

Pushing Boundaries as a CFO

Finance leaders must be prepared to lead from the front and create a strategy and culture that is focused on sustainability. At Criticaleye's CFO Forum, Community Members told **Emma Carroll** how they have driven this transformation in their own organisations

One of the most profound shifts underway in organisations is towards greener business models. CFOs can play an influential role here by putting sustainability at the heart of all commercial decision-making and encouraging their organisations to innovate and push boundaries.

At Criticaleye's recent [CFO Forum](#), held in association with [Capita](#) and [Workday](#), senior leaders came together to discuss how to drive this transformation.

Janet Mui, Investment Director at Brewin Dolphin, set the scene for the discussion with her economic and geopolitical outlook. Coming a fortnight after world leaders gathered to discuss how they must respond to the big global challenges of today, she stressed the growing significance of the sustainability

agenda and characterised the shift as 'an unstoppable trend'. "One important thing that came out of the G7 Summit is the greener economy. The transition to green energy is... accelerating," she said.

Alan Stewart, NED and Chair of the Audit Committee at Diageo, has witnessed this march forward through the course of his career, which has seen him head up Finance in businesses including Thomas Cook, WH Smith and Marks & Spencer. However, while committed to sustainability, it was his turnaround credentials that were most needed when he stepped into the CFO role at Tesco in 2014.

"In the first instance, we had to focus on stabilising the business, ensuring that we didn't have to raise any finance from our shareholders and securing the future of

the company," he explained. "At the same time though, I was ensuring that I kept a focus on sustainability myself and with a few people in Finance. Then, at the right time, I began to bring it much more clearly into the overall Finance agenda."

Alan had to decide where to focus his efforts. "When TCFD [Task Force on Climate-related Financial Disclosures] came out, I felt that we should adopt it within Tesco and I got the audit committee to agree, but I did it in a way that was relatively low key. I decided to do it in a very light touch way and then work out how we would commit to it," he said.

It turned out to be a good choice and created traction and enthusiasm. "It really opened up a deep interest with people in Finance about how they could play their part in this agenda," he said. >



Heading into the Unknown

While **Alan** had the enthusiasm of his team behind him, it was uncharted territory and required an innovative mindset and determination. "I had no idea how we were going to do it, but I knew that we could," he said. "I never worried that it might not work because then you're focusing on the wrong things. I just really got the organisation focused on how we could deliver it. It required strong input from me, in terms of helping people make decisions when faced with unknowns."

With their view across the whole business and an influential seat on the Board, CFOs are perfectly placed to drive the agenda forward. This includes ensuring sustainability is integrated into all commercial decisions. **Julie Brown**, Chief Operating and Financial Officer at Burberry, set out how Finance are making a significant difference by doing this at the luxury fashion house. She described how, when the business decided to raise capital at the height of the pandemic, it chose to issue a sustainability bond, which proved highly popular as it was 7.9x oversubscribed.

"We've also introduced sustainability into the capital appraisal process," **Julie** said. "We looked for what would have the biggest impact, and our spend on stores and buildings is a significant investment. We committed to using external standards, such as LEED and BREEAM, so that all our buildings have a commitment to sustainability as well as financial criteria.

"We've also really brought about change with the climate impact, risk assessment and scenario planning we now do for our business. For example, one of the key pieces of scenario planning we've been doing looks at the impact of climate change on our raw-material supply chain."

“Be prepared to step into areas where you don't know exactly what the answer will be”

However, Finance cannot deliver sustainability on its own and **Julie** is a strong advocate of collaborating across the business. "You must set a clear definition of what you want to achieve. Have a North Star, whether it's Climate Positive or Net Zero, and then work cross functionally to achieve it because that's so much more impactful," she said.

Creating a sustainable business is also about enthusing and engaging your people. **Maximillian James-Richards**, Relationship Manager at Criticaleye, said, "Becoming a sustainable business requires a shift in culture. People throughout the organisation must understand and buy-in to the vision, so it informs the decisions they make and how they do their jobs."

This can have other benefits too, with many leaders finding that taking a strong position on issues like climate change and diversity & inclusion confers a competitive advantage when recruiting. **Iain Kirkwood**, Head of Transformation for Capita Consulting at Capita plc, explained: "One of the biggest challenges organisations face is the attraction and retention of talent. Evidence shows that individuals who can align with their

organisational purpose are far more engaged, motivated and productive. They are therefore also less likely to leave."

There's no question that the momentum behind the green economy is growing and the prize on offer is colossal, but leading in this area can still be daunting when so much remains untested. **Alan** explained: "Be prepared to step into areas where you don't know exactly what the answer will be. Push the boundaries, because the more that boundaries are pushed, the more knowledge will be gained and progress will be made." ■

Criticaleye's [CFO Retreat](#), taking place on Thursday 11th and Friday 12th November 2021, will be held under the theme of The Collaborative Leader. This event will discuss a range of hot topics, including 'Navigating Complexity as a Board', 'Telling a Compelling Investor Story' and 'Leading a Step Change in Performance'.

Featuring Commentary From:



Julie Brown
Chief Operating & Financial Officer
Burberry



Maximillian James-Richards
Relationship Manager
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Iain Kirkwood
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