to talent—and what it takes to solve them.

Confidence in priority	Risks	Resources	Talent	Time
Cost reduction				
FP&A				
Partnering				
Talent	HR will resist changing the compensation model to recruit key staff. Broken performance management will make it difficult to exit unproductive staff.	CEO, audit chair, and CHRO support your attempts to upgrade your organization's talent with changes to the hiring model and staff.	John Doe from HR will oversee recruiting and existing staff. Jane Doe from finance will build training and rotation programs to develop staff.	8 hours per week

Taking action on talent

While there are other important questions, these seven can help identify where you need to improve talent. Generally, you have three options: replace problematic team members, reassign staff, or remediate performance gaps through training or coaching.

Ideally, you will want to have high confidence in all your direct reports. For reports you are unsure about, you may want to assign them key tasks to test their competence or judgment to determine your confidence in them. For those reports you do not have confidence in, you will likely want to replace or reassign them.

One trap you do not want to fall into is the “rescue fantasy.” In our lab sessions, we find two common variations. The first is when you have a very congenial and well-liked individual who is not performing at the required level. Conversely, you may have a talented individual who is good at his or her specialty or execution of projects, but does so in a manner inconsistent with the culture, teaming, and other norms you wish to establish.



As rescue efforts do not always succeed and can be costly in terms of time and effort, you have to carefully determine the likelihood of success and the trade-offs of individual rescue efforts versus recruiting staff with the requisite skills and temperament to succeed in these roles. Rescue efforts with direct reports should generally maintain an established timeline that helps resolutions occur in the first year. You also have to consider the opportunity cost of your time in a failed rescue. However, using third-party resources such as external coaches, training programs, or internal and external networks to help individuals develop the skills they lack can give you leverage in these efforts.

Finally, replacing or reassigning staff or remediating performance will require partnership with human resources (HR) across multiple dimensions. Depending on existing performance management systems, replacing staff can take time to build the case for dismissal. Furthermore, existing compensation systems may need to be renegotiated to recruit critical talent. Reassigning staff to roles for which they are best suited and providing coaching and training programs to staff are also likely to require HR support. Thus, it is important to get HR on board as quickly as possible to assist with your talent agenda.

Act quickly, with no regrets

When we ask executives about their single biggest regret after their first year of transition, we often hear they did not move quickly enough on talent performance issues. Getting the right people in the right seats as quickly as possible is likely to free up your time to attend to the truly important issues.

Contacts

William Chou

National Managing Partner
China CFO Program
Deloitte China
Tel: +86 10 8520 7102
Email: wilchou@deloitte.com.cn

Emily Leung

National Program Manager
China CFO Program
Deloitte China
Tel: +852 28521686
Email: emleung@deloitte.com.hk

About Deloitte China's CFO Program

China CFO Program brings together a multidisciplinary team of Deloitte leaders and experience professionals to help CFOs stay ahead in the face of growing challenges and demands. The Program harnesses our organization's board capabilities to deliver forward thinking and fresh insights for every stage of a CFO's career – helping CFOs manage the complexities of their roles, tackle their company's most compelling challenges, and adapt to strategic shifts in the market.

For more information about Deloitte China's CFO Program, visit our website at:
www.deloitte.com/cn/en/chinacfoprogram.html

About Deloitte Global

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL", its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global" does not provide services to clients. Please see www.deloitte.com/cn/en/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 200,000 professionals are committed to becoming the standard of excellence.

About Deloitte in Greater China

We are one of the leading professional services providers with 23 offices in Beijing, Hong Kong, Shanghai, Taipei, Chengdu, Chongqing, Dalian, Guangzhou, Hangzhou, Harbin, Hefei, Hsinchu, Jinan, Kaohsiung, Macau, Nanjing, Shenzhen, Suzhou, Taichung, Tainan, Tianjin, Wuhan and Xiamen in Greater China. We have nearly 13,500 people working on a collaborative basis to serve clients, subject to local applicable laws.

About Deloitte China

The Deloitte brand first came to China in 1917 when a Deloitte office was opened in Shanghai. Now the Deloitte China network of firms, backed by the global Deloitte network, deliver a full range of audit, tax, consulting and financial advisory services to local, multinational and growth enterprise clients in China. We have considerable experience in China and have been a significant contributor to the development of China's accounting standards, taxation system and local professional accountants.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network" is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.