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Change of mind: What CFOs can learn from sport psychology

On May 6, 1954, in Oxford, England, Roger Bannister did what some thought could never be done. He broke the four-minute barrier for the mile run, turning in a time of 3:59.4.[1] Until then, the fastest time for the mile was 4:01.6. That was set roughly nine years earlier.[2]

Attaining this kind of peak performance can be elusive. Getting faster, or stronger, or more agile can be attributed, in part, to a number of components—training and conditioning, among others. While athletes must have the physical tools to compete, mental tools can separate great players from average ones. Elite athletes tend to possess a mindset and coping mechanisms that can give them an edge over the competition. Yet, having a good day at the office is still not easy. The expectations are high. Game after game, meet after meet, match after match, management—not to mention tens of thousands of spectators—expect athletes and coaches to rise to the big occasion and stay calm in the most intimidating circumstances. Play well, and you're a hero; play poorly, and you're branded in less flattering terms.

Athletes are not the only high-profile employees who face the pressure to outperform. Corporate boards expect C-suite leaders to outdo the competition regularly. In an environment where the S&P 500 doubles every seven years, on average,[3] finance leaders face the challenge of ensuring that company value keeps growing.

Finance departments serve as the backbone of a company's operations, and mistakes can be costly—and highly visible. If a company misses Wall Street's earnings-per-share expectations, its stock price may take a hit. New regulatory requirements, as well as the monthly close, add more pressure.[4] Increasingly, CFOs are being asked to participate in strategic decisions that could determine the long-term direction of a business. Missteps could cast doubt on a CFO's long-term durability.

In this edition of *CFO Insights*, we examine what CFOs can pick up from sport psychology to enhance their own performances. What can they do to perform well under pressure? How can CFOs "get in the zone"—achieving a heightened state of focus that blocks out distractions? And can acknowledging the possibility of failure actually help CFOs succeed?

Press pause

World-class athletes tend to rely on several skills that enable them to compete at the highest levels, keeping their composure even as pressures mount. CFOs might find the following techniques useful:

- **Tune into what's in front of you.** Sports stars generally focus on staying in the moment. Top tennis players, for example, tend to give their full attention to the point they're playing. Focusing on anything else—how close they are to winning the match, for example—can ratchet up pressure. Even when athletes and coaches contemplate an upcoming string of games or matches, they often think of more discrete segments, taking it "one game at a time," as coaches invariably intone.

  That core idea—not getting ahead of yourself—is one that CFOs may want to consider adopting. In some ways, the concept may seem counterintuitive. Finance chiefs spend much of their time living in the future—preparing forecasts, modeling scenarios, and the like. Deadlines pump up the pressure on meeting those asks. But assuming that appropriate timelines and targets are baked in, CFOs might want to take a page from the athletes' playbook: Stay in the moment and be present. In other words, focus on the process that will produce results, rather than on the prize itself.

  Sound a lot like mindfulness? That's what it is. The concept has risen to become a corporate mantra in recent years. While critics have questioned the benefits,[5] more than half of American employers offer mindfulness training to their workers.[6] The reason? Research indicates that mindfulness—a concept rooted in traditional Asian philosophies—can boost attention and may lower stress and anxiety.[7] And multitasking, for the most part, does not work. Studies show that only 2.5% of people can multitask.[8] In addition, multitasking can reduce productivity by 40%.

- **Find opportunities to slow the motion.** Athletes and coaches, for their part, must deal with the blur of motion, the constant chaos on the playing field. One of their solutions? Take a pause. Time-outs are the most obvious examples, but others exist. In soccer, teams often get into run-and-gun matches that don't suit their more possession-oriented style of play. In such cases, coaches typically instruct players to retain the ball by making short, safe passes, effectively pausing the action. Professional ice hockey has its version of the pause. After each shift on the ice, players return to the bench and sit. While brief, the break can help the athletes recharge physically and regroup mentally. CFOs may want to consider a similar approach, including spreading out meetings.

- **Give yourself time-outs.** Typically, finance chiefs are booked solid throughout the day. This can be particularly true during high season when finance is knee-deep in the year-end close. But going all day without taking a break can deplete a CFO's energy, leading to a sizeable buildup of stress.

Such breathers can contribute to well-being, which may be in short supply. In a Deloitte survey of 2,100 employees and executives, 56% of executives said they had left a job because it was negatively affecting their well-being. Nearly 70% of executives said they are seriously considering quitting for a job that better supports their well-being (see Figure 1).[9]

Taking a step back can serve another purpose. Chief financial officers run up against unforeseen events on a nearly regular basis. And as coaches and athletes know, a game plan for defeating an opponent can go out the window once the bell rings.

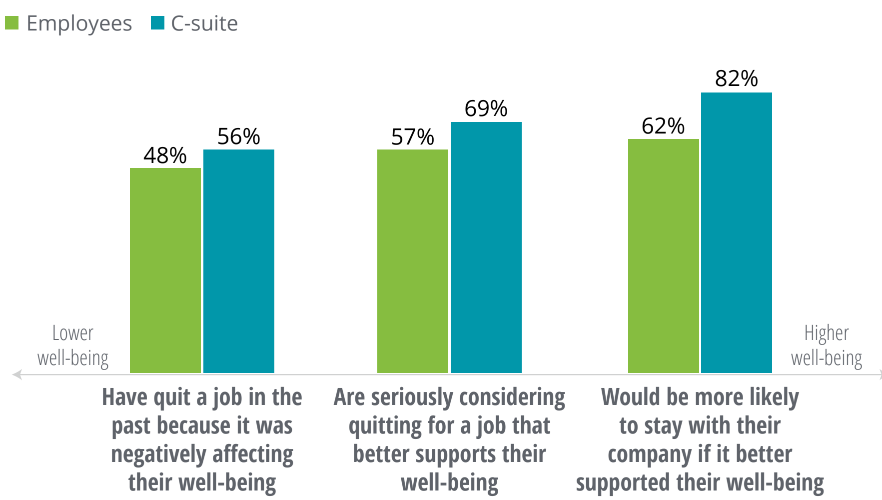
Coaches tend to have an uncomplicated way of dealing with unexpected crises or a strategy that isn't working. At halftime (or other intervals for different sports), they step back, rethink their assumptions, and redraw the game plan.

Reframe job

Viewing situations from a different vantage point can also benefit CFOs. While analyzing scenarios is familiar territory for finance chiefs and their teams, contemplating a full reboot to solve a problem can be intimidating. Still, the approach—often referred to as reframing—can yield valuable insights. Consider asking the following six questions while reframing:

1. **What are different ways of looking at the situation? How might others see the problem?**
2. **Have we zoomed out sufficiently to see the full extent of the problem?**

Figure 1. Employees and executives value a job that supports their well-being



Source: "The C-suite's role in well-being," *Deloitte Insights*, June 22, 2022.

3. **Is there an approach to the situation that we've glossed over or binned before?**
4. **Are we locked into a familiar way of thinking that may create blinders?**
5. **Could an untapped resource help us solve the problem?**
6. **Do we need to scrap what we're doing entirely, or could a hybrid approach work better?**

Answering even one of these questions can help a CFO take an entirely different tack to solving a formerly intractable problem. For example, if the cost of capital will undercut the return on an investment expenditure, is there a way to wring money out of working capital to make the project viable?

The value of reconsidering perspectives extends beyond easily measured financial gains. This is particularly true when dealing with the prospect of failure. Some athletes have a tremendous fear of losing. Unsurprisingly, when players are asked to assess their team's chances in an upcoming game, the response is often along the lines of "Losing is not an option." But losing is an option, one that happens frequently in professional sports. In baseball, for example, top teams usually lose one out of every three games they play.

Accepting that reality—that failure happens—can actually help athletes perform better. Consider Ultimate Fighting Championship legend Randy Couture, who has said in interviews that he believes the fear of failing is the biggest hurdle to success in and out of the ring.[10] Athletes can become fixated on not losing rather than on winning. To overcome that trap during training, Couture would acknowledge that he could lose a fight. This acceptance led to a perspective that allowed him to dive fully into preparing to compete rather than wasting valuable time and energy worrying about the match's outcome. In short, it allowed him to focus on execution, not expectations.

What can CFOs learn from this? If the possibility of failing is not acknowledged internally, fear may affect the work. For example, earnings estimates are crucial for CFOs, but companies occasionally miss on earnings guidance. Worrying excessively about that prospect might hamstring the process—or at the least, trigger stress. The idea is to focus on the job at hand and direct energy away from concentrating on something that isn't likely to happen.

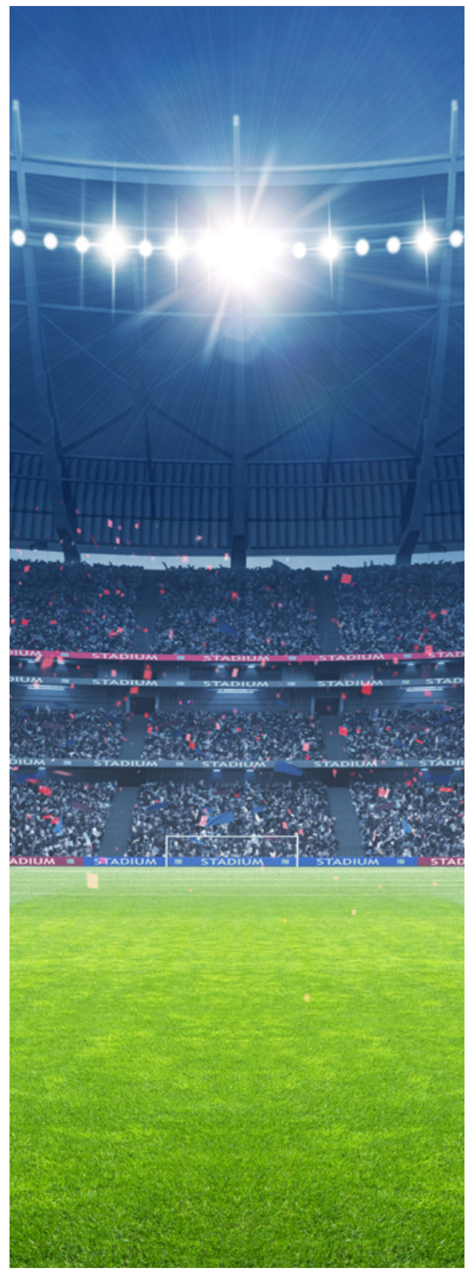
Such an approach is not a prescription for failure or permission to fail. But fixating on the slight chance that things won't go as planned can be a colossal waste of energy. Worse, it can contribute to stress and anxiety. That, in conjunction with other emotional challenges—think 14-hour workdays—can lead to burnout. So can a lack of time away from the office. In Deloitte's second annual well-being survey, which drew responses from executives and employees in four countries, nearly three-quarters (74%) of C-suite respondents reported struggling to take time off or disconnect from work.[11]

Athletes put in long hours, too. Some of them over-train, putting high performance at risk. But elite athletes know about the importance of rest and recovery. Moreover, the technology exists to monitor the physical and emotional stress of athletes.[12] This raises a question: Why can't the same approach apply to CFOs and other C-suite leaders? Companies are increasingly considering monitoring employees' stress levels (see "The incalculable potential—and potential pitfalls—of the quantified organization," *CFO Insights*, August 24, 2023). It would not be a stretch to extend the programs to executives.

In addition, elite athletes tend to have strong support systems. The support often starts with coaches. Recognizing players' contributions to the team can make them feel more connected to their teammates (see the accompanying story, "In praise of praise"). What's more, in this modern era, athletes are usually surrounded by a dynamic team of sports performance and medicine professionals. And some athletes have spoken candidly about their own struggles with anxiety and the psychological strain of competing at the highest level.[13] CFOs may assume that other executives are handling the stress of their jobs without any problems. That thinking can lead some finance chiefs to believe the problem is theirs to manage independently—a miscalculation that can blunt leadership abilities. Talking openly to colleagues about the pressures of the job could help CFOs better cope with stress.

Underestimating the toll stress takes on C-level executives can be dangerous. According to one study, CEOs who experience at least one industry downturn increases their mortality by 1.5 years.[14] In other words, the stress seems to be shortening their lives.

It's hard to reframe that one.



In praise of praise

Elite-level athletes receive no shortage of acclaim when they do their jobs well. Win the Super Bowl, for example, and the media can't stop talking about you. Fans wait long hours in the rain to get your signature. And companies queue up to get you to appear in their commercials. But other than financial rewards, there's one acknowledgment that football players may prize above all others: getting the game ball.

CFOs looking to build an engaged, trusting team should not ignore this simple display of appreciation. Granted, in the daily crush of high-priority work items for CFOs—regulatory deadlines, earnings calls, presentations—the value of praise may get lost. But recognition matters. Praise has a real impact on workers' performance. Consider this: One study found that employees are 2.7 times more likely to be highly engaged when they believe they will be recognized.[15] And highly engaged workers tend to be productive workers. In fact, companies that prioritize employee engagement see a 23% increase in profitability.[16]

A Deloitte Digital survey of more than 4,000 U.S.-based workers ranked well-being as one of the top factors affecting workforce experience.[17] Well-being encompassed their mental and physical health and the recognition they received. Among workers who report being regularly recognized for their contributions, 85% agree that their organization cares about their well-being. (For more about how workers perceive various aspects of well-being, see Figure 2.)

Figure 2. What Matters Most to Workers in Fostering Well-being

Mental Health	Recognition	Fun at Work	Freedom of Expression

How Organizations Are Performing Today

55%	agree their work has a positive effect on their physical health and on their mental health.
58%	are regularly recognized for their work contributions.
61%	have fun at work.
63%	feel free to express opinions and ideas at work.

Source: "Workforce Experience Research Study: 2022 Annual Report," Deloitte Digital, 2023.

When it comes to acknowledgment, one survey has revealed a gap between what employees want and what they're receiving. Half of employees surveyed said they would like more recognition for their work.[18] Only 35% of employees say they receive recognition weekly or even monthly.[19]

Who provides the recognition seems to matter, as well. In sports, acknowledgment often comes directly from a coach. In football, for one, coaches decide who gets the game ball—and then hand it out. Companywide employee recognition programs, while valuable, may lack that human touch. Indeed, praise may seem more sincere when it comes from the boss. Nearly 53% of employees want more recognition from their immediate manager—a finding CFOs may want to remember as they try to gain or maintain trust with their team.

End notes

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