



THE TRANSFORMATIONAL CFO

Within Criticaleye's vibrant global leadership Community, discussions around what approach executives should take to developing in their role, as well as securing their next senior position, frequently arise. Criticaleye's **Matthew Blagg** and **Ramandip Kaur** spoke to **Andy Agg**, CFO at National Grid on achieving success in the CFO role.

Q: How do you see the role of the CFO evolving over the next 10 years?

A: For any CFO coming into this role, it is about understanding the breadth of your position and the different expectations of your stakeholders. The range of things that a CFO needs to know and stay ahead of continues to change and accelerate, from economics, geopolitics to technology.

The pace of technology, no matter what industry you are in, is constantly evolving and the business economics around deploying technology is something that CFOs play a critical role in.

The next area is ESG. When I first came into this role, ESG was touched upon in investor meetings, whereas now it's at the centre, both in terms of strategy and in the dialogue with stakeholders, investors and governments. As the CFO you're expected to be on top of the ESG agenda and everything associated with it.

Q: What advice would you give to future CFOs who are coming towards the next step of their career?

A: As a new CFO or aspiring CFO, you need to be clear on performance, financial controls, the regulatory agenda and corporate governance. If you're looking to embark on the next step, it's essential that the basics are under control.

As you think about stepping into the role, you need to build strong relationships.

You need to understand your stakeholders' expectations, whether that be the Board, investors, the CEO, or your team.

Q: If you had stepped into the CFO role in a different organisation, what would you have needed to have thought differently about?

A: You would need to double down on the basics and understand what drives performance. Research is key. You need to see how the company's performance compares against peers and understand the market the group is operating in. It's important to learn internally as well as externally.

It's also important to learn the ecosystem of the group. Coming in new to an organisation provides you with the opportunity to bring in fresh thinking and different ways of doing things. However, if you inherit the role internally, you have got to become the agent of change but honour the past as well.

Q: Given the complexity that you've articulated, does it become even more important that you have a strong team underneath you?

A: If you stepped up to the CFO role internally, you will continue to work with your team, however, the dynamic will change as you are no longer their peer, but their boss. If you have stepped into a new organisation, you will need to learn the team dynamics on top of everything else. You can't be in all areas at the same

time, hence building and upskilling your team will ensure that they deliver on what's needed. Trusting your team is critical, you need to trust that they will do what's needed, but also trust that they will keep you updated of issues, as they emerge.

Q: Are there points where you need to invest more time into the relationship with the CEO? If so, what advice would you give to someone coming into the CFO role?

A: As CFO, you need to be the complete ally and business partner of the CEO. Both roles can be lonely at times, but your role is to partner with the CEO, whether that be in setting strategy, driving performance, or supporting the CEO in running the executive team. When I went through the process to become CFO, I learnt that the Board wanted a CFO who could balance the CEO, and not someone who would agree with everything he said. You have a role that is relatively unique, where you need to be the CEO's strategic partner, but also share your view when you have a different perspective. The critical point is around how you get the right level of debate before it becomes a critical challenge.

Q: What advice would you give to first-time CFOs about how they communicate with shareholders and how much attention to pay to the share price?

A: The relationship you have with investors, the time you spend with them and how you communicate with them in terms of the company's performance, is critical. >

In terms of the share price, you need to focus on where you think it should be in the longterm, but it's important to recognise that there are macro events beyond our control that can influence the share price, so you can't spend every moment worrying about it. If you try and measure your performance on a day-to-day basis, it will only be a challenge. Instead, focus on where you would like the company's performance to be, how you communicate this to investors and how you're measuring performance through the share price over the medium to long term.

Q: As you develop and gain experience within your role, do you need to become more hard-edged as a CFO?

A: I think inevitably, you build experience over the years. Before taking on the CFO role at National Grid, I led several teams across the finance function. By the time I stepped into the role, I had seen many aspects of it, but I realised that I had much more to learn as I became CFO. You learn from what works and what doesn't work – sometimes, you need to adapt and go again. That's life and part of being a CFO.

I've seen that by making sure that you have a team with the right levels of experience, whether that's in investor relations, treasury or financial planning, you can learn from their expertise. You don't always have to agree with them, but it allows for you to have creative tension in the team; when you couple this with trust, it helps the CFO make the right judgments.

Q: What advice would you give to first-time CFOs in establishing key support structures before they take on the role?

A: Once you come into the role, it's key that you continue to build your network. In my opinion, you should start networking with FTSE 100 CFOs and ensure that you start meeting with them, learning from them and learning from your own CEO.

It's really important to look beyond your sector and get a wider view. Otherwise, there is a risk that you become overly focused on what's going on internally. Ultimately, you need both the internal and external view to be successful.

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Q: We're seeing increased burnout in the finance function. Do you have any advice to individuals around coping mechanisms and creating that sense of balance?

A: The breadth of the role and challenging macroeconomic conditions that we're living through means that you need to have a balance. Within National Grid, we focus a lot on how we support our wider team, both within finance and beyond. We're very proud of what we do as a company in that space.

On a personal level, I think it starts with the importance of your team. It is easy to take on too many tasks as a CFO. Therefore, you need to involve your team in some of those critical issues. If your team is engaged, they will want additional responsibility and challenge, which will be important for their development and will allow you to share the burden.

It's also important that you focus on what gives you energy outside of work – my children are a distraction from work and tend to pull me away from the coalface a lot of the time. It's key that you have some time for yourself.

Q: What is the role of the CFO around transformational change? What insights would you give to aspiring CFOs?

A: Since I've been in role, there has been a huge amount of change, both in terms of the transformation of the business and being at the heart of the energy transition. The changes are only going to accelerate.

We're one of the biggest investors in delivering Net Zero within the FTSE. This will bring a huge amount of opportunity for the company and for my function. It also brings demand on my function and how we finance the investment and measure performance. However, it's an exciting time to be at the centre of the energy transition.

Q: Do you think that a sense of purpose is key?

A: When I joined the organisation 15 years ago, I was new to the energy sector. I've been on a learning curve and I am still learning today. In the past five years, we have gone into the depths of the energy transition. Our purpose and vision is for a cleaner, fairer and more affordable energy future for everyone. It's a message that has landed with our employees and it's a really great tool to attract and retain the great talent that we need within the organisation. ■



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