Career Skills

How to Be a Top Strategic Advisor

Follow the advice of Walter B. Meigs, American hero.

BY BRIAN HAMILTON

In college, our first accounting book was *Accounting: the Basis for Business Decisions*, written by Walter B. Meigs, a consummate educator who was devoted to his students, accounting, and the process of education. To my understanding, many universities continue to use this textbook in first-year accounting classes, and I'm sure those students become as familiar with its content as we did.

What really strikes me, though, is the book's subtitle: "The Basis for Business Decisions." Meigs implies something comes after accounting/bookkeeping: A decision must be made after the numbers have been put together. That's where we accounting and finance professionals can add great value.

ILLUSTRATION: ARTDISC

OUR TRUE ROLE

There are two primary reasons finance professionals serve the dual purpose of performing accounting and preparing financial statements:

1. It is essential. Or, in other words, businesses are required to submit accurate financial information as part of preparing taxes.

2. To enable us and our managers/clients to make better business decisions.

In my view, despite some recent notable shortfalls in the accounting industry, the majority of accountants and financiers perform well in the first area. On the whole, I believe there's a sincere effort by most finance professionals to present accurate data.

The problem comes in area No. 2 regarding business decisions. Unfortunately, here we fall significantly short. Though we are extremely effective at preparing statements, we assume our clients, bosses, employees, and stockholders can actually make sense of them. Large assumption—big mistake. I confess to wondering whether even we can make heads or tails of the information we are providing. I say this not as a critic but as a member of an industry of well-meaning people who are so focused on gathering information that they sometimes lose sight of the end goal. Bottom line: Our role as finance professionals isn't just to prepare accurate numbers but to put them in a form from which people can make better decisions.

Let me give you an illustration. In my last role, I was the CFO of a pharmaceutical research company. I remember sitting in a staff meeting one day with the various heads of our different departments. The CEO started the meeting by attempting to get a handle on the overall financial condition of the company. He turned to our controller and asked her to give a summary of the financial situation. As I recall, she started with an explanation of how "There was a debit to this account on this date, a credit to that account on this date, an adjusting entry on another date…" As she continued, you could literally see the CEO's eyes cross. He turned in frustration and said, "No, what I mean is, where are we—what is the overall health of the company? What do we need to work on? I need an overall financial report card."

WE NEED TO IMPROVE

Here are some of the problems I see in how we currently perform our work:

1. We have an inherent bias that more data is better data. Perhaps this has something to do with how we were taught. Much as we were graded in school on book reports by the number of pages written, there lies the inherent (alas incorrect) paradigm that more information = better information. As CFOs or controllers, we think if we can provide the CEO or the board with three inches of material, it somehow makes the data more valuable.

2. We think people can understand the financial data we give them. This is a tough one to explain, but it's quite important. How many of our bosses/employees/customers can glance at a bunch of numbers and really know what they mean and have the ability to make a better decision as a result? You should consider this carefully. I am convinced, after consulting with more than 500 companies and being a CFO, not many people can quickly surmise financial results. Numbers are not an end-point—they are

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a beginning. If your clients and managers can't understand the data you provide, why bother to provide it?

3. Inherently we seek refuge in a mass of data. In some ways, maybe we think we are creating job security by creating piles of data, or, rather, we can confuse people to a point where we will have some measure of job security. I don't think this is a major motive, but it may lie in our subconscious.

4. As finance professionals, we tend to think from the bottom up, not from the top down. We are inductive thinkers, not deductive thinkers. I confess this observation is based on my own qualitative judgment, though I think there is truth to it. How does this manifest itself? We tend to focus on the "little picture," not on the "big picture." We focus on how to calculate unbilled receivables, not on what unbilled receivables means and what effect the account has on cash and revenue over time. Basically, many of us are working 90% of the time on the functions of gathering data and presenting it, not on interpreting it and using it.

WHAT WE CAN DO

Our role as finance professional inside the company (as CFO, controller) or outside the company (as CPA or accountant) is to help our management team/client gather accurate data and make more informed decisions. Here are some practical ways to achieve this goal:

Never provide financial data to a manager without a written explanation of it. Never just provide data and hope people will understand that it means something. You need to spoon feed the crux of what you have gathered in a narrative or pictorial way. The best way to achieve this is by including one-page executive summaries with all financial data you present. One page is a good goal for length of content. Nothing in finance is so complicated that it can't be presented well in summary form.

When presenting to management, always focus your conversation on how the numbers affect the bottom line (profit) and/or cash flow. Avoid what we used to call at the bank "elevator analysis"—incessantly talking about how this or that number moved up or down since last period. Relate everything to the only things that really count in a business—increasing profit and cash in the company.

Know your company's strategic objectives. Know its mission. Know its value statement. This sounds obvious, but it often surprises me how many finance professionals think strategic objectives are divorced from financial objectives. Management of a company is a circle, where all functional points touch each other in some way. When discussing the company's financial condition, relate your conversation to these objectives. Numbers are not merely numbers—they tell a story of how the company is moving toward or away from its strategic objectives. If we change from a major supplier to cut cost of goods and increase gross margins, talk about how this may affect the quality of delivery to clients. Basically, if you want to be viewed as a real partner on the executive team (or as a real, trusted business advisor by a client), act like an executive or owner. You may even want to help develop the objectives of the company, but you can only do this if you see your role and function as intertwined with overall objectives.

Remember Walter Meigs! This prolific writer, researcher, and educator truly understood the relationship of accounting to business strategy. He was instrumental in shifting the emphasis of accounting education from bookkeeping techniques to decision making. Your first job is to gather data and then present it accurately. But your second and more important job is to present the data clearly and succinctly and help your management team/client make better decisions. ■

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Figure out how you will compensate advisory board members: because advisors (but not mentors) interpret and approach their involvement with your company from a professional/financial (rather than personal) standpoint, you must decide how you will compensate your advisors for their time, guidance, and practical help.Â Be a professional: donâ€™t forget that recruiting a mentor/advisor essentially involves trying to pitch and convince somebody else to invest his/her hard-earned time and energy into you and your company. Persuading somebody to mentor you requires that you act as a professional so as to demonstrate that youâ€™re worth his/her investment. Show your potential advisor that youâ€™re passionate, dedicated, hard working, disciplined, and eager to learn from others. Read on to learn how to become a startup advisor. How Do You Find Clients? Becoming a thought leader and a big social media influencer in your field is the number 1 way. But for people that arenâ€™t there yet, Iâ€™ve written an entire article on how to reach out to companies and show them your value without being one of those annoying/desperate people.Â The idea is to provide essentially useful feedback about their existing app, product, marketing strategic, advertising campaign, content marketing plan, social media execution (or whatever else) that you can provide legitimate critique on. Ideally, this also works best if you have actual real knowledge and passion for the entrepreneurs, and spaces they are in. Top-performing advisors not only regularly remind clients of the unique value they deliver, but they also market themselves as indispensable. In this section, weâ€™ll outline fundamental communication strategies to position yourself as the advisor clients canâ€™t live without. Strategy #1: Back up your claims.Â However, itâ€™s not often that advisor education teaches you how to assist clients with the psychological aspects of challenging life transitions. Top advisors have developed transition support skills, meaning they understand the complex emotional stages clients go through as they deal with a difficult life event. Developing these skills can also help you, as advisors, to provide emotional support and practical advice as clients transition to their new realities. An expert advisor is a software that functions as an Automated Forex Trading System. The best forex expert advisors allow traders to perform automated trading without their intervention. However, the traders need to follow some rules apply for automated trading. This article focuses on some tips to facilitate traders enhancing the performance of their existing EAs and make more profit. 1. Analyse the Market Condition. One of the major reasons for the failure of EA includes that it does not adapt to the changing market conditions. You can create an EA that functions in all conditions and make i