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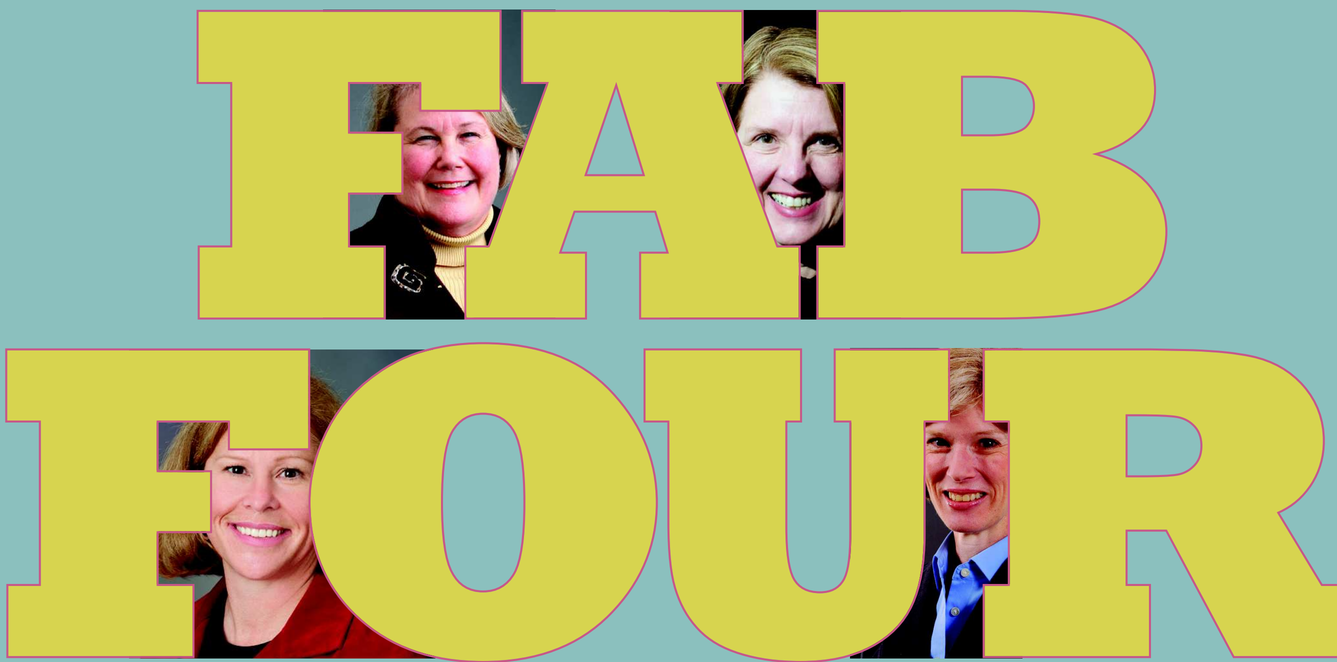

Female Finance Leaders

Talk About Clarity, Collaboration & Decision-making In Extraordinary Times

Emerging from the deepest recession in a generation — when many organizations have been fighting for their very survival — the recommendations of financial executives have taken on much more weight. Added to this, there has been significantly less time to reflect on some very difficult actions that have needed to be taken.

If nothing else, the past year-and-a-half has taught that not heeding sound financial advice — provided by the company's trusted finance executives — can lead to an organization's undoing.

So what lessons can be learned from how top financial executives arrive at their most difficult decisions? Where do they seek information? What details inside their companies demand their attention? Which facts are most important? What trends are they tracking in their industry? To whom do they listen?

And, if these executives are women, are gender differences and approaches to problem-solving evident? How do they identify key trends? Once convinced they've reached the right decision, how do they persuade others in the C-suite that the path must be accelerated, slightly altered or completely changed?

By Ellen M. Heffes and Patrick Sweeney

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COVER STORY

Cindy J. Gustafson, director of finance and controller, of The Seattle Times Co., says: "Maintaining your fundamental values is important, because they will be tested, and it's much easier to make decisions if you're not also questioning your values at the same time."

Eileen F. Burza, vice president and chief financial officer of Perdue Farms Inc., says: "Decisions are only difficult when I don't have all the facts or as much information as I need." Sometimes, she concedes, you can't get all the facts, and "you have to make a decision based on the information you have — at the time."

Carol B. Zoellner, corporate controller for Hallmark Cards Inc., says: "I'm a visual person, so I try to get experts in the room and I start drawing pictures of the problem. They coach me, by adding to the picture. In this way, everyone has a chance to give us all the pieces that we need to consider before we make the final call."

Andee G. Petersen, CFO of Kaiser Foundation Health Plan, Mid-Atlantic States Region, says: "Collaborating, ultimately, takes clarity — and an environment that encourages teamwork, rather than hero-worshipping."

While the four women profiled here have different approaches, it's clear that the best decision-making involves four key attributes — some of which are derived from professional training (such as the fact each of the women started her career in an accounting/auditing environment). Other attributes derive from their individual personalities:

1. **They are clear about their values** — a trait that becomes very important when values are tested, as they have been since October 2008.
2. **They find solutions by getting the facts.** It starts by gathering all relevant data, then sifting through to determine which information is most important.
3. **They share advice so that others are able to get it.** They don't expect other executives to learn their language. Instead, they try to connect with others where they are. Or they create new analogies that others outside of finance will understand.
4. **They enjoy collaborating with others — which doesn't mean they will compromise.** If need be, they will push against the crowd when the answer they have is the right one for the company.

Clarity About Fundamental Values

Cindy Gustafson joined *The Seattle Times* in the fourth quarter of 2008, a time she characterizes as "nothing more dramatic in my career." The 113-year old family publishing business — the largest independent, locally-owned metropolitan newspaper in the United States — was experiencing challenges as serious as any in its long history.

Since then, she has been a steady and reliable leader providing counsel, discipline, support and data that were and continue to be essential in the company's survival. In February, the company restructured its debt, which gave publisher Frank Blethen the breathing room to say, "*The Seattle Times* is here to stay. A year ago, rumors suggested that our days were numbered."

Negotiating the debt meant that the newspaper will be able to stay in business — though it will be quite different. In the past two years, costs have been cut by 34 percent, including employment being reduced to 1,245 employees, from 1,919.

With such a backdrop, one would wonder why Gustafson — a CPA and FEI member of the Washington State Chapter for 25 years — decided to take this job. She'd previously been an independent consultant and held key financial positions at a biomedical research institute and a *Fortune-500*-sized investment company. She says she accepted the challenge because she felt she could play a meaningful role in helping to save a venerable institution.

"It is one of the first newspapers in the U.S. to implement new software that is placing news content on smartphones and other electronic formats." So it was the paper's rich history, "a need for top-quality journalism to help preserve democracy," combined with the owners' drive to be innovative that engaged her interest.

Gustafson didn't know much about the business of *The Seattle Times*, but soon found that revenues had dropped precipitously — as a result of the effect of the deep recession on advertisers — and the company, like most companies at this juncture, was unable to borrow money. "Cash was tight, any cost-cutting measures would take months to take effect, and it sort of seemed like there was no way out," she says.

Cindy J. Gustafson :: Being in finance, we have a pretty good overview and a big picture, which others might not have.

So she began to focus on immediate cash generation, putting together for senior management a short list of actions that could have immediate results. "I thought it best to just focus on a couple of things and report back frequently on positive outcomes, and company management responded immediately and effectively," she says.

The plan had to keep in mind the short-term goal of getting cash up to allow for other more complex cost-cutting measures. One of the short-term measures was personally calling vendors and renegotiating terms without damaging relationships. She also put customers on credit cards in order to get paid 30 days faster.

One skill she personally needed to address was collaboration. "I am naturally independent, and so my innate tendency is to make my own analysis, which I can do quickly, and then come to a decision," she says. This time, however, she sought opinions from others with views different from her own and used those "to help shape better, sounder decisions," and to ensure buy-in regarding tough measures.

"Being in finance, we have a pretty good overview and a big picture, which others might not have," says Gustafson. On the other hand, hearing input from key leaders across the organization — particularly areas of the business she may be less familiar with — such as aspects of operations or production — was an essential step in order to assure decisions made would result in the company's critical cash management objective.

For Gustafson, maintaining fundamental values at all times is vital, "because as a financial professional, they will be tested. And it's much easier to make those decisions if you're not also questioning your values at the same time."

For her, those values are expressed in the qualities she holds most dear: Being independent, having integrity and being open about what she knows. So, whenever she brings a proposal or finding to the executive team, she shares it so that they clearly understand the risks and returns, how she arrived at her recommendation and all the implications that agreeing with her advice could have.

Knowing The Facts

Eileen Burza, the CFO of Perdue since 2001, began her career in finance in 1970 as an auditor with KMG Main Hurdman (now KPMG). She had originally planned on being a high school chemistry teacher (as many women "of her generation" planned careers in teaching), yet she eventually graduated college with a degree in math and computer science and a minor in accounting.

She worked with a medical-products company, Square D Corp., and then as CFO of Seimen's Building Controls Group, a high-tech company that designs, manufactures and installs complex HVAC and security systems and related products. It was quite a different world from her current role in agriculture and food which, she says "is a much lower-margin business."

Over the past two years, her industry hasn't been spared by the troubled

Eileen F. Burza ::
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economy. Burza, a CPA and member of FEI's Baltimore Chapter, says the cost of product for the $4.6 billion, Salisbury, Md.-based Perdue has gone up more than 25 percent because of grain, which has risen in the 30-40 percent range. Grain is the major input cost in the production of poultry.

In this environment, Perdue, along with the rest of the poultry industry, has had to "learn how to absorb those costs, because it cannot raise prices on its products," explains Burza.

The biggest lesson she's learned in her career is that "you have to distinguish between the things you can impact and change and the things you can't."

When first starting at Perdue, she says, one of the first things she did was to help the business segregate market influences. "That way, when we look at our P&L and we look at our bridge to our plan, or we look at our bridge to last year, we can segregate those things that are not in our control — either pricing in the poultry markets or pricing in the grain markets — and, instead, we are able to concentrate on only those things we can control," she says. If you worry about the things you can't control, "you can drive yourself crazy."

When it comes to decision-making, Burza says "there are decisions that you have to make that you don't like to make because neither choice is good, nor are the consequences what you want. "You're not happy that you have to decide to shut down a plant or you have to decide to lay off people. These are not difficult decisions to make, just ones you don't enjoy or feel comfortable making."

She characterizes a decision as "difficult" when she doesn't have all the facts or information she needs.

So where does she get her facts? Sometimes, she reflects, you can't get it all. For instance, her business is greatly exposed to grain markets. "You'd like to know whether the crop is going to be good or bad, but most times you can't know that. So you're always making a risk-based decision — what is the probability of A? What's the probability of B? Or

C?" Thus, she says, decisions have to be made on the basis of the information you have — at the time.

What's important, she adds, is learning not to second-guess yourself. "If you honestly believe that you had all the data you were able to obtain at the time you made the decision, and that you made it based on gathering as much information as you could, then whether you bought grain and the market went up or down, you can't go back and say, 'I should have done better or I wish I had done better.' You just have to keep moving on and say, 'How can I change it from here?' "

Another approach she uses is to always anticipate the worst outcome. "If you're developing a strategy and you consider the worst thing that could happen, you'll learn that it rarely does. But in preparing for it, you'll be a lot happier about the outcome than if you don't prepare for it," says Burza.

That thinking, she says, contributes to an image of her to some as a pessimist. "But I think it's part of self-preservation. If you can think about the worst thing that could happen, and you know what you're going to do in that situation, then you're ready for your back-door exit scenario," she explains. "As such, you can live with whatever else happens — because it's probably not going to be that bad."

Finally, she says, when considering a decision, it's a matter of keeping in mind how important it is to the organization. "The more important, the more people she will discuss it with," thus providing more information.

She encourages her staff to communicate up. "I remind them that just because people are executives, doesn't mean that they are necessarily smarter or better informed. We all need as much feedback as possible. So I try to encourage an open dialogue." As a result, she believes the executive team she's assembled "has prevented me from making mistakes. I've thought I was making a decision with all the information, and someone pointed out to me something I didn't know."

It's easy, Burza says, for executives in organizations to be insular. "So I feel that one of my major responsibilities is to constantly make people feel comfortable talking with me."

Sharing Advice So Others Get It

Carol Zoellner joined Hallmark in 1988, having begun her career in finance and then the demand-planning function for product development (now known as marketing). She moved back to a finance post and is now corporate controller. She was previously an auditor with Arthur Young (now Ernst & Young LLP).

The Kansas City-based Hallmark, known chiefly for its greeting cards but also gift wrap and more, including owning Crayola Crayons, is a $3 billion enterprise. The company just celebrated its 100th anniversary. As such, Zoellner says there's been much reminiscing about its rich history and the Hall family, whose third generation is running the family owned company.

Until the recent recession, Hallmark had never laid off employees. Unfortunately, she says, greeting cards are a discretionary item and as a retailer the company "has definitely felt the impact of the recession." Sales, which began falling in 2008, fell deeper last year, particularly as key dealers were "hit hard by the credit crunch." This year, she adds, "we're being cautiously optimistic." The company has been buoyed somewhat by stronger results in its United Kingdom operations and at Crayola.

Being privately held, the company's culture is such that finances are not spoken about openly. Now, she says, there's been more interest in both the numbers and in governance, giving the finance function increased significance. "If you are flying high and everything is going great, then the financials are not the focus of attention. But when things get a lot tighter — like they are now — everyone becomes keenly interested in what the numbers are saying," says Zoellner, who is an FEI member with the Kansas City Chapter.

Prior to the "culture shift" — remaining cognizant of the company culture — she notes, "we've had to be creative in how we make the case for change and create a sense of urgency." But last year changed that.

For the first time, the 14,000-employee company experienced about a 10-percent layoff across all divisions. Much of it was voluntary, says, Zoellner, as many retirement-ready employees took severance and left. "It was a very difficult thing to do," she says, noting that at other difficult times — a fire burning the building to the ground and the effects of the Great Depression, for example — Hallmark had survived without any layoffs.

What kinds of difficult decisions has she had to make during her career, and how does she go about it? For one, she had to integrate two units following a reorganization. That involved merging two groups that did basically the same things, but differently, and end up with one set of procedures. After "trying to take the best from both worlds, I simply had to declare. We didn't have the benefit or luxury of sitting around and debating it any longer," she says. "We had to start doing our jobs and stop talking about how we are going to do our jobs."

Zoellner describes her distinct and unusual way of communicating from a financial perspective. She will draw pictures. Literally.

As a visual person, she explains, "when we have a conundrum, I try to get the experts in the room and I start drawing pictures of the problem. They coach me, and they get up and add to the picture. Then somebody says, 'No. The line goes like this.' And, we end up with either a continuum or a diagram or something. But it is usually a clear picture. And something we all agree upon.

"It's very collaborative, and for me, it's also very visual," she says, adding

Carol B. Zoellner ::

It's a matter of getting the right people in the room — those who know the most about the subject — and making sure everyone has a chance to give us all the pieces that we need to consider before we make the final call.

"these are not pretty pictures. A lot of them have inputs and outputs — where philosophically we can go in this direction or that, maybe start high, move to a lower level, etc."

Basically, she notes, it's a matter of getting the right people in the room — those who know the most about the subject and "making sure everyone has a chance "to give us all the pieces that we need to consider before we make the final call."

She says colleagues will often tease her because she has papers with drawings and words underscored all over her office floor. In the visuals, she'll highlight similarities and differences and then step back and look at it — with others, again — until she has a direction. As a result, the people on her staff say the quality that most defines her is her ability to bring a new perspective.

Her direct approach — asking questions in a challenging way — may sometimes come across as too direct, she says, though she certainly intends no disrespect. When she feels strongly about a decision, she'll question people's premises. Sometimes she'll hear: "I'm glad you asked that question. And I'm also glad I wasn't the one you asked." These instances, she says, are normally related to marketing or strategy issues, not finance.

In the end, should her intensity inadvertently offend anyone, she'll send them a greeting card. A Hallmark card, of course.

Collaborating, NOT Compromising

Though she started college as a piano major, Andee Petersen switched to business and became a CPA and an auditor with KPMG. She decided to focus her aspirations in the health-care industry because, as she says, "there's something to be said for working in an area that makes people's lives better."

Petersen, who is an FEI member

with the District of Columbia Chapter, then spent a decade at a large health provider in California and moved to Kaiser Permanente, where for the past six years she's been CFO in the Mid-Atlantic States region. Kaiser is one the nation's best-known managed-care companies, and one that President Barack Obama recently cited as a model for health care, noting the care his grandmother received when she was a patient at a Kaiser facility.

Petersen says that being collaborative is fundamental to her nature and the way she works with others. It dovetails perfectly with "the matrix management environment and the partnership environment that you have to have in health care." Working with physicians, she explains, requires quite a lot of partnership and collaboration. Her approach, she says is one that "seems to work best in this environment."

So how does she collaborate on difficult decisions with tight deadlines and with others who have very strong opinions? Part of what she's learned in working with physicians, she says, is to start with the data and gathering of information and invite people to be part of the decision-making process early on.

"That produces better results, because you don't get all the way down the road and find out that someone else had a different insight into how to look at a complex problem and if we had known that earlier, we might have even defined the data that we need differently. So you get better answers. But I think you also get better buy-in that way," says Peterson.

At the root of that thinking, she adds, is that "you are focused on what is the best answer and not focused on who gets the credit or who has the power." To make all of this work means "being comfortable enough in yourself to step back and say, 'This is really about getting the best answer and getting there in a way that may be a little more complex and not always as easy or quick as making a decision on your own.' "

When trying to urge others with strong opinions to collaborate, one of the most important things Petersen

Andee G. Petersen::

A collaborative approach requires some disagreement along the way to make sure you're not having groupthink and thus missing some important points. Being collaborative, doesn't mean you just go along with the sense of the group.

has learned is how to frame the problem. "If we acknowledge up front that we need to be efficient and have the initial discussions about being very clear about the problem and the context and the ramifications, then we can be effective." She's observed that misperceptions can cause acting-out, based on not having all the information up front. So people might get blindsided.

What's important "is to make sure that everyone knows the decision that needs to be made, the ramifications, who will be involved in making the decision, the process that will be undertaken to arrive at an outcome and whether they have all the facts and understand the timeframe," she says. "Collaborating, ultimately, takes clarity — and an environment that encourages teamwork, rather than hero-worshipping."

Petersen has honed her collaborative approach over the years. It didn't always work for her. She describes an instance at a job prior to Kaiser. She had just taken on the CFO role and learned that her predecessor — who was well-respected and had been with the company a long time — had recommended a course of expansion that had already been completed. But when she conducted the financial due diligence, she found that "the expansion was never going to be profitable and was never going to be able to even cover its own incremental costs."

She was recommending that the company reverse the action and divest. So, as the new kid on the block, she had to go to corporate leadership and the board of directors and say, "While I know we're already down this path, it's already public … this is what the likely future is, and I believe we should reconsider this decision."

She says her career has been full of handling tough decisions, as have the careers of all finance executives, but that one was probably the toughest because of following in the footsteps of a highly respected predecessor.

"When you're new on the job, you've got to establish yourself and get everybody comfortable with you," she says. "It was a trial by fire." But she says, it produced a positive side result: "It made me trust myself a little more."

In recalling that period, she's concluded she had to challenge the organization's course of action and just keep focused on one question: What do we need to do? It can be especially difficult going against the tide and forcing tough decisions when you have to remind the senior executive team of the gravity of the situation. In this case, she says, it was: "If we don't do this, this ship could be going down."

Petersen says that was one of the times that "I really pushed the collaborative. I had to take a much stronger role in that situation of keeping the realistic financial projections in front of people. Part of how I cope with such situations is to hold myself accountable for looking at all of the options."

The point she drives home is that collaborating does not mean compromising. "A collaborative approach requires some disagreement along the way to make sure you're not having groupthink — and thus missing some important points." Being collaborative, she explains, doesn't mean you just go along with the sense of the group. "In this particular case, I had to bring them back from a decision they had already made. It took a firm financial analysis of the situation, sensitivity to the feelings of others and a genuine collaborative approach," says Petersen.

As a collaborator, she views her role as "the Definer." She interprets the data, analyzes the business environment, takes into account the broader situations and then articulates the situation in a way that promotes a better understanding of the real problem that is being grappled with — so that the team can then focus on the best possible solution.

The Four Lessons

As top financial executives, each of the four individuals highlighted above solves problems by identifying the facts that need to be ascertained, uncovering trends and conveying what is important to the rest of the executive team — in a way that is compelling, convincing and collaborative.

While each of the four profiled here trained as auditors, they also rely heavily upon their inherent personality qualities — including a need to get things right, a desire to bring others along who come from completely different perspectives and a confidence that enables them to push forward with what they know is the right direction.

They start from a place of being clear about their values. They find solutions by being fact-driven. They then rely upon their interpretive skills to share their advice so that other executives are able to glean what is important. And they accomplish their goals by collaborating — though they will challenge the status quo, when they feel it necessary and the right thing to do.

As organizations and the economy in general emerge from the global financial crisis, success will depend, more than ever, on finding the right balance between what is and what can be. That makes these lessons all the more important.

Ellen M. Heffes *(eheffes@financialexecutives.org) is editor-in-chief of* Financial Executive *and* Patrick Sweeney *(patricksweeney@caliper.com) is president of Caliper, an international management consulting firm, based in Princeton, N.J., which, for nearly a half-century, has helped Fortune 500 and fast-growing smaller companies hire and develop top performers.*

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