

# Reaching Financial Resiliency



**Government Finance Officers Association**

March 25



# Our Presenters

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- Joe Casey Deputy County  
Manager Henrico County, VA
- Kevin Knutson Regional Vice  
President Management Partners
- Michael Bailey Finance Director City of  
Redmond, WA



County of Henrico, Virginia  
*Proud of our progress; excited about our future.*



# Reaching Financial Resiliency via 10-10-10 and Playlists

GFOA Webinar

Joe Casey, Deputy County Manager

Henrico County, Virginia

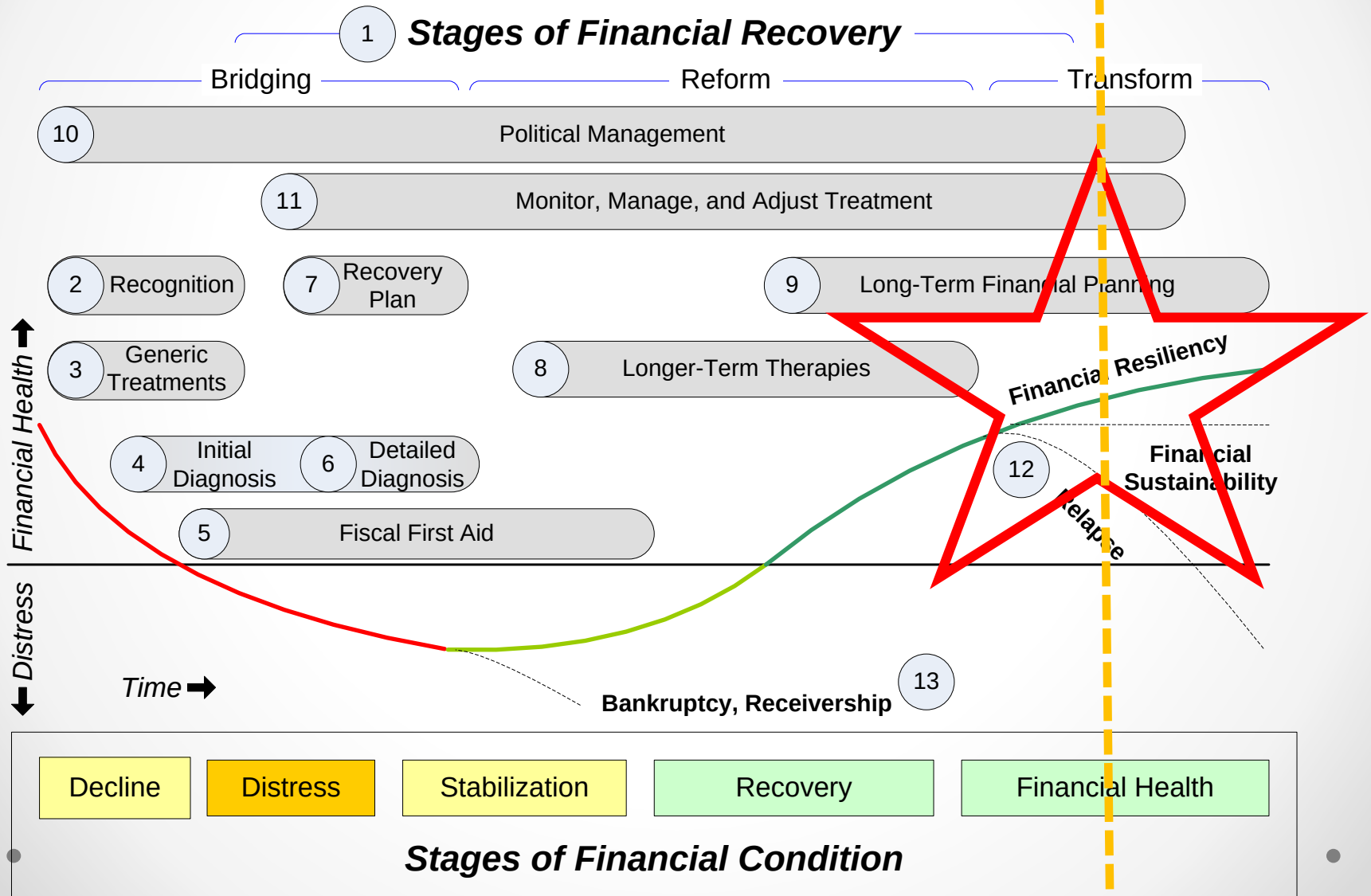
March 2015

# Overview

- Financial Resiliency Overview
- What is 10-10-10?
- “Playlist”
  - o Development and Utilization
  - o Henrico Example – “Trends” Report
  - o Bond Ratings
- Closing Remarks



# Financial Resiliency Overview





Sustainable  
Community  
(stable,  
maintaining)  
-2001 GFOA Conf

# Go from Living to Loving Life

Resilient  
Community  
(elasticity,  
agility)



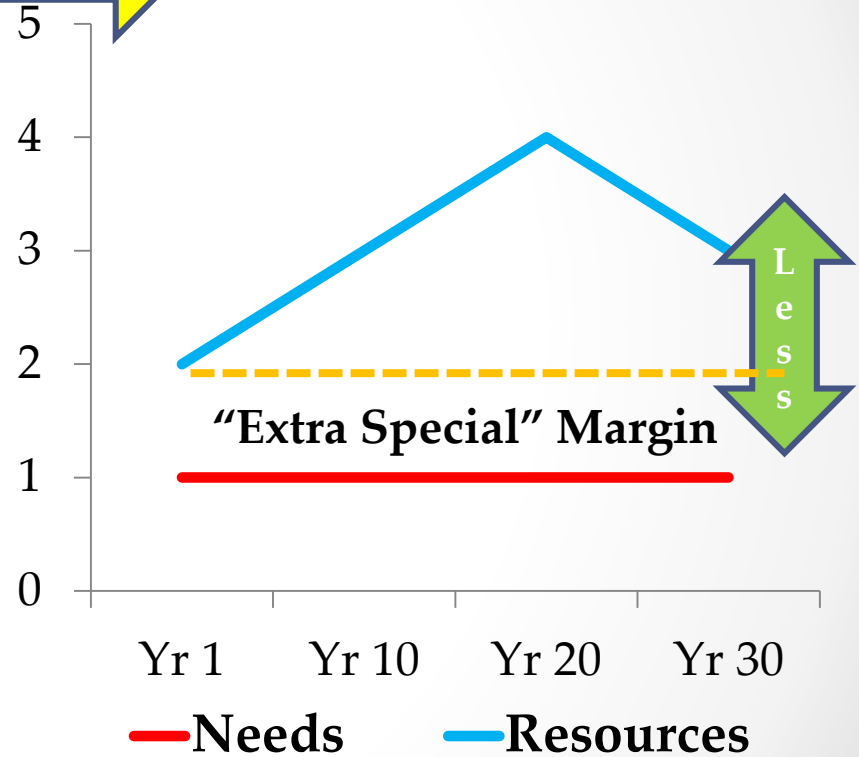
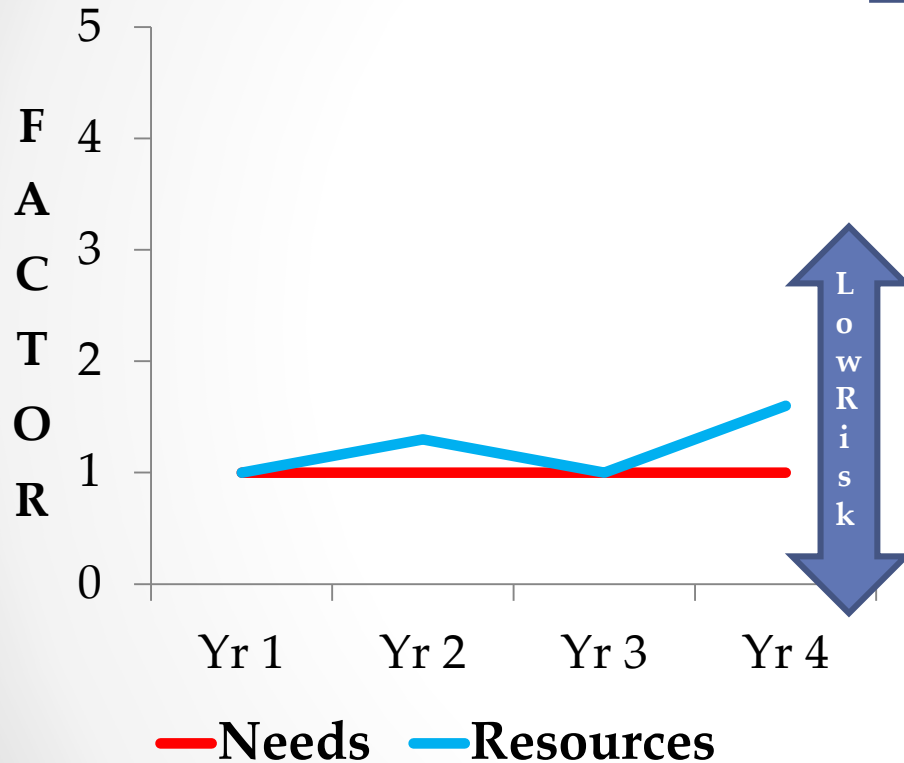
-2014 GFOA Conf

# Aspire for “Extra Special” Margin - “Resources” > Needs

Fiscally Sustainable

Evolve

Fiscally Resilient



**Resources = Strong infrastructure, fund reserves, pro-active plans, speed to address with mindful elected officials, quality-trained staff and community engagement**

# Local Govt Sustainability – Resiliency Comparison

Sustainability - Good

**Evolve**

Resiliency - Great

- Overall

- o Plans 5 years
- o Preparedness for common threats

- Fiscal

- o Reserves and low debt
- o Conservative estimates
- o 1- 5 year plans
- o Priority service focus
  - during recession

- Overall

- o Plans 20+ years = LT vision
- o Mitigates risk, positions for high-continuous QOL

- Fiscal

- o Connection to future needs >20 years
- o Flexible to meet changing times
- o Continuum of service during recession

# Tough Resilience Questions

- **Organizational:** Are you making progress?
- **Leadership:** Use org's values to guide us?
- **Strategic Planning:** Org encourages new ideas?
- **Customers:** Ask my customers what they need?
- **Measurement:** Know how to measure quality?
- **Workforce:** People I work with are a team?
- **Process:** Have everything I need to do my job?
- **Results:** My org helps me help my community?

# What is 10-10-10?



[the perfect ten]  
**10|10|10**



# 10-10-10 Time Flexible

10

Seconds

10

Minutes

10

Hours

- Significant long-term implications
- Decisions made now = later?
- Emotional issue = wrong decision?
- Surviving ST threats for LT rewards
- Decision cannot be easily reversed

10

Days

10

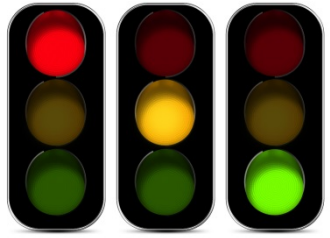
Months

10

Years

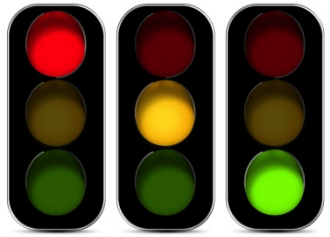


# 10-10-10 Page - (LT-Green light go)



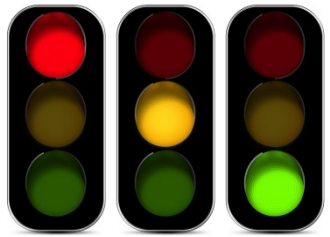
## Short-term Analysis (10 Days)

- Net fiscal impact in Yr1 = \$200,000 deficit
- Operating 15% below service goal



## Mid-term Analysis (10 months)

- Net fiscal impact in Yr1 = \$200,000 deficit
- Operating 10% below service goal

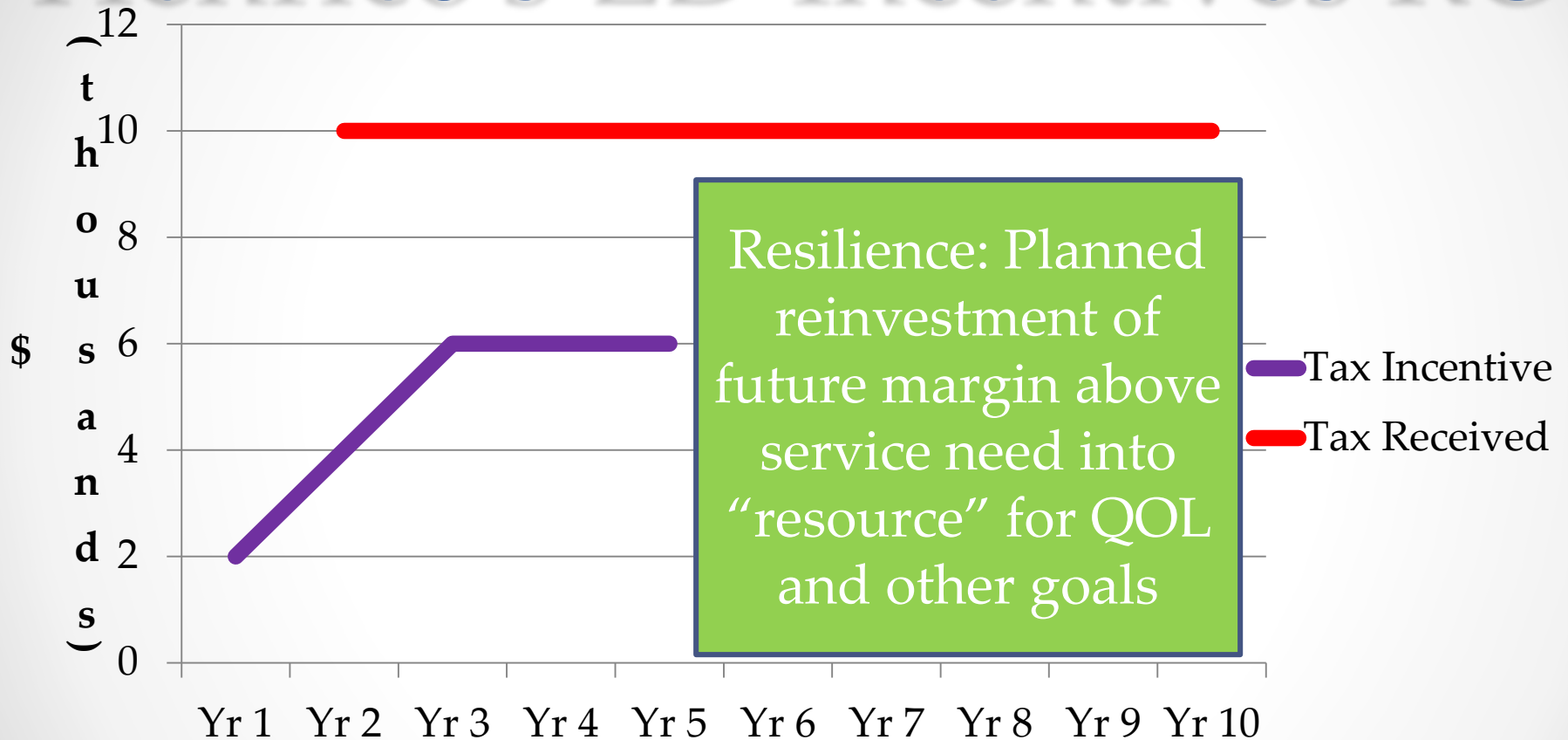


## Long-term Analysis (10 Years)

- Net fiscal impact in Yr10 = \$1 million surplus
- Operating at service goal

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# 10-10-10 Example: Henrico's ED Incentives ROI



- ST Net Cost (Yr1 = \$2000; 5 Years total incentive \$24,000)
- LT ROI within 4 years (\$10,000/yr starting year 2)

# 10-10-10 Challenges to Overcome





# Development and Utilization

- Developing tools and techniques for financial decision-making via “Playlist”
- Uncover areas of strengths or weaknesses when the tools are deployed
- Continual refinement of playlist to have it be relevant, proactive and resilient
- Have adaptable for financial emergencies •

# Financial Emergency Response Strategy Steps

Recognize a Financial Emergency Exists



Designate Responsibility



Financial Emergency Management Plan



Authorize Retrenchment Tactics



Monitor Revenue and Expenses

# Deployment of Options

## Immediate (Caution)

Local policy  
changes

Mid-year  
budget adj

Staffing-Service  
Reviews

## Soon (Significant)

Local law  
changes

Next FY Budget

Adj Staffing-  
Service Goals  
(Temporary)

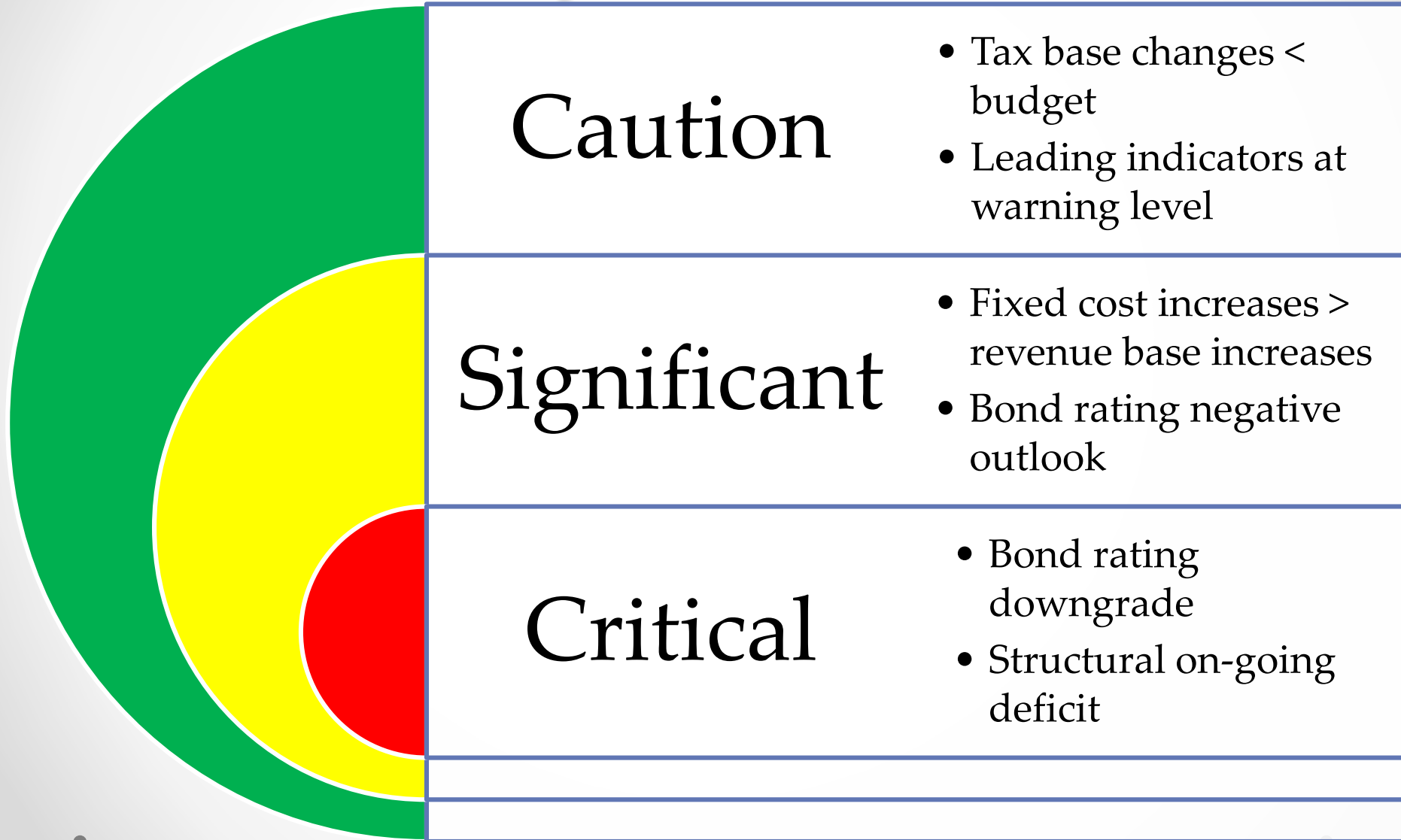
## Long-Term (Critical)

State law  
changes

$\geq 5$  Year Plans

Adj Staffing-  
Service Goals  
(Long-Term)

# Hierarchy of Awareness



# Playlist Example - Henrico “Trends”

- 27 indicators that are timely monitored
- Grouped into 7 categories: Revenue, expenditure, operations, debt, employee, capital, community
- Leading indicators of local financial and economic issues
  - Align with bond rating criteria and County goals
  - Enables more pro-active strategies to be deployed
- When indicator trend negative, then “Warning” assigned
  - Additional attention during budget
  - Adjusting operations (10-10-10 attributes)
  - Action plans (10-10-10) to determine what counter measures can be deployed
  - Pro-active strategies limit duration and depth of warning
  - 10-10-10 methodologies being further incorporated

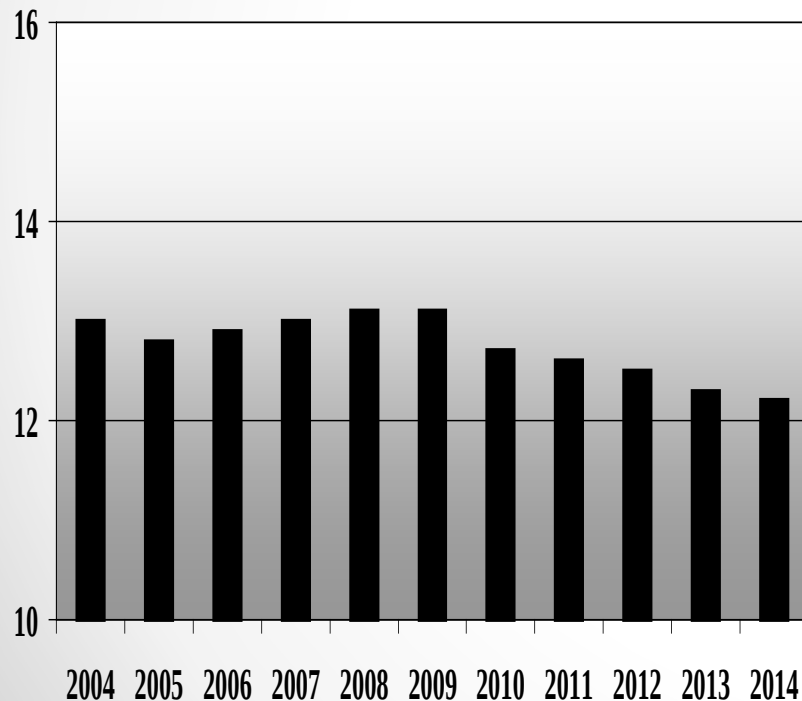
# Henrico Trend Indicators

(Red = 2015 Warning)

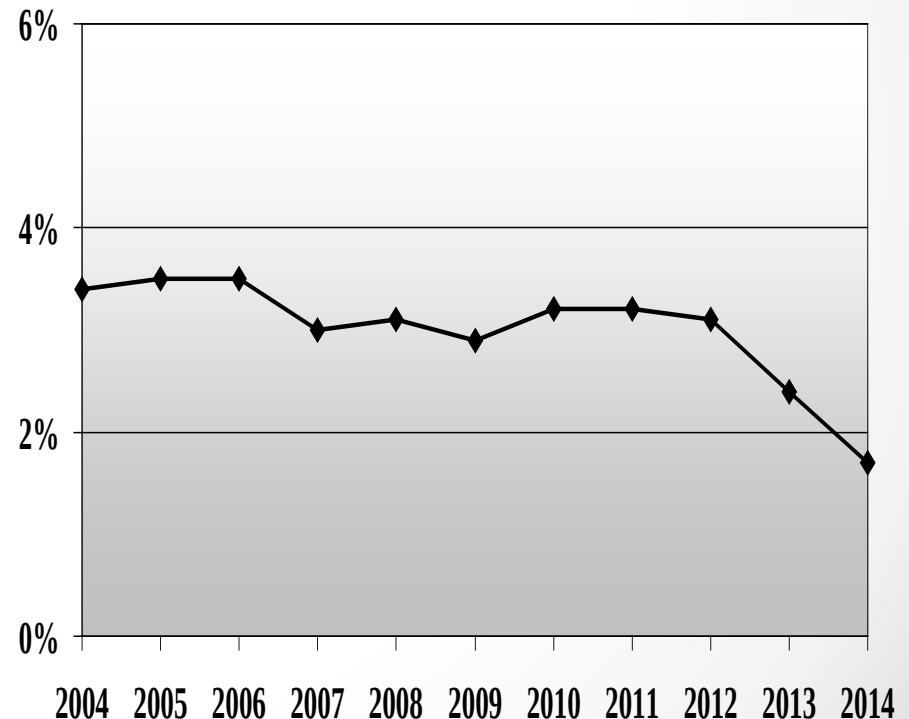
- Rev/capita
- Exp/capita
- **Intergovt rev**
- Elastic oper rev
- Gen prop taxes
- Uncollected taxes
- User charge coverage
- Rev variance
- Employee/capita
- **Fringe benefits**
- Oper surplus
- Enterprise surplus
- Fund balances
- Liquidity
- Current liabilities
- Long-term debt
- Debt service
- Employee leave accruals
- **Capital outlay**
- Depreciation
- Population
- Per capita income
- **Public assistance customers**
- Real property values
- Residential development
- Employment base
- Sales tax-prof licenses
- Business property acres-value

# Henrico Example Trends

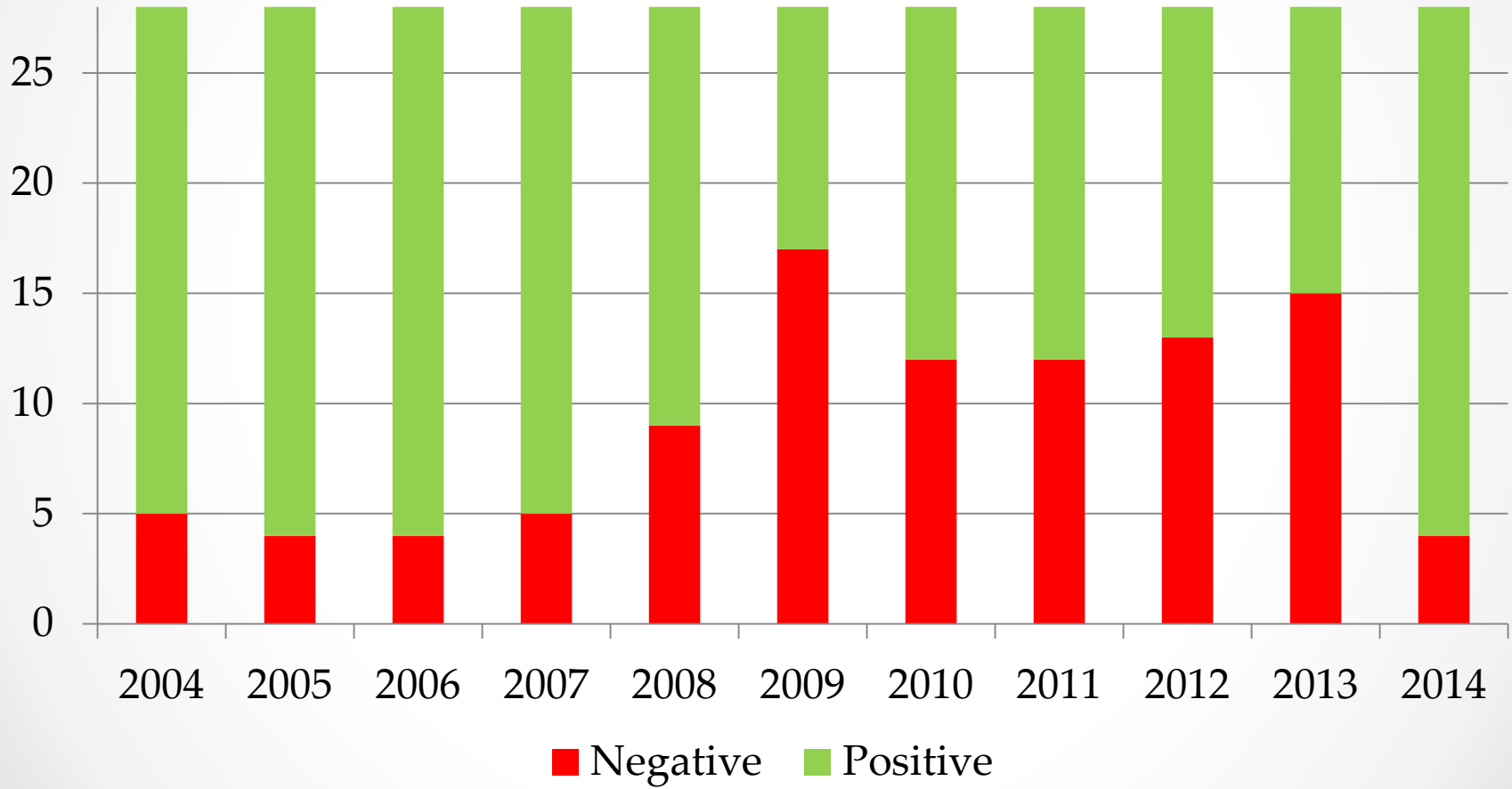
**No Warning Trend**  
**Employees/Capita (000)**



**Warning Trend**  
**Level of Capital Outlay**  
**(% of Net Oper Exp)**



# Henrico's Warnings are Leading Indicators



# When Warning, Action Plan Approach

## Immediate

Action Plans  
Positive Impact  
Today

Slow Down  
Spending  
Strategies

## ST

Action Plans  
Impact on Next  
FY Budget

Attrition and  
Capital Savings  
Impact on  
Services

## LT

Action Plans over  
LT Plans  
(5 Yr CIPs)

Service Quality  
Plans =  
Resources

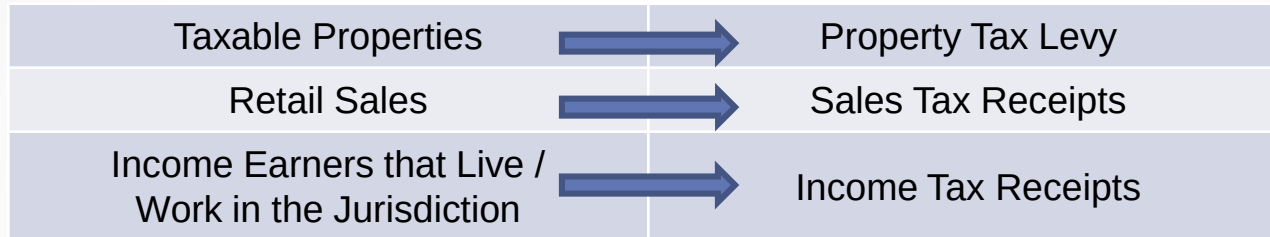
# Playlist - Bond Ratings

- Rating agencies use hierarchy tools
- Encompass a number of factors relating to the long-term financial health
- 10-10-10 application positions for positive bond rating meetings (govt knows where they stand prior to meeting)

|                  | Moody's | S&P  | Fitch | Meaning            |
|------------------|---------|------|-------|--------------------|
| Investment Grade | Aaa     | AAA  | AAA   | Prime              |
|                  | Aa1     | AA+  | AA+   | High Grade         |
|                  | Aa2     | AA   | AA    |                    |
|                  | Aa3     | AA-  | AA-   |                    |
|                  | A1      | A+   | A+    | Upper Medium Grade |
|                  | A2      | A    | A     |                    |
|                  | A3      | A-   | A-    |                    |
|                  | Baa1    | BBB+ | BBB+  | Lower Medium Grade |
|                  | Baa2    | BBB  | BBB   |                    |
|                  | Baa3    | BBB- | BBB-  |                    |

# Moody's Economy Score

- The size, diversity and strength of tax base and economy drive its ability to generate financial resources



- Type of economy also considered as differences arise in the taxing power within industrial, retail and service centers

| Economy/Tax Base                              |                     |                          |                         |                         |                         |                    |        |
|-----------------------------------------------|---------------------|--------------------------|-------------------------|-------------------------|-------------------------|--------------------|--------|
|                                               | Aaa                 | Aa                       | A                       | Baa                     | Ba                      | B and Below        | Weight |
| <b>Tax Base Size: Full Value</b>              | > \$12B             | \$12B ≥ n > \$1.4B       | \$1.4B ≥ n > \$240M     | \$240M ≥ n > \$120M     | \$120M ≥ n > \$60M      | ≤ \$60M            | 10%    |
| <b>Tax Base Per Capita</b>                    | > \$150,000         | \$150,000 ≥ n > \$65,000 | \$65,000 ≥ n > \$35,000 | \$35,000 ≥ n > \$20,000 | \$20,000 ≥ n > \$10,000 | ≤ \$10,000         | 10%    |
| <b>Median Family Income as % of US Median</b> | > 150% of US median | 150% to 90% of US median | 90% to 75% of US median | 75% to 50% of US median | 50% to 40% of US median | ≤ 40% of US median | 10%    |

# Economy Adjustment Factors

| Positive Adjustments                                                                                                                                                                                                 | Negative Adjustments                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Institutional Presence</b> <ul style="list-style-type: none"><li>• Strengthens the tax base but are not captured in assessed value - tax-exempt status of universities or military bases</li></ul>                | <b>Economic Concentration</b> <ul style="list-style-type: none"><li>• Deriving a substantial portion of revenue from one taxpayer- industry increases chance of revenue volatility</li></ul>                                                                  |
| <b>Regional Economic Center</b> <ul style="list-style-type: none"><li>• Day time population that exceeds its nighttime-weekend population generate a large portion of revenue from non-permanent residents</li></ul> | <b>Outsized Unemployment or Poverty Levels</b> <ul style="list-style-type: none"><li>• High unemployment or poverty levels represent difficulty in raising revenues, maintaining existing revenue sources and potential of increased service demand</li></ul> |

# Moody's Finances Score

- Ability to adapt to unexpected circumstances, meet existing obligations and is a measure of overall flexibility.
- Focus on liquidity and financial trends
- Evaluation of management, accuracy of budget projections, historical trends and realistic economic projections and frequency of updates

| Finances                                                     |         |                   |                  |                   |                     |             |        |
|--------------------------------------------------------------|---------|-------------------|------------------|-------------------|---------------------|-------------|--------|
|                                                              | Aaa     | Aa                | A                | Baa               | Ba                  | B and Below | Weight |
| <b>Fund Balance as % of Revenues</b>                         | > 30.0% | 30.0% ≥ n > 15.0% | 15.0% ≥ n > 5.0% | 5.0% ≥ n > 0.0%   | 0.0% ≥ n > -2.5%    | ≤ -2.5%     | 10%    |
| <b>5-Year Dollar Change in Fund Balance as % of Revenues</b> | > 25.0% | 25.0% ≥ n > 10.0% | 10.0% ≥ n > 0.0% | 0.0% ≥ n > -10.0% | -10.0% ≥ n > -18.0% | ≤ -18.0%    | 5%     |
| <b>Cash Balance as % of Revenues</b>                         | > 25.0% | 25.0% ≥ n > 10.0% | 10.0% ≥ n > 5.0% | 5.0% ≥ n > 0.0%   | 0.0% ≥ n > -2.5%    | ≤ -2.5%     | 10%    |
| <b>5-Year Dollar Change in Cash Balance as % of Revenues</b> | > 25.0% | 25.0% ≥ n > 10.0% | 10.0% ≥ n > 0.0% | 0.0% ≥ n > -10.0% | -10.0% ≥ n > -18.0% | ≤ -18.0%    | 5%     |

# Finance Adjustment Factors

## Negative Adjustments

### **Outsized Enterprise or Contingent Liability Risk**

- Responsibility for obligations outside the issuer's core finances may present a liability not reflected in the other metrics

### **Unusually Volatile Revenue Structure**

- Volatile or unpredictable revenue sources can present challenges to budgetary balance and stable fund balance and cash reserves

# Moody's Management Score

- Legal framework dictates ability to access its revenue base, create budgetary stability and maintain flexibility in meeting ongoing obligations
- State level laws determine what revenue sources are available to an issuer and what services they are required to provide

| Management                                                                       |                                                            |                                                       |                                                         |                                                        |                                                     |                                                          |        |
|----------------------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------|--------|
|                                                                                  | Aaa                                                        | Aa                                                    | A                                                       | Baa                                                    | Ba                                                  | B and Below                                              | Weight |
| Institutional Framework                                                          | Very strong legal ability to match resources with spending | Strong legal ability to match resources with spending | Moderate legal ability to match resources with spending | Limited legal ability to match resources with spending | Poor legal ability to match resources with spending | Very poor legal ability to match resources with spending | 10%    |
| Operating History: 5-Year Average of Operating Revenues / Operating Expenditures | $> 1.05x$                                                  | $1.05x \geq n > 1.02x$                                | $1.02x \geq n > 0.98x$                                  | $0.98x \geq n > 0.95x$                                 | $0.95x \geq n > 0.92x$                              | $\leq 0.92x$                                             | 10%    |

# Moody's Management Score

- Institutional framework score is most qualitative section
- All issuers within same state-sector receive the same score

| Operating Revenue Flexibility |                                                                      | Revenue Raising Ability               |                                         |                                     |                                                                   |                            |
|-------------------------------|----------------------------------------------------------------------|---------------------------------------|-----------------------------------------|-------------------------------------|-------------------------------------------------------------------|----------------------------|
|                               |                                                                      | Strong ability to raise revenues      | Moderate ability to raise revenues      | Weak ability to raise revenues      |                                                                   |                            |
| Revenue Predictability        | Major revenue sources tend to be highly stable and predictable       | Aaa                                   | Aa                                      | A                                   | Major expenditures tend to be highly stable and predictable       | Expenditure Predictability |
|                               | Major revenue sources tend to be moderately stable and predictable   | Aa                                    | A                                       | Baa                                 | Major expenditures tend to be moderately stable and predictable   |                            |
|                               | Major revenue sources tend to be somewhat unstable and unpredictable | A                                     | Baa                                     | Ba or B and Below                   | Major expenditures tend to be somewhat unstable and unpredictable |                            |
|                               |                                                                      | Strong ability to reduce expenditures | Moderate ability to reduce expenditures | Weak ability to reduce expenditures | Operating Expenditure Flexibility                                 |                            |
|                               |                                                                      | Expenditure Reduction Ability         |                                         |                                     |                                                                   |                            |

# Management Adjustment Factors

| Positive Adjustments                                                                                                                                                                                                      | Negative Adjustments                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>State Oversight / Support</b> <ul style="list-style-type: none"><li>Provides a political structure that enables the local government to issue debt, raise taxes, or restructure labor contracts as necessary</li></ul> | <b>State Oversight / Support</b> <ul style="list-style-type: none"><li>Restricts the ability of local governments to make adjustments as necessary to maintain their financial well-being and good debt management practices</li></ul> |
| <b>Unusually Strong Budget Management &amp; Planning</b>                                                                                                                                                                  | <b>Unusually Weak Budget Management &amp; Planning</b>                                                                                                                                                                                 |

# Moody's Debt/Pensions Score

- High levels of leveraging tax base equals difficulties in meeting obligations and/or enabling additional borrowing
- Debt burden is determined by reviewing these obligations relative to tax base and operating revenue
- Pension liabilities viewed similarly and being refined further

| Debt/Pensions                                                                 |         |                          |                         |                         |                          |             |        |
|-------------------------------------------------------------------------------|---------|--------------------------|-------------------------|-------------------------|--------------------------|-------------|--------|
|                                                                               | Aaa     | Aa                       | A                       | Baa                     | Ba                       | B and Below | Weight |
| Net Direct Debt / Full Value                                                  | < 0.75% | $0.75\% \leq n < 1.75\%$ | $1.75\% \leq n < 4.0\%$ | $4.0\% \leq n < 10.0\%$ | $10.0\% \leq n < 15.0\%$ | > 15.0%     | 5%     |
| Net Direct Debt / Operating Revenues                                          | < 0.33x | $0.33x \leq n < 0.67x$   | $0.67x \leq n < 3.0x$   | $3.0x \leq n < 5.0x$    | $5.0x \leq n < 7.0x$     | > 7.0x      | 5%     |
| 3-Year Average of Moody's Adjusted Net Pension Liability / Full Value         | < 0.9%  | $0.9\% \leq n < 2.1\%$   | $2.1\% \leq n < 4.8\%$  | $4.8\% \leq n < 12.0\%$ | $12.0\% \leq n < 18.0\%$ | > 18.0%     | 5%     |
| 3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues | < 0.4x  | $0.4x \leq n < 0.8x$     | $0.8x \leq n < 3.6x$    | $3.6x \leq n < 6.0x$    | $6.0x \leq n < 8.4x$     | > 8.4x      | 5%     |

# Debt/Pension Adjustment Factors

| Positive Adjustments                                                                                                                              | Negative Adjustments                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strong Security Features</b> <ul style="list-style-type: none"><li>• Lock box setup where rev never flow to an issuer's own accounts</li></ul> | <b>Weak Security Features</b> <ul style="list-style-type: none"><li>• Pension obligations treated superior to debt</li></ul>                                                                                                                                                     |
|                                                                                                                                                   | <b>Unusual Risk by Debt Structure</b> <ul style="list-style-type: none"><li>• High ST debt with minimal liquidity, significant variable rate debt</li></ul>                                                                                                                      |
|                                                                                                                                                   | <b>History of Missed Debt Service Payments</b> <ul style="list-style-type: none"><li>• Missed debt service payments and past defaults based on the timeframe for a cure to the default, changes instituted as a result, and the reason for the original missed payment</li></ul> |

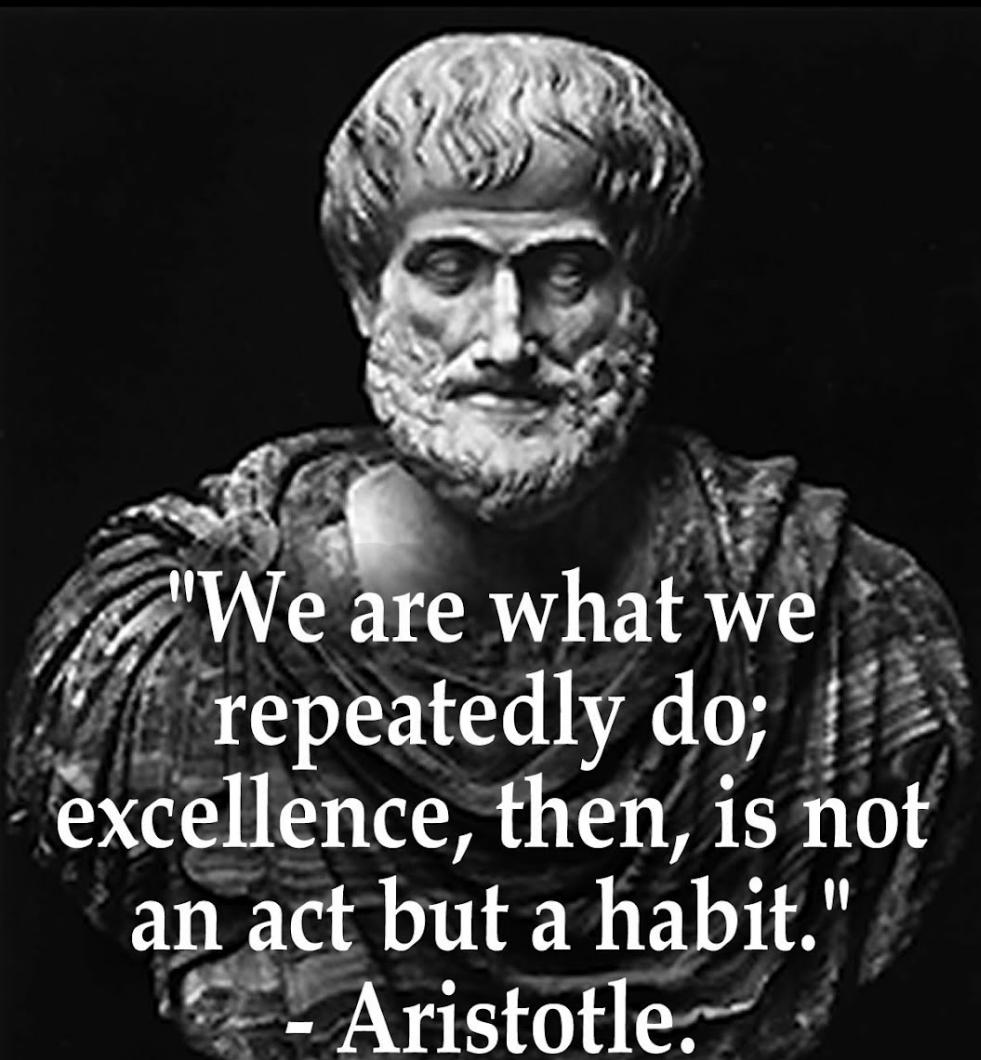
# Moody's Final Scorecard

- Final scores for each metric assigned a weighted value
- Final value produces an indicated rating

| Rating Category | Aaa | Aa | A | Baa | Ba | B & Below |
|-----------------|-----|----|---|-----|----|-----------|
| Numerical Score | 1   | 2  | 3 | 4   | 5  | 6         |

| Indicated Rating | Overall Weighted Score |
|------------------|------------------------|
| Aaa              | 0.5 to 1.5             |
| Aa1              | 1.5 to 1.83            |
| Aa2              | 1.83 to 2.17           |
| Aa3              | 2.17 to 2.5            |
| A1               | 2.50 to 2.83           |
| A2               | 2.83 to 3.17           |
| A3               | 3.17 to 3.5            |
| Baa1             | 3.50 to 3.83           |

| Category                | Weight   | Indicated Rating |
|-------------------------|----------|------------------|
| Economy/Tax Base        | 30%      | 1.67             |
| Fund Balance            | 15%      | 2.67             |
| Cash Balance            | 15%      | 2.00             |
| Management              | 20%      | 1.00             |
| Direct Debt             | 10%      | 2.50             |
| Pension Liability       | 10%      | 2.50             |
| Indicated Rating Score  | 100%     | 1.90             |
| <b>Indicated Rating</b> | <b>-</b> | <b>Aa2</b>       |

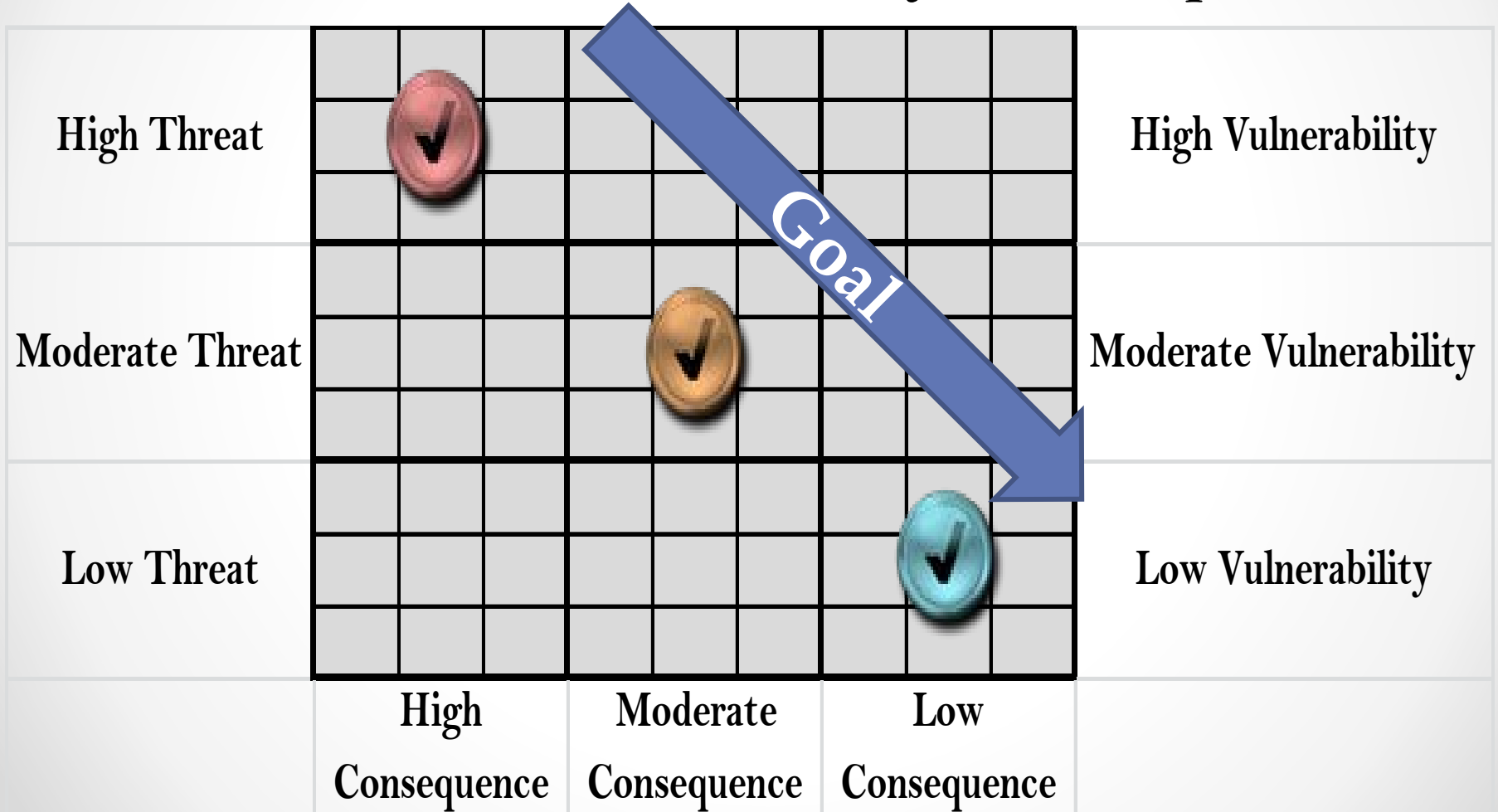


**Closing Remarks -  
Which one can be defined as “resilience”?**



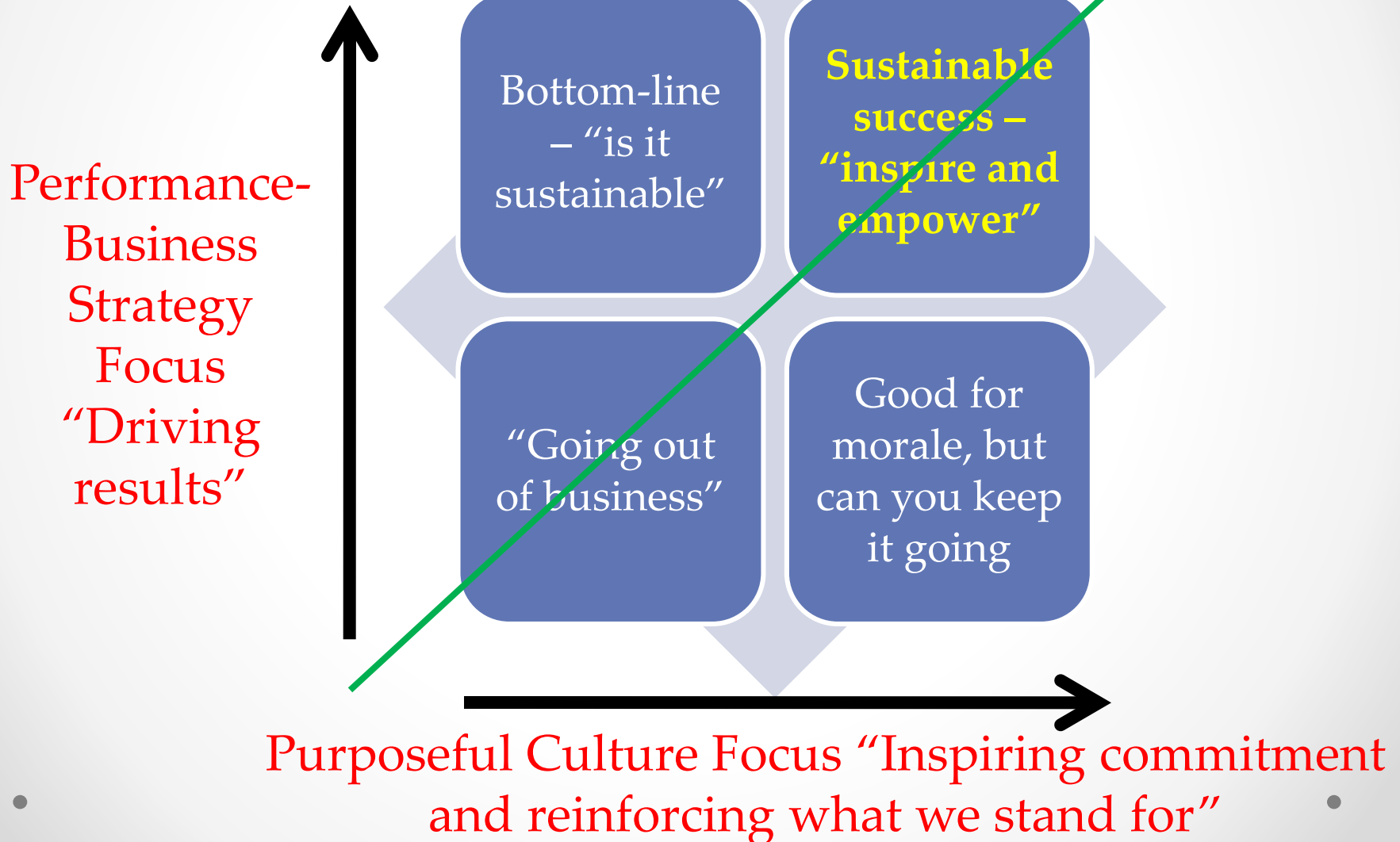
# QOL = Risk Mitigation via High to Moderate to Low

**Risk = Threat x Vulnerability x Consequences**



# Leadership – Sustainability

(Resiliency further moves green line up and over)



PIONEERED BY THE  
ROCKEFELLER FOUNDATION

100

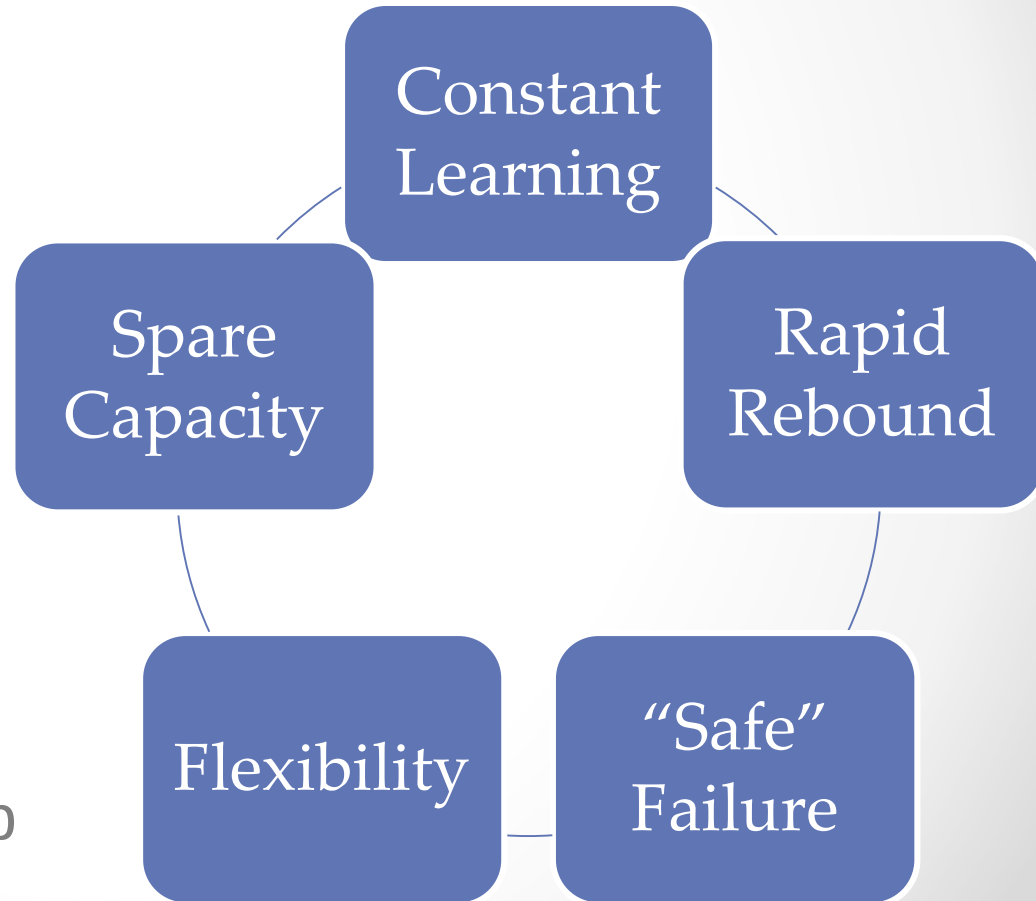
RESILIENT

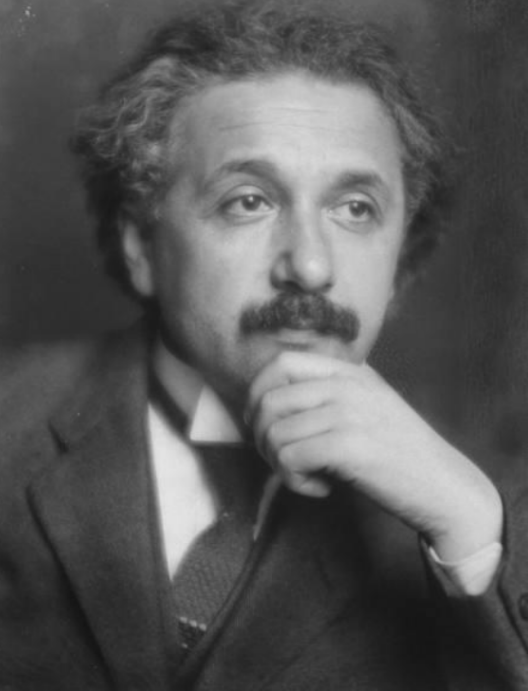
CITIES



5 Pillars

- Financial and logistical guidance for innovative new position
- Support for a robust resilience strategy
- Access to solutions and partners from the private-public sectors
- Global network of cities who learn from and help each other





**“Imagination is  
more important  
than  
knowledge”**

Albert Einstein

**“What use could that company  
make of an electrical toy?” –  
Western Union rejecting an  
opportunity to purchase  
Alexander Graham Bell’s patent  
on the telephone**



**Which one can be defined as  
“resilience”?**

# Budgeting with Experiments



**Government Finance Officers Association**

Kevin Knutson



# Experimenting with Innovation

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- Why?
    - Lower risk
    - Test ideas
  - What?
    - New programs
    - Process improvements
    - New approaches and tools
- An Experiment is Always a Success —



# Scalability

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|              | Clear & Present Safety Need | Not a Clear & Present Safety Need |
|--------------|-----------------------------|-----------------------------------|
| Scalable     | Not a good candidate        | Good candidate                    |
| Not Scalable | Not a good candidate        | Not a good candidate              |



# Experiment Design

---

- Defined performance standards
- Appropriate scale
- Time-bound
- Strategically aligned
- Owner
- Evaluation



# Formalizing Experimentation

---

- Setting board policy
- Establish review panel
- Making the business case
- Funding
- Reporting
- Evaluating of results
- Acting on results



# Board Policy

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- Decide to experiment
- Set program guidelines
- Assign responsibility
- Identify funding (optional)



# The Business Case - Description

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- Project title
- Amount requested
- Project lead (department, individual)
- Partners
- Describe the opportunity
- Describe solution
- Timeline
- Resources needed



# The Business Case – The Hypothesis

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- What are the expected results?
- What are the benefits?
- What measures are proposed to define success?
- When will we know if it works?
- How does it support organizational strategy?



# Business Case – Next Steps

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- Can the program be expanded?
- Can it be used in other departments?
- Will it sustain itself over time?
- Can it repay the initial funding?
- What if it doesn't work?



# Evaluation

---

- Expected outcomes
- Identified success measures
- Timeline
- Actual cost
- Actual savings or revenue increases
- Scalability
- Resource availability



# Innovation Funds

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- Encourages innovation and experimentation
- Provides structure
- Identifies funding
  - Grants or awards
  - Loans
- Links to strategy and resource allocation
- Celebrates success



# Start Small

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- Establish a process for experimenting
- Identify a small, inexpensive experiment
- Try it!
- Evaluate the experiment
- Identify lessons learned
- Adapt process as needed
- Repeat

# Building Relationships



**Government Finance Officers Association**

Mike Bailey  
City of Redmond, WA



# Objectives

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- Why “Building Relationships”
- The Finance Officer and organizational relations
- Building strong relationships
- Creating trust while preserving our fiduciary role
- Practical tips for relationship building



# Why?

---

- The traditional role of the finance officer
  - Controller
  - Auditor
  - Approver
  - “The answer is No, now what was the question?”
  
- “Reinventing Government” (Osborne & Gaebler)
  - Introduced a different perspective



# Why 2.0

---

- The new role of the finance officer
  - Enabler
    - Within parameters
  - Coach
    - For the best overall organizational good
  - Organizational Leader
- Reinventing the CFO (Hope)



# Reinventing the CFO<sup>1</sup>

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- “Freedom fighter”
- “Analyst and Advisor”
- “Architect of Adaptive Management”
- “Warrior Against Waste”
- “Master of Measurement”
- “Regulator of Risk”
- “Champion for Change”



# Why: - the conclusion

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- Your organization needs a finance officer who
  - Is a leader among peers
  - Has high trustworthiness
  - Is approachable
  - Can coach
  
- As a finance officer, you need to build those relationships to be effective



# Finance Officer and Organizational Relations

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- Context is key
  - Every organization is a bit different
    - Your role should fit your organization's needs
  - Form of government may play a role
    - You may report to the organizational leader (and therefore you have a supporting role)
  - Peers, subordinates, and culture
    - The culture of your organization may determine which relationships are most appropriate to build



# Building Strong Relationships

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- Organizational personalities
  - Various tools to determine working styles
    - Can help you understand others (and yourself) better
    - Should be used as a means to build the team
  - Culture will be important
    - Some organizations are more collaborative by nature
      - Others are more siloed – which will affect your collaboration
    - Peers, subordinates, superiors
    - Openness of the culture – willingness to accept advice



# Building Strong Relationships

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- Local governments tend to be changing
  - “High Performing Organizations”
  - “Lean / Six-Sigma”
  - “Budgeting for Outcomes”
  
- Local government is truly being “reinvented”
  - The finance officer is a key element of success!



# Creating Trust

## (While retaining fiduciary role)

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- Fiduciary responsibilities remain
  - The challenge – creating relationship while retaining the role of “agency watchdog”
  - Systems are key – good controls can preserve trust
    - Explain the reasons for controls
    - Obtain help in creating controls to accomplish shared purposes – everyone wants to avoid fraud, etc.
  - Trainings – an opportunity for collaboration



# Practical Tips

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1. Communicate internally – set the right tone
  - Your staff should know of your interest in creating a collaborative environment.
2. Train – it may not come naturally to some
3. Advise others of your interests
  - Let those you intend to collaborate with know to expect to hear from you – potentially in a different way than in the past.



# Practical Tips

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4. Invite others to join your discussions
  - Invite a colleague to one of your meetings
5. Make an offer to attend “their” meetings
  - Offer to explain a control or requirement by attending a meeting
  - Offer to attend a meeting to ask “how can we help?”
6. Seek informal opportunities
  - Offer to pay for coffee!



# Practical Tips

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4. Your setting / culture will influence your approach
  - Is your organization strongly “siloed”?
  - Is your finance function strongly centralized?
5. Consider “matrix management”
  - If decentralized finance function
    - You can create management structure through a matrix of relationships
    - Obtain cooperation and input to finance topics



# Conclusion

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- The role of the finance officer is changing
  - The “command and control” role is still necessary
  - A more relational role is evolving
  - The finance officer is becoming a more important part of organizational leadership
- We can be more effective in our new role by:
  - Reaching out to create relationships
  - Seeking how to bring more value to our peers
  - Working to create related management systems