

Federal CFO Insights

Understanding talent management

Sequestration. Hiring freeze. Increased regulatory requirements. Shifting nature of work. Aging workforce. Federal chief financial officers (CFOs) operate in a fast-paced, demanding fiscal environment. The scope of a federal CFO's responsibilities is constantly evolving and expanding. CFOs understand their ability to meet their agencies' demands for value-added financial analysis and strategic planning advice is highly dependent on the quality of their people. This calls for a team of highly skilled leaders as well as deep bench strength for succession planning. Identifying and keeping talent is far from easy; and yet this is only the first piece of the large foundational challenge federal CFOs face each day — getting work done.

CFOs want to move beyond audit compliance and transactional roles and turn additional attention to the long term through the development and execution of strategy. In

turn, this approach shifts the CFO's purview from steward to catalyst. It is hard to move forward when you do not have the team you need to make such advances. When CFOs objectively assess their teams, they often do not see the talent necessary to complete daily tasks, thus unable to facilitate prudent decision making or free them up to spend more time on broader business priorities. So when talent is at a shortage and critical talent can be identified, it is even more imperative that CFOs work to understand their talent challenges and isolate and retain key players while neutralizing the numerous triggers that can lead to a separation.

Understanding talent challenges

Historically, there was perceived job security for working for the federal government. Today, however, employees who feel underutilized or who do not see a long-term path toward fulfilling their career aspirations are increasingly seeking private sector opportunities. Research among federal talent managers identified several common departure triggers. Suggestions for muting these triggers for top performers are explored further, below.

Perception of employee position.

The federal government has been historically challenged in branding the value delivery of jobs in the CFO organization. The opportunity to grow and advance is nowhere more important than in the finance organization. The hallmarks of a high quality finance-talent organization are developed competency models, articulated views of career advancement, and positive talent experiences. Many within the talent organization do not realize that their roles can be so much more than the transactional duties for which they are tasked. CFOs must begin to more effectively identify and leverage the strengths of their employees and avoid handcuffing them to certain roles because of a previously defined skillset. Instead, federal CFOs should continue to leverage developmental assignments, such as temporary change in station that entail moves inside and outside of finance, rotation programs in key business units, as well as board and enterprise projects with industry and academia.



Skill imbalances.

With the increased focus on implementing integrated financial management systems, the history of mechanical execution of tasks is waning while requirements for knowledge-based analytical expertise are increasing. Effectively, technology is redefining the nature of the workplace and the finance talent needs to transform to accommodate this change. CFO organizations must remain agile during this transformation and pure accountants should be able to evolve into program managers that have technical background to facilitate prudent management decision making. Training opportunities are important to help finance personnel enhance their ability to solve increasingly complex financial challenges requiring strong analytical skills. Further, incorporating stretch assignments can help employees stay engaged regarding their professional development.

Lack of compensation increase.

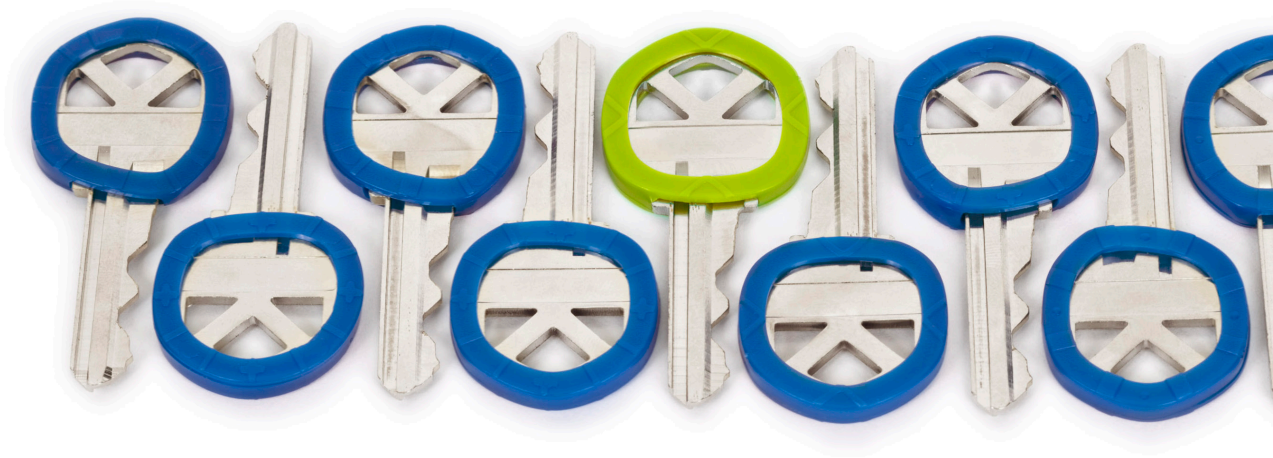
In this era of cost cutting and wage stagnation, it is not surprising that inadequate compensation is often a reason that deters an influx of top talent, when possible, or triggers departure of the same. In finance though, with so much compensation data publicly available or shared over social media sites, the issue is not often the pay itself, but the perception of the fairness of pay. There are some employees who may leave for the money due to furloughs and pay freezes, but most high performers are looking for balance. It is simply up to the federal CFO to find out what top performers actually value — whether it is off-cycle bonuses, virtual work arrangements, etc., — and tailor those factors to encourage motivation and loyalty. At the same time, when corporate uncertainty mandates certain skills, CFOs still should consider “ringfencing” their top performers with creative incentives that can prevent exits at inopportune times.

Identifying critical talent

With finance talent at a premium, it might be easy for CFOs to view everyone on their team as essential. After all, it takes time and money to identify and develop critical skills — a real deterrent to changing talent even when the situation warrants it. In addition, it is often easy to get caught up in the “rescue fantasy” associated with trying to mold certain subpar performers into the talent that is necessary.

Identifying your critical players is the first step in developing a high quality finance team, and the process entails more than just measuring transactional productivity. Instead, it requires a careful evaluation of who has the skills necessary to execute on your current set of priorities, can be trusted to effectively execute those priorities, and can raise the bar on performance and reshape expectations to foster innovation and assist in leadership decision making. As one private sector CFO advised, their yardstick was to imagine exiling employees out to the parking lot and then inviting back only those he could not do without. A similar premise applies to the federal CFO workforce and can be analyzed using a series of questions.

1. What knowledge, skills, abilities, and experiences are needed now, going forward, and what are the assessment techniques that would fit your organization?
2. Given the priorities of the finance organization as an enabling area in the federal agency, over the next 12–24 months, who, within the organization, are critical and can be counted on to execute those priorities with little/no adverse impact to productivity?
3. If someone considered critical resigned tomorrow, is there sufficient bench strength to backfill the position?
4. Do the talent considered critical contribute in any negative way to the organization (i.e., pull energy out of the team or you personally)?
5. When evaluating talent, is consideration given to value as individuals or as part of a larger team?



Retaining top talent

Simple awareness of the challenges described above does not guarantee recruitment and retention, particularly when there are other issues that encumber getting work performed efficiently and effectively. It's helpful to incorporate creative incentives that leverage critical players into a finance talent strategy.

The recently launched CFO Academy was established in direct response to the widening skills gap in federal CFO organizations, with the endorsement of the Federal CFO Council. In addition to drawing students across the federal financial community, the academy sponsors a certificate program designed to enhance management and leadership of the next generation of CFOs and government financial managers. The certificate will soon allow graduates to apply 12 to 15 credits to selected master's and doctoral degree programs offered by accredited partner universities. This program is instrumental in not only helping to identify future finance leaders, but in potentially reinvigorating the finance career track in federal CFO shops.

Leveraging existing programs not necessarily designed for the finance organization is another approach to delivering a well-rounded experience in the finance organization. Federal agencies have had leadership/developmental rotational programs in place for at least the last decade. These rotation programs allow individuals to move between organizations and broaden their experiences that contribute to the development of critical analysis skills needed as a future finance leader. One long-standing client in particular, recently, took this a step further by forming alliances with industry and academia to stimulate innovation and keep personnel fresh within his CFO organization. Sometimes

retention of the right talent is tied to other, more basic factors. Another CFO recognized a critical member of the team was working long hours on a deal in addition to a long commute. He proactively encouraged more flexible work arrangements from home so the employee felt valued, reduced travel times, and avoided burnout.

In each case, the CFO was thinking strategically, as well as tactically, about how to recruit and retain top performers and keep them performing to create value. Such creative thinking is a competitive weapon at a time when recession as a retention strategy no longer holds merit. And by developing finance talent programs that keep top talent committed and challenged in their jobs, excited about their prospects, and confident in their leadership, you may not only set your organization apart as a highly sought after employer, but also thwart the triggers that lead to separation within their span of influence.

Summary

Understanding employee expectations, identifying critical talent, and reducing attrition are one aspect of the Federal CFO Talent Challenge. CFOs still have to execute their mission. With the current fiscal constraints, the current talent pool will likely be representative of the workforce of the future unless careful attention is given to changing the environment. Federal CFOs must discover creative ways of maximizing critical talent within the current processes and systems environment. Addressed in the next installment of the Federal CFO Talent Challenge, we look at the cultural shift within the CFO organization, required to improve processes and leverage technology that can propel the organization past the notion of just a federal bookkeeper.

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