
**THE ROLE OF THE CFO IN EXECUTING THE COMPANY'S STRATEGIC PLAN:
LEADING LIKE AN ENTREPRENEUR**

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The Role of the CFO in Executing the Company's Strategic Plan

A discussion focused on the challenges facing the CFO in today's business and economic climate moderated by Donna DeCarolis, Ph.D., member of Drexel University's LeBow College of Business.

Executive Summary

The CFO plays a key part in his or her organization's strategic management process. Members of top management must recognize that in order for their organizations to survive in a global competitive market and move forward, they must cultivate entrepreneurial thinking among their employees and invest in the implementation of new ideas. A few questions that the CFO should ask of the organization are:

- Where are we now?
- If we do nothing, where will we be in 3 to 5 years?
- Where do we want to be?

When an organization is ready to move forward, it should take into account: expansion of technological knowledge, growth of global competition, fragmented markets, shift of customer preferences and the increased number of technologies related to its product(s).

Before moving forward, you must define what type of organization your company is. What is your organization's dynamic capability? Does your organization consist of entrepreneurs who value creation and envision potential futures or stewards who conserve the same process that the organization has been using day in and day out? Answering these questions will help managers to set definitive objectives and avoid missed opportunities.

The difference between an entrepreneur's and a steward's approach to developing new ideas is based on his or her commitment to opportunity and resources. An entrepreneur reacts quickly to situations by developing a strategic process and using small amounts of resources. Wherein the steward's approach is more traditional and conservative, responding in a more deliberate fashion, and only fully commits to an opportunity when he or she gets the green-light from a superior.

Members of top management must define their organization's dynamic capability in order to facilitate processes that employees can use to adapt to change. This means generating a strategic vision and mission that can be revised as needed, and following a basic process model of implementation and evaluation. Organizational processes that can be put into place include collecting innovative technical and market information, monitoring customers' needs, researching competitive intelligence, and acting upon new opportunities. The flow of information throughout the company should be controlled by those capable of filtering the information correctly.

The key to utilizing an innovation value chain is in not making the mistake of following 'common advice;' organizations differ and applying broad approaches in the wrong circumstances can be detrimental to the company's business goals. The three phases of innovation include 1) idea generation – collaborating within and across units 2) idea conversion – selecting and screening to convert ideas into results 3) idea diffusion – disseminating ideas across the organization or market.

Once your organization has defined its dynamic capability, and implemented its innovation processes, it is time to cultivate entrepreneurial thinking among your organization's management team and identify those who will become the company's entrepreneurial leaders.

The goal of the entrepreneur is to create a margin of difference between what the market expects and what the organization can achieve. Entrepreneurs should be able to think 'outside of the box,' recognize new opportunities, and have a good understanding of the meaning of risk to the business. They must be able utilize the resources they have been given to improvise and innovate. How do entrepreneurs learn to identify and seize these opportunities? Typically, they combine innate skills with learned concepts to become exceptional leaders. They have a great ability to grasp information and are always seeking problems that are in the need of solutions.

Achieving buy-in ‘communication’ is one of the ways to start thinking and acting like an entrepreneurial leader. Within your organization, you must encourage and support entrepreneurial and innovative behavior in your employees. Most importantly, visibly reward leadership efforts including well-executed failures. Sometimes a concept fails, sometimes the procedure. Even if an initiative fails, the process of creating a goal and building a model to achieve the goal is valuable. Creativity is stimulated and employees are exposed to new ideas/industries, recognition and praise, and the freedom to fail.

Once your organization has recognized the entrepreneurs in its group, it is important to cultivate them into becoming entrepreneurial leaders. Develop a process that will help manage and nurture your entrepreneurial leaders. Let them know that new ideas are encouraged and rewarded, even the ideas that fail. Challenge your entrepreneurs to be creative and motivate them to stay active in the innovation process. Keep them engaged by monitoring and asking for justification of their ideas. Provide small amounts of resources to support the entrepreneurial efforts of your staff.

After your organization has developed its entrepreneurial leaders, it is time to invest in a new initiative to move the organization forward. Start by selecting one or two ideas that will advance the company’s business goals and objectives. Help your entrepreneurial leaders to develop a strategy to move the idea forward by providing resources and quickly resolving any risk concerns surrounding the project. The idea will then pass through the research and development phase, and finally become one of your company’s products or services to be advertised in the market place. It will be the public’s reaction to the new product or service that will help you and your entrepreneurial leaders determine if the idea was a complete success.

Round-table discussion

To stimulate discussion about entrepreneurial thinking, Donna DeCarolis asked participants several questions. Feedback from the participants’ discussions follows.

Within the past six month’s what is a new idea, product, service or innovation that you have thought of but did not pursue or implement?”

Add product management function

New channel for sales

Hedge fund

Acquisition of a competitor

Roommate matching service within a college (Personality, likes, background, interest)

Interchangeable names and numbers for sports jerseys

Tech serving mortgage

Outsource home inspection service

New product launch

New business direction

Implement new company incentives

How does your company recognize employees for coming up with new ideas and/or implementation of those ideas? Is that recognition increase in salary, promotion, award, etc?

Picture on wall

Name announced at meeting

Monetary or gift awards



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