



CFO

LEADERSHIP LESSONS

Within Criticaleye's vibrant global leadership Community, discussions around what approach executives should take to secure their next senior role frequently arise. Criticaleye's **Neya Patel** spoke to **Gregor Alexander**, CFO for SSE about the skill set needed to be a successful CFO



Q: How important is it to empower your team? Does this come naturally to you as a CFO?

A: Initially, this didn't come naturally to me as I came in from a technical background, so I was in the detail, and it took a while to step out of it. The team empowerment piece is key. Any manager needs to understand where the strengths and weaknesses are to build a strong team based on trust and openness. I would say

to my first reports that I don't need to know everything, but if it's something that I need to know, make sure I know it.

Q: As a new CFO, there are several teams you need to establish relationships with. Is there one team you should concentrate more on?

A: There are several teams to navigate: ExCo, the Board and your finance team. The most important relationship is with your team -

if they don't deliver, you won't be in role for very long. However, you don't want to leave it too long to build a relationship with the CEO as you see that person more than your life partner - it's key to build trust early.

Q: What advice would you give to new CFOs in setting a clear strategy?

A: Your strategy needs to come from your executive team and your involvement is key in driving this forward. >

The CFO is the custodian of numbers for a company's five to ten-year plan. You have a first-hand understanding of the growth strategy, debt, capital structures and organic structures that can take your business forward. Any organisation that relies on management consultants or investment banks to push the strategy is problematic in my opinion. Taking ideas from them is fine but my advice is don't have them driving your strategy.

Q: How do you navigate different opinions when setting your strategy?

A: You need to believe in your own conviction. The longer you're in your role the easier this is to do. If you're in the role for one-two years, it's more difficult as you don't want to annoy the Board. Sometimes, you are the lone wolf and that can be uncomfortable – you've got to believe in yourself. My one piece of advice is, as the custodian of numbers, you need to make sure the CEO does the right thing and not the wrong thing.

Q: How much has stakeholder management changed since you became a CFO?

A: Firstly, there needs to be two-way engagement between you and investors or shareholders. Ensure you ask them questions to understand their expectations, particularly as shareholders are now more demanding.

Secondly, the customer is more challenging. Expectations have changed and technology has advanced so people want answers quicker. Building the relationship with auditors is also key. Audit has become more one dimensional in terms of the audience – now you've got to work with auditors that have got governance processes which can be quite challenging.

Governmental and regulatory pressures have increased significantly over the past few years, especially in the Energy industry where you need to speak to politicians - be patient when communicating with civil servants, governments and regulators.

Finally suppliers and contractors are really important – if you can't resolve it contractually, you need to sort it out in partnership.

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Q: What aspects of your role have been the most stressful?

A: The financial crisis was hugely stressful. There was a six-month period where we didn't know if we'd have enough liquidity to keep the business running. In 2018, we had a trading loss where we had to have a tough discussion with shareholders and the Board. I also think that Covid was extremely stressful. I found it difficult as I needed to adapt and learn and successfully lead from the front. As a CFO you should always learn from experiences. No experience is bad experience in my view.

Q: You had a period where you had an activist investor involved. What did you learn from this?

A: You must go into gold command; you need to make sure your strategy is clear and better than what the activist shareholders are proposing. Again, you need to believe in your own conviction and test your strategy with not one investment bank, but two or three. When you deal with the activists, you need to be professional and believe that your view is the right one. It was a fairly stressful time and the Board were increasingly focused on the issue. You usually tend to shield people away from certain things when you can but when a public activist is very direct, it's difficult.

Q: What will you miss the most about being a CFO?

A: The people first and foremost. It's been so wonderful seeing so many people develop and grow. A colleague who started in the mailroom over 30 years ago is now a senior Finance Manager. I will also miss the diversity of assets and the opportunities – I love the hydro stations and find talking to the people on the ground fascinating. But you need to know when to pass the baton and I've had a right hand man for the past seven years who has been part of the team for 15 years who is now in a good position to take on this role. ■



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