The Entrepreneurial CFO: From Bean Counter to Bean Grower

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- Completing Doctor of Business Leadership degree in entrepreneurial strategy in 2014
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- Done business in 15 African countries across more than 11 sectors
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EXECUTIVE SUMMARY

• “It is an entrepreneurial age – a time requiring innovative vision, courage, calculated risk taking and strong leadership”
• “Entrepreneurship (or intrapreneurship) should be at the heart of every organisation seeking to survive and prosper”
• “Established organisations need to find an entrepreneurial orientation AT ALL LEVELS to grow and improve performance”
• But ‘how to become entrepreneurial” is a challenge especially for CFOS
• An evolution in the role of CFO from “bean counter” to “bean grower” with an entrepreneurial mind set may be the source of innovation and enduring value creation
If you are a CFO “unotogona kushaya kuti zvinhu zvacho zvirikumbofamba sei”!

COMPANIES
“low growth, stagnation or regression

ZIMBABWE
“economic challenges”

AFRICA
“growth with risk”
options

GLOBAL
“recession, fast change, technology, competition, globalisation”
PROBLEM

“The traditional view of a CFO is a bean counter focused solely on company finances” – Mary Popper in CFOs New Role: Taking on Strategy

Free lunch!
• [http://youtu.be/aO0XBOAEfJE](http://youtu.be/aO0XBOAEfJE)

“While financial and operational excellence in the traditional roles of transaction processing and financial reporting are taken for granted…the rules of the game have changed for CFOs” – ACCA

“In the uncertain, dynamic & global economic environment in which businesses operate, CEOs need to deliver growth and are rapidly positioning their businesses to capture growth opportunities as required by capital markets”

Lion attacks gazelle
• [http://youtu.be/BxTXj9k1HH4](http://youtu.be/BxTXj9k1HH4)

• CFOs are required to complement CEOs and leadership teams by becoming bean growers!
• How can CFOs do this?
Entrepreneurs are simply those who understand that there is little difference between obstacle and opportunity and are able to turn both to their advantage.

(Niccolo Machiavelli)

Or one who can turn a challenge or liability into a Zim Asset!
THE PROFESSION’S VIEW OF THE CFO

“The CFO role is evolving”

“The CFO has 4 faces…STEWARD, OPERATOR, STRATEGIST, CATALYST”

“The CFO as CHANGEMAKER…who is a guardian of integrity with a broad organisational remit” vs. a narrow compliance focus and a “Dr No’ approach which is part of the problem

“The CFO needs to embrace a NEW role for NEW times”

“The CFO is the ARCHITECT of the corporation’s future”
THE ROLE OF A CFO IN AN ENTREPRENEURIAL COMPANY - HarvestCFO

- To enable the CEOs, owners and management to fulfil their vision of building a successful company and **creating success**.
- CEOs, owners and management teams who achieve their vision of growing great companies and creating success view their company’s finance function as a key **enabler** for the company to be successful.
- The role of the CFO in an entrepreneurial company is to make a **good CEO a great CEO**, which enables the CEO to **deliver desired returns to owners** and management teams to fulfil the **CEOs objectives**.
- These goals are achieved through the CFO providing to the CEO, **financial leadership** to shield the CEO from having to focus on **financial risk**.
- The CFO is an enabler to the **CEO’s vision** by ensuring the financial and operational aspects of the business provide the CEO the necessary support for **decision making**.
- The primary objective of the CFO is to enable CEOs to deliver to their companies continuous improved financial returns, increased cash flow, improved financial position and increased overall **business value**.
- The successful CFO is an enabler for entrepreneurial companies to increase profits, cash flow, working capital and financing sources to **fund growth**.
In today’s hypercompetitive, globalized business landscape, entrepreneurial strategy is defined at the confluence of the continuous identification of new, risk adjusted opportunities and formulation of concomitant plans (ENTERPRISE), the ability to adapt and transform the internal and external firm environments, ideas and business models to viable products or services (EVOLUTION), and the discipline to ‘get things done’, or make things happen in order to deliver results against the strategy (EXECUTION). Successful entrepreneurs at the ‘confluence’ grow value through innovation!

Confluence (or conflux) means a flowing together of two or more rivers to become one. But it's more often used to talk about the coming together of factors or ideas, or of cultures in a diverse setting, or the combination of multiple strategies and ideas into one complete strategy.
ENTREPRENEURIAL CONFLUENCE CUBE

**ENTERPRISE**
- Future Orientation
- Environmental Awareness
- Opportunity Seeking
- Risk Taking

**EVOLUTION**
- Game Changing
- Internal Transformation
- Adaptation
- Learning

**EXECUTION**
- Structure
- Resource Mobilisation
- Risk Management
- Alignment
The defining characteristic of entrepreneurs is that they are able to perceive opportunities for profits.”

– Kirzner 1973

ENTERPRISE
FUTURE ORIENTATION

• The Future is as Important (or more so) as the Past!
• Market or Niche Leadership is critical for scale and growth
• Scenario Planning as a tool for considering alternate futures and for both risk management as well as opportunity identification
• ‘What If’ questions (Ohmae 1982) ‘5 Whys’ technique
• e.g. MTN
ENVIRONMENTAL AWARENESS

• Internal & External Stakeholder Needs Analysis & Management

• Environmental Scanning for Strategic Issues
  (“forthcoming development inside or outside the firm which is likely to have a significant impact on the ability of the organisation to meet its objectives”)

• Market Information Asymmetries

• e.g. ASPEN
OPPORTUNITY SEEKING

• Internal and External Value Creation Opportunities

• Growth Pipeline
  (regional & global – these are both an opportunity and a threat in that now one competes around the world with everybody else, everywhere (including in one’s own country)

• Recessionary Opportunities (offer chance to outmanoeuvre rivals and get ahead as “many companies fail to see opportunities hidden in economic downturns”)

• e.g. SHOPRITE
RISK TAKING

- New Venture and/or economic activity creation
- Resource Commitment to growth options
- Healthy Internal Competition amongst SBUs, products, departments (if you do not cannibalise your own business and move to new revenue streams someone else will eat your lunch!)
- e.g. EQUITY BANK
“Profitable survival requires an edge derived from some combination of a creative idea and a superior capacity for execution”

- Bhide 1994

EXECUTION
STRUCTURE

• Mergers & Acquisitions & Alliances
  (accessing new technologies, products and markets quickly)

• Decentralisation

• Board Strategy Committee (vs. Audit & Risk) & STRATEX

• e.g. BIDVEST
RESOURCE MOBILIZATION

• Right Capital Mobilisation (including people) “
  You are a bus driver. The bus, your company, is at a standstill, and it’s your job to get it going. You have to decide where you're going, how you're going to get there, and who's going with you...Get the right people on the bus, the wrong people off the bus, and the right people in the right seats”

• International Best Practice & Standards

• Peer Benchmarking

• e.g. BANCABC (Atlas Mara), KENYA AIRWAYS (Rights Issue)
RISK MANAGEMENT

• Corporate Governance Framework & Supportive and Diverse BoD
• Risk Management Policies
• Long Term View
• e.g. ECOBANK
ALIGNMENT

- Performance Management & Incentivisation e.g. EVA, VBM, owner-management, balanced scorecards, stretch targets
- Multi-level strategic input (top down + bottom up)
- Quick & Autonomous Decision-making/ sense of urgency (‘burning platform’)
- e.g. NOKIA
“It is not the strongest of the species that survive, or the most intelligent that survives. It is the one most adaptable to change”

– Charles Darwin

“Profit is the payment you get when you take advantage of change”

- Schumpeter

EVOLUTION
GAME CHANGING

• Changing Rules of the Game
• Disruptive Business Models
• Partnering & Collaboration (co-opetition)
• e.g. ECONET (ecocash)
INTERNAL TRANSFORMATION

• Business Lifecycle Stage
• Talent Succession Planning
• Change Agency
• e.g. TA HOLDINGS
ADAPTATION & FLEXIBILITY

• Freedom to Experiment
• Adaptation to Environmental conditions
• Managing today, and looking forward to tomorrow
• e.g. AECI “Freedom within a Framework”
LEARNING

• Failure Tolerance
  (“Failure CAN be an option in innovation”!)

• Learning Organisation
  (“learning is a critical element of a vibrant organization”)

• ‘Live’ business model and plan

• e.g. SABMILLER “repeatable models of success”
EXERCISE – how round, how large, how circular?

YOUR CEO's WHEEL
YOUR CFO's WHEEL
YOUR EXCO's WHEEL
Entrepreneurially Confluent
10 ENTREPRENEURIAL AFRICAN LIONS

- Ecobank
- Aspen
- Bidvest
- Imperial
- MTN
- Naspers
- SABMiller
- Shoprite
- Equity Bank
“WHEEL OF BECOMING”
ENTREPRENEURIAL

Top 10 vs. Sample Average vs. Entrepreneurial Confluence vs. African Champions
CONTACT

If you have a problem with your wheel or for further information please contact:

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