



# Business Chemistry among Tax Executives



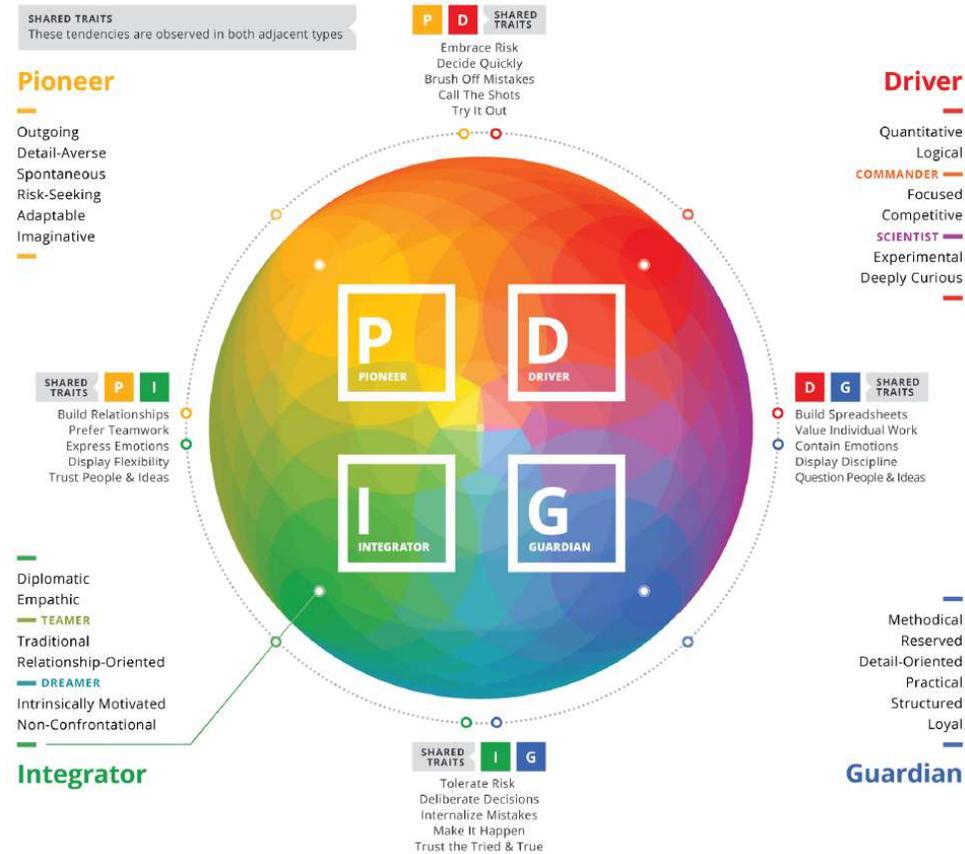
Understanding the working styles and preferences of leaders in an organization (including the C-suite, or “CxOs”) can help Tax Executives forge stronger working relationships, tap into team strengths, effectively lead, communicate, and unlock value for their organizations to thrive.

Leading in business today often means moving at a brisk pace, understanding organizational risk tolerance, and making decisions more efficiently. It can also require a certain level of adaptability and agility to navigate in uncertain times. Which behavioral types thrive in this type of environment, and how can leaders work with other types among leadership to drive success for their organizations?

Business Chemistry©, a working style framework created by Deloitte, can help professionals of all types increase the effectiveness of their interactions thereby promoting their level of influence in an organization. Business Chemistry defines four primary working styles or types – Drivers, Guardians, Integrators, and Pioneers – which can be identified by a set of observable traits and behaviors. Each type offers a valuable perspective and unique approach to tackling idea-generation, decision-making, problem-solving, and the other important work of leaders and teams. Beyond developing a greater

understanding of ourselves, the true intent of Business Chemistry is to help us identify, adapt to, and leverage the working styles of others in order to strengthen working relationships, team more effectively, and, ultimately, achieve greater success, however defined.

Figure 1 ©2018 Deloitte Development LLC

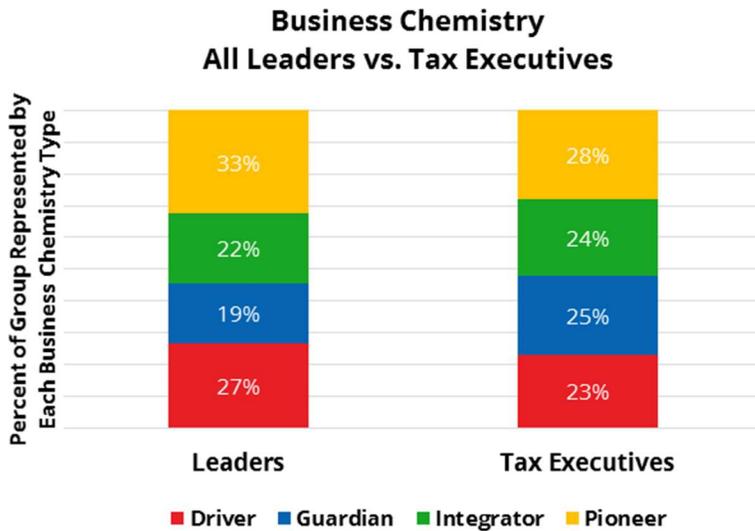


### Business Chemistry and leadership

While all four types are present among leadership (including the C-suite, Directors, SVPs, and EVPs), Pioneers are most common, representing 33 percent of leaders surveyed by Deloitte<sup>1</sup>. Drivers are the second-largest group represented among leaders (27 percent), followed by Integrators (22 percent), and Guardians (19 percent), according to the survey. In contrast, the U.S. business population<sup>2</sup> overall has approximately 25 percent of each type.

Tax Executives<sup>3</sup> tend to get stereotyped as Guardians – perhaps due to the detail and accuracy required for reporting and compliance – but are actually quite equally distributed across all four types, with our sample suggesting they might even be slightly more likely to be Pioneers. We surveyed over 140 Tax Executives who participated in Deloitte’s Tax Executive Transition Lab<sup>TM4</sup> (“Lab”) – 28 percent of this sample was Pioneers, followed by Guardians (25 percent), Integrators (24 percent), and Drivers (23 percent).

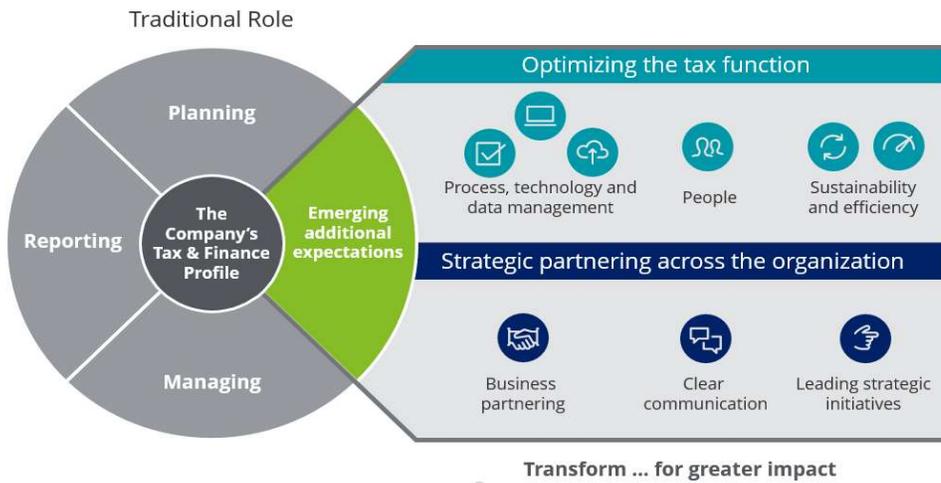
Figure 2 ©2018 Deloitte Development LLC



#### Emerging expectations of the tax executive

Within the Lab, we have conducted over 1,300 stakeholder interviews, including more than 225 CFOs, and we continue to hear consistent themes and hopes for Tax’s role within the organization and with the business. The role of the tax function has expanded beyond the traditional role. In addition to planning, reporting, and managing around the company’s Tax & Finance profile, Tax Executives are now often expected to optimize the tax function for greater organizational impact and be a strategic partner across the organization. CFOs are typically focused on the sustainability of the tax function including succession planning, people development, and process efficiency, as well as clear communication, business partnering, and leading strategic, organization-wide initiatives.

Figure 3 ©2018 Deloitte Development LLC



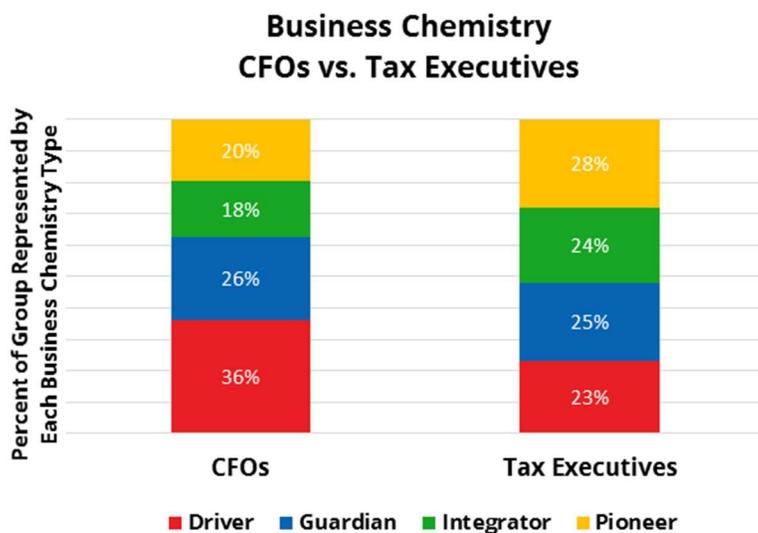
The rigor necessary to execute on the demands of the traditional role of the Tax Executive tends to align with the Guardian & Driver styles (detail-oriented,

disciplined, questioning around people & ideas); however, delivering on the emerging expectations of the role may be more aligned with the natural tendencies of the Pioneer & Integrator types (imaginative, relationship-oriented, trusting around people & ideas). Being a strategic partner across the organization and with the business may require someone to be outgoing, adaptable, and imaginative. Leading out from Tax, considering the “Art of the Possible”, and articulating risk and reward with key stakeholders are all common expectations that we hear from stakeholders, as CFOs and other leaders are often looking for the tax function to drive greater value and impact to the organization. Regardless of one’s Business Chemistry type, a Tax Executive may need to flex across all types to optimally execute all facets of the role.

### The CFO relationship: Exercising agility

The CFO is typically a critical stakeholder and key relationship for the Tax Executive within the organization, and often to whom the Tax Executive directly reports. Per our survey<sup>5</sup>, the CFO role has more Drivers (36 percent) and Guardians (26 percent) than it does Pioneers (20 percent) and Integrators (18 percent). This varies a bit from the role of the Tax Executive which means that Tax Executives may need to exercise a level of agility when working with their bosses. While the CFO may expect the Tax Executive to think out of the box to drive value and impact to the organization, Tax Executives should be mindful of the CFO’s preferred communication style, and adapt the delivery accordingly.

Figure 4 ©2018 Deloitte Development LLC



While we’re all doing many of the same tasks on a day to day basis, the data shows that we’re not at all the same – all four types are represented in the CFO role and in Tax Executive roles. That means there’s a good chance that a Tax Executive will be working with stakeholders who have a different style. Understanding how to adapt with key stakeholders can help Tax Executives more effectively communicate and exert increasing influence within their organizations. See Figure 5 for tips on how to do this.

Figure 5 ©2018 Deloitte Development LLC

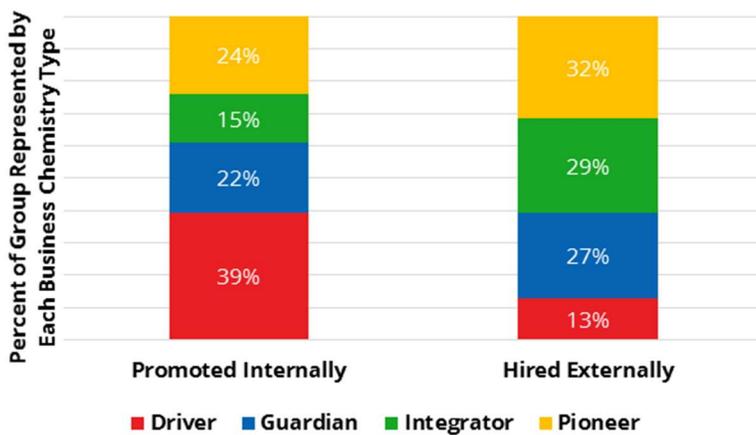
<b>Driver</b>		<b>Guardian</b>	
<b>Drivers love a challenge. They value competence and particularly enjoy a sharp mind or sharp wit. Drivers want others to be smart, be quick, be gone.</b>		<b>Guardians value stability and strive for accuracy and certainty. They focus on details and are known for bringing order to chaos. They expect others to be prepared.</b>	
HOW TO ENGAGE THEM	HOW TO LOSE THEM	HOW TO ENGAGE THEM	HOW TO LOSE THEM
— Be confident — Start with the end-goal and build up your case — Keep it straightforward and simple — Debate with them, a challenge doesn't always mean they disagree	— Overemphasize small talk — Provide too many options or caveats; they want a clear recommendation without a lot of noise — Include flowery language or cutesy graphics — Use circuitous logic	— Present concrete facts and proven principles — Address risks and minimize uncertainties — Appreciate their need for details and be prepared to field many questions — Be orderly, calm, structured	— Present big ideas without a practical execution plan — Jump around or skim the surface — Come unprepared to discuss assumptions or supporting data — Disregard rules or norms
<b>Integrator</b>		<b>Pioneer</b>	
<b>Integrators are all about connection. They value meaning, enjoy exploring different interpretations or perspectives, and believe everything involves a bit of give and take.</b>		<b>Pioneers love exploring new possibilities. They particularly enjoy working with others and generating novel ideas. Pioneers believe everyone should dream big.</b>	
HOW TO ENGAGE THEM	HOW TO LOSE THEM	HOW TO ENGAGE THEM	HOW TO LOSE THEM
— Listen actively, make eye contact, be friendly — Connect individual actions with big picture objectives — Use storytelling — Offer support; share your own experiences to bond with them	— Be confrontational or aggressive — Brag about accolades or accomplishments — Ignore the larger organizational context or implications for others — Be aloof or curt	— Be lively and open to exploring ideas — Hear them out; they often think out loud — Brainstorm using visuals — Emphasize fun, freedom, and adventure	— Impose rules, limits or processes — Discuss the nitty-gritty details — Evoke the status quo — Shoot down their ideas

**New Tax Executives: Internally promoted or hired from the outside?**

Approximately two-thirds of new Tax Executives (as surveyed through Deloitte’s Tax Executive Transition Lab™) were hired externally, with the other third being promoted from within the organization. We found that the Business Chemistry mix between these two groups was different. Tax Executives hired from the outside exhibited a higher proportion of Pioneers (32 percent) and internally promoted Tax Executives are more aligned to the Driver type (39 percent).

Figure 6 ©2018 Deloitte Development LLC

### Business Chemistry Among Tax Executives Promoted Internally vs. Hired Externally



While there's no concrete data to explain these differences, this may support the emerging expectations of the Tax Executive: when CFOs look outside for Tax leadership, are they looking more for someone that can demonstrate the ability to proactively and strategically partner across the organization? Have leaders who are promoted from within the organization gotten there because of their proven ability to execute on the planning, reporting, and managing – the traditional role, which is now table stakes?

Regardless of possible reasons, it's important to recognize that both internally promoted and externally hired Tax Executives are expected to lead out from Tax and develop deeper relationships across the entire organization, which is likely untested at the transition point for either candidate. If the Tax Executive is promoted from within the organization, this means they may need to look at things differently in their new position – it's no longer about what the Tax Executive specifically does, but what gets done under his or her leadership. New Tax Executives should be mindful of their personal style and preferences in business and adapt to enhance the impact they make.

#### Future Tax Leaders: What does this mean for ascending to Leadership?

Regardless of your own Business Chemistry, you're likely to work among peers and other leaders of both the same type and different types. The differences among members of your team might cause conflict if they're misunderstood, but they also bring strengths when they're joined together appropriately. A key factor in elevating your leadership can be understanding your personal style and preference, and identifying specific ways to adapt your style with stakeholders in order to increase your influence and impact within the organization.

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## Endnotes

<sup>1</sup>Deloitte LLP surveyed 1,022 leaders who self-identified as holding a Director role or higher.

<sup>2</sup>Deloitte LLP surveyed 2,958 business professionals, spanning organizational levels from junior associate to the C-suite.

<sup>3</sup>In the context of this report, Tax Executives are not included among the CxO population, unless they self-identified with the title of "Chief Tax Officer"; Tax Executives would be included among the broader "Leader" population, which includes Directors, SVPs, and EVPs in addition to the C-suite.

<sup>4</sup>Our sample is made up of Tax Executives who participated in Deloitte's Tax Executive Transition Lab™. Business Chemistry is leveraged in the context of the Lab as a valuable framework for discussing how to customize communications, enhance stakeholder relationships, and build effective teams. Participants took the Business Chemistry assessment online between October 2012 and December 2017. For more information on Deloitte's Tax Executive Transition Lab™, please visit <https://www2.deloitte.com/us/en/pages/tax/articles/tax-executive-transition-lab.html>

<sup>5</sup>Deloitte LLP surveyed 853 U.S.-based executives who self-identified as holding a C-suite role in an organization of more than 100 employees.

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