Bridging the divide between business and finance

*Laura Calder, Group Finance Director, bright**solid***

Overview

Laura Calder is Group Finance Director for bright**solid**, a leading UK independent provider of both online publishing – including friendsreunited.com and findmypast.com – and IT business services, such as fully managed hosting and co-location services from their UK data-centres. Through a combination of acquisition and organic growth, Laura has seen the company grow from 50 to 200 people since she took on the position of CFO two years ago. In this time, the definition of her role has grown too, as CFOs now begin to bridge the traditional divide between business and finance.

Q. The skills profile for CFOs is changing, becoming less about pure technical accounting skills and more about communications and advising the business. Is that what you're seeing?

A. Absolutely. One of the things I'm always looking to develop in the team is commercial understanding, so it's very important for my two finance managers not only to look at the numbers, but to really understand what those numbers mean for the business. Finance was previously a function that predominantly crunched numbers. But, with the growth of the business, we now have a more hands-on approach which encourages budgetary responsibility. Finance has become much more prominent in the business, and I'd like that to continue.

To this end, I promote very active communication. Accountants shouldn't just be accountants; they need to be an integral part of the business. As such, it's very important for me that my staff work closely with the managing directors and team leaders who they are preparing the information for, because it's critical that non-financial people around the business understand what this information means. The CFO's role now is to facilitate a greater corporate awareness throughout the business.

This needs a forward-looking approach as much as historical awareness. I have to ask myself how I can set this information to work to help the business to grow, and sometimes that means changing what's been done before. So yes, the skillset is definitely changing. A strong technical background will always be a necessity, but now it's very much coupled with a strong commercial awareness as well.

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Q. How much do you, as CFO, get involved in non-financial parts of the business?

A. I have a broad remit. My responsibilities are not limited to financial reporting – I'm also involved in procurement for the group, Human Resources (HR), all the company secretarial work as well as the estates management. I think that's fairly common for CFOs these days.

To my mind, the fact that it's a very broad role is one of the great things about it – it means I'm afforded the opportunity to interact with all kinds of people across the business. For example, when an acquisition happens, I'm involved in aspects of the process beyond the purely financial ones, such as finding the new premises and working with the HR team to integrate the new people into the business. This is quite typical for a CFO role in a business of our size, as we aren't large enough to always have a dedicated person in all of those areas. For example, the majority of our premises are leased, so it doesn't make sense to have a full-time estates manager.

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Q. What personal skills make a good CFO?

A. In this business, agility is a key requirement. The business is not as staid, structured or organised as other businesses. Agility is important because we need to adapt to the challenges of rapid growth which can happen quite suddenly in this sector, and because acquisitions and new opportunities can come along on a fairly frequent basis.

You need to be quite agile in your thinking, and be extremely organised about what you're doing, and all the while have a sense of the bigger picture. As I have such a broad remit, it's all the more important for me to understand what's going on throughout the group.

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In our business, our CEO has a strong entrepreneurial background, so it's good for the CFO's role to balance that out. I sometimes have to take a more process driven, evidence based approach than Chris' [bright**solid**'s CEO] blue-sky thinking which makes for a great balance. As a senior management team and a board, we have a very good range of complementary skills.

Q. How close are connections with DC Thomson?

A. Bright**solid** provides monthly financial reports to DC Thomson, our parent company, but we still have a great deal of autonomy. Our business is quite different from the rest of the DC Thompson portfolio; they do have some online activities and interests, but it's still relatively new to them. We have more in-depth experience in this market, and a lot of our management have technology backgrounds, so we can support our parent company with their technology requirements whilst driving bright**solid** forward.

Q. How easy to find the right people you've taken on? Is it an advantage to be a small, fast-growth business when you're recruiting?

A. It can be both. To an extent, it determines the type of people who work for the organisation. This is not a staid industry, so the people who come into the business have to have agility of mind – the ability to work to many different deadlines at once and deal with many different challenges at the same time. As a consequence of this, the people we recruit may not have a technology background, but will have worked in industries which demand agility. We've certainly had no issues in recruitment; the economic downturn has made lots of well-qualified candidates available.

Q. If you see gaps, is there on the job training?

A. Having worked my way up through the ranks myself, I'm acutely aware of how important it is to develop people, and not fall into that trap of "I'll do it myself because it's quicker." It's nice for me to be able to develop people's skills, whether technical or soft, and see them taking on more responsibility within the team; it's been a really key aspect of developing the team over the past few years.

There's lots of informal training, which is challenging because we're always busy. But you need to remember the importance of stepping sideways, and taking the time to coach someone. There's also a more formal professional training scheme as part of our annual appraisal system, which identifies training needs.

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Q. With each new acquisition, have you already ensured that all parts of the business speak the same language and use the same definitions?

A. Consistency is a real challenge when incorporating acquisitions. From a purely financial perspective, the consistency is pretty good across the group, largely to do with the fact that we as a senior management team meet together regularly. Our business combines both B2B and B2C; different teams have their own key drivers, but we try to keep up consistent communications so that we understand exactly what's happening from month to month. In order to ensure standardisation across our business, we are aiming to use a robust data warehouse to store and utilise the wide variety of data that we have. Some of the front-end tools are already in place but we are keeping an open approach to new tools, so once the data is transferred to the warehouse better analysis and understanding can begin immediately.

Q. What is your approach to integrating information within your organisation?

A. Our budget used to be built from the top down – it's taken two years, but we've built it into a very interactive budgetary process, with little resistance to this from the business. It's all about understanding. We've invested time in sitting one-to-one with the heads of the brands, educating them about what a budget is, how it looks, how it's built, how it's approved and put in place, and how they then report against that throughout the year. Non-financial people are generally not comfortable with financial information, so it's always a challenge, but it's important for the continued growth of the business.

Creating a bottom-up budget has been a real change. If anything, I think we perhaps now have too much information. The key to successful integration of information is finding the right balance – too much information can conversely have exactly the same effect as no information at all. Our challenge now is to tailor it according to a hierarchy of different audiences and get the right volume of relevant, digestible information to the right people.

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Q. What new capabilities have you developed? How have you changed things?

A. From a personal perspective, one of the biggest things that has happened over the past two years is the development of the finance team into a more structured body. Two years ago, it was still very small indeed; when I arrived there were only four people across finance, procurement, and HR combined. Today, our team is 13-strong. I've been very involved in growing this team and bringing in the key new individuals. The finance team is split between the two parts of the business, and Procurement and HR have grown separately. The most important part of what I've done is to ensure that we can provide the right level of service to the managing directors and team leaders.

A development of comparable importance is the system integrations, where we are working towards ensuring accurate, timely reporting of financial information. Reporting of the actual financial information was done on a regular basis in the past. What we've built over the past two years is a much stronger budgeting process, mid-year forecasting, and a longer-term, five-year business plan.

Some of these things – especially a rolling forecast – were first-time additions to the business. The new forecasting gives us some indication as the months go by of what the business might look like if things continue as expected, which is vital in such a dynamic industry. By changing to a future-looking approach rather than just a rear-view mirror, we can provide an earlier overview to the team leaders and to the MDs.

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