



The Future is Now

Your New Role as a Finance Pro

By Patrick Ibarra

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Over the past few years and into the foreseeable future, public-sector finance will continue to experience transformational change. Today’s workplace is inundated with trends including elastic regulations, fluctuating public policy, increased public scrutiny, a stronger emphasis on reducing costs — including the expanded use of shared services — shifting workforce demographics, emerging technologies, and rising expectations about the need for transparency. “Business as usual” is over and has been for some time; playing it safe is no longer playing it smart.

The forces of change present finance professionals with opportunities to redefine themselves. The question is, what are the capabilities and competencies you will need? The major principle underlying the reinvented role for the finance professional is CIP: change, innovation, and progress. Following is a recommended blueprint for the evolution of the finance professional.

THE SKILLS YOU’LL NEED

Chief Innovation Officer. It is past the time to discard the “we’ve always done it that way” approach and to replace it with “let’s try it and see.” Finance professionals should be on the forefront of change in their organizations, acting as a catalyst for the active pursuit of innovation and helping with the transition from best practices to

“next practices.” Chief innovation officers recognize that “doing things different and doing different things” is a prerequisite for innovating and moving beyond a traditionally risk-averse culture.

Environmental Scanner. Finance professionals need to help determine the potential effects of change on government in general and their organizations in particular. Scanning the environment for potential pitfalls and opportunities is a constant task that requires a keen focus on merging information from all sectors — public, private, and non-profit — and evaluating it to find the information governments need to act on to ensure better government.

Strategist. According to a recent study, becoming a strategic partner with their organization’s leaders was low on public-sector chief financial officers’ lists of priorities.¹ It is time to decide what business your organization is committed to providing and what you can contribute, in addition to finance and accounting services, to its continued effectiveness. Finance officers are members of the organization’s “brain trust” and need to provide valid input toward its strategic goals and objectives. Understand the operations of other departments, invest time with key decision makers from other departments, and learn their

language. This will help you provide credible ideas and fortify your role as a valuable partner.

Efficiency Expert. According to the previously cited study, public-sector CFOs ranked achieving cost reduction goals as the most critical metric of optimal performance, putting it above metrics associated with achieving mission or operational goals. These findings support the notion that many CFOs are under-estimating the role they're expected to play today — to manage costs (and not budgets) while ensuring the continued delivery of high-quality public services. Many government leaders have realized that severe budget reductions, especially those made across the board, are similar to dieting — you may lose weight, but you are not always healthier as a result. Moreover, budget reductions are not a sustainable operating strategy for any government to ensure its continued role as a community builder.

Efficiency is more important than ever, but as Peter Drucker, the influential management consultant and author, once said, "There is nothing as useless as doing efficiently that which should not be done at all." Governments tend to count that what can be counted, but they don't always measure what matters. Many jurisdictions are under the false impression that counting outputs — permits issued, gallons of water treated, ordinances passed — is somehow linked to good government. Finance professionals need to be disciplined when evaluating performance, focusing less on the metrics of inputs and outputs and more on outcomes. Identifying and eliminating inefficient

practices (such as producing performance measurement reports that no one reads or uses) allows staff time to be redirected to services that can enhance both employee performance and departmental effectiveness.

Talent Manager. The new role for the finance professional includes a talent management approach of building people and their respective capabilities. Since adding staff members to any department, especially to finance, which is regarded as an administrative services function, can be difficult, finance officers need to optimize the talents of their workforce. Eight segments comprise a practical and progressive talent management strategy:²

- Recruiting
- Selection
- Training
- Career Planning
- Succession Planning
- Performance Management
- Retention
- Qualified Work Supply/Demand Match

Forecaster. What is the difference between leading indicators and lagging indicators? Finance professionals need to know, and they need to analyze and present this information to key organizational leaders in a way that helps them make decisions. Historically, the focus has been on what's been spent (i.e., monthly budget reports) which is something like "checkbook money management." The opportunity now is to establish a financial planning approach to managing taxpayers' money. Create a financial plan that fea-

tures a dashboard of meaningful financial analytics. Increasingly, elected officials have an appetite for understanding both short- and long-term financial activities such as:

- How property values are trending and what effect that will have on the general fund.
- The short- and long-term debt obligations for both the general fund and enterprise funds — before committing to the construction of new public facilities or undertaking aggressive operation and maintenance activities.
- The current and predicted amount devoted to personnel costs and the jurisdiction's options, if that amount is increasing at a higher rate than revenue.
- The long-term growth strategy for increasing revenue to enterprise funds, other than raising rates.

A well-developed forward-looking financial plan serves as a compass to organizational leaders in their discussions about future services and programs. Adopting a biennial budget or establishing a 5- or 10-year capital improvement plan is only the bare minimum as it relates to a sound and effective financial plan.

Technologist. Software has become fully embedded in the business of the public sector, and a number of financial transactions have been automated. The amount of money invested in technology remains substantial, and the role of the new finance professional is to be both a smarter consumer and to capture the return on investment of these purchases and/or upgrades.

Questions abound regarding the role of technology and how the ROI is calculated:

- Should the jurisdiction pursue upgrades to the enterprise software system?
- Are there potential unintended consequences to utility billing?
- Does the budget process provide policymakers with the right kind of information to make informed decisions?
- Besides offering training, what else can the jurisdiction do to equip staff with the skills and capabilities to make full use of a new system?
- How will the finance system interface with the newly adopted HR system?
- Should the jurisdiction consider outsourcing payroll?

Technology provides the public sector with immeasurable opportunity for improved performance, and finance officers need to turn those opportunities into successful outcomes.

CONCLUSIONS

The role of the public-sector finance professional is at a critical juncture: try to hang on to the past and risk becoming marginalized, or embrace a new and different future that requires different capabilities. It is time to rethink and refresh your role to adapt to changing circumstances, and add value to today's organizations or suffer the consequences. The future has arrived, and with it, an emerging role for the finance professional. Increased scrutiny, higher expectations, and a shifting political landscape add up to a valuable opportunity for finance officers to

create change, drive innovation, and lead their organizations toward a better future. ■

Note

1. Gary Land, Tom Gunning, Thomas Dale, Jean Bennett, *Public Sector CFO Transformation for Performance and Accountability*, mThink Knowledge, 2007.
2. Patrick Ibarra, "Talent Management: The Next Phase of Succession Planning," *HR News Magazine*, September 2012.

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