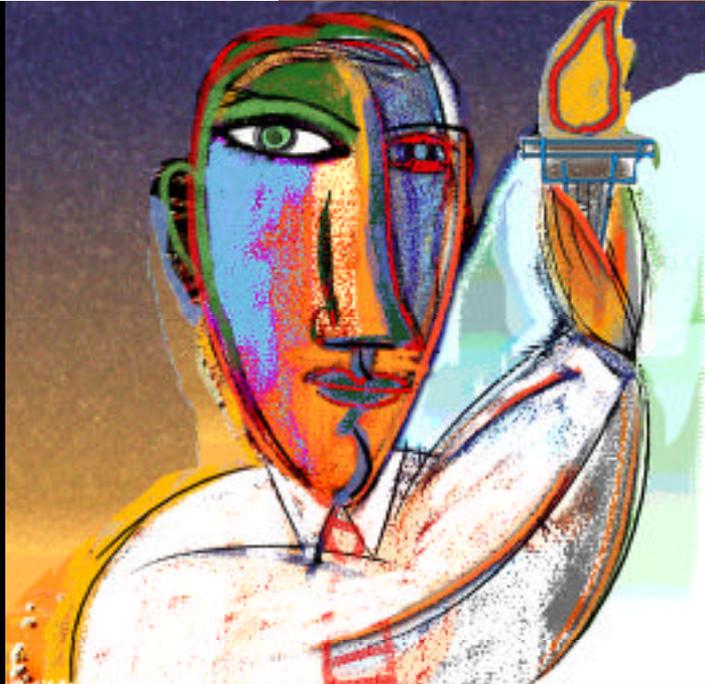


# A Learning Agenda for Chief Business Officers

By Patrick Sanaghan, Larry Goldstein, and Susan Jurow

**What is the set of qualities and skills a chief business or financial officer must have to provide the leadership our institutions need to be successful in the next decade? The authors offer answers and provide a diagnostic that readers can use to assess their leadership effectiveness.**



In preparing the design and delivery of a program for new chief business and financial officers at the July 2000 NACUBO Annual Meeting, the authors talked with scores of chief business and financial officers (hereafter referred to as CFOs), NACUBO board members, presidents, and provosts. We also engaged in an extensive review of the literature on effective leadership in higher education.

The focus of our research, observations, and conversations centered on a single key question: “What is the set of qualities and skills a chief business or financial officer must have to provide the leadership our institutions need to be successful in the next decade?”

Through our research, we came to realize that CFOs will not only need a unique set of skills and qualities, they also will need to perform in some new roles within their institution. This article

outlines the set of qualities and skills, some old and some new, and identifies three new roles for the CFO in higher education.

Our purpose is to share our learnings about leadership in the unique context of higher education. Our goal is to provide a framework for examining an individual’s leadership competencies. We believe that it can be used to help assess current skill levels—to identify strengths and areas of needed development.

We hope that it can be used to create a personal “learning agenda” to continuously develop the effectiveness of a senior leader in higher education. CFOs may want to share a personal assessment with a trusted colleague to solicit insights and feedback on assumptions. By encouraging others to question our thinking and findings, we believe the results of such an exercise can be informative, enlightening, and rewarding.

To begin our research, we defined the context in which CFOs will need to operate in the following way:

- The pace and complexity of change will only increase over the next decade. The familiar term “constant white water” accurately describes the higher education environment. Many people feel that higher education has gone through a tremendous amount of change over the last decade. We believe the next decade could be described best as “you ain’t seen nothin’ yet!”
- Collaboration will become the primary way that business will be conducted on our campuses. The complexities and challenges will not be manageable through singular action. An integrated approach to institutional business practices will be the key to survival and success in the future.
- The issues facing senior leadership in higher education will only increase in scope, intensity, and complexity. The CFO will be at the center of trustee relationships, stakeholder inclusion, policy making, administrative and faculty relationships, strategy, customer responsiveness, improving core processes . . . The list goes on and on.

Our work and research made certain assumptions:

- The CFO is very smart, or he or she would not have achieved a senior level of leadership.
- The CFO has strong technical skills and knowledge. He or she understands the unique aspects of financial management at a college or university.
- The CFO has an in-depth understanding of his or her institution and the complex environment of higher education.

These “givens” alone no longer ensure that a senior leader in higher education will be successful. CFOs who hope to thrive in the complex future will have to be committed learners, willing to stretch themselves, develop new skills, be open to feedback and, at the same time, pay full attention to the technical aspects of their jobs. We believe that this emerging skill set and new roles will create real value for higher education institutions.

## Results—The Bottom Line

To be effective and credible, a leader must be able to achieve results. This is the bottom line for any leader. These results may differ from one situation to the next, but ultimately, leaders accomplish things. How they do this defines the quality of life in the organization.

The leader is responsible for articulating clearly what needs to be achieved and, most important, why it needs to be achieved. People must understand “This is what we are here to do.” Effective leaders also must create mechanisms for tracking people’s accomplishments, so that they can recognize their personal contribution to the institution and its goals.

As we begin this journey, you may want to ask yourself:

1. What results do I achieve as CFO?
2. How do I communicate to my employees the specific results that need to be accomplished?
3. Do they understand why these results are important?
4. How do I track and monitor progress and learning?
5. How do I communicate results and accomplishments to staff who report to me?

The essential characteristic of a leader is the ability to achieve results. Without this, little else matters.

## Qualities, Skills, and Roles

Each of us brings a unique blend of qualities and skills to our work and personal lives. Qualities are innate elements of our character. Skills are the abilities that we develop over time.

Nearly every book or article on leadership has a laundry list of qualities and skills that the authors believe are required of a leader. It can be daunting to read. Can any one of us really be good at all the characteristics identified by these models?

We have narrowed the list to three qualities and three skills that we believe are most relevant to higher education in the next 10 years. They are intended to focus attention of leaders and aspiring leaders on the elements that we believe can have the greatest impact on their personal value to their institutions.

### QUALITIES

Self awareness  
Trustworthiness  
Agility

### SKILLS

Creativity  
Communication  
Decision making

Each job requires us to use our qualities and skills to behave in a way that fulfills the duties of our job or position; these behaviors constitute our roles. We found that CFOs will have three new roles as a senior leader:

### ROLES

Capacity builder  
Cultural traveler  
Horizon thinker

We will explore these elements from the outside in. We will look first at the most visible manifestations of a leader’s efforts—the roles that he or she needs to play for the organization. We will look next at the abilities that the leader has developed or needs to develop to effectively handle issues in the contemporary workplace.

Finally, we will examine the qualities of leadership that are so difficult to develop because they are, for the most part, personal traits. For those of us not born with these elements, the good news is that we can learn to employ the behaviors associated with them until they become a natural part of our character.

Of the qualities, skills, and roles that we identified, the roles are the ones that we believe are the most unique to this time period and, therefore, likely to be the most unfamiliar: capacity builder, cultural traveler, and horizon thinker.

## ROLES

### Capacity Builder

Learning to be a leader cannot be accomplished by reading case studies. You cannot learn about respect, integrity, honor, and complexity simply by reading about them. These are qualities that must be demonstrated and modeled on a daily basis.

In *The Leadership Engine*, Noel Tichy writes that successful companies don't just have effective leaders at the top but lots of strong leaders throughout the organization. This only happens if leaders are dedicated to growing and developing people. Tichy goes as far as saying, "If you're not teaching, you are not a leader."

Capacity builders begin by being excellent at hiring good people. They invest the time and energy to recruit people who will benefit the institution. They then look constantly for ways to leverage people's efforts and learning throughout the institution. They are willing to share best practices with others and seek out new ideas from other institutions.

Effective CFOs are teachers and mentors. They see sharing what they know with others as one of their main responsibilities. They are dedicated to building the capacity of people in their institution. They coach individuals, strategize with them, listen to their concerns, and teach them how to be better leaders themselves.

**Bottom Line:** CFOs need to find and develop good people to build the capacity of their institutions.

#### Learning Questions:

1. When I look at the people I have hired over the past few years, have they been able to make a real contribution? Why? Why not?
2. Who calls me for advice and wise counsel? Who do I mentor?
3. How would people describe my capacity building?

### Cultural Traveler

The most respected and effective CFOs we talked with were seen as "cultural travelers." These are people who can go almost anywhere on campus and have positive and constructive relationships throughout the institution. They have the ability to interact meaningfully with diverse stakeholders regardless of race, class, gender, or education. They extend themselves and are accessible to others.

Being a traveler gives leaders access to ideas, discussions, and people, and this breadth of contact proves to be invaluable. They are good listeners, open to the ideas of others, able to keep

confidences, and focus on what is best for the institution. Their agenda is neither personal nor political because it is in service of the "common good."

CFOs who are travelers understand the culture of their institution at a deep level and enable collaboration to take place. They act as bridge builders and translators between different groups. They have tremendous credibility across department and divisions and are highly trusted by academics and administrators. In short, they connect with people.

**Bottom Line:** If CFOs are to help create a collaborative institution, they must be welcome in all the different institutional cultures within their colleges and universities.

#### Learning Questions:

1. Who do I talk with?
2. How do I extend myself to stakeholders on campus? Am I accessible?
3. What do I do to build relationships with others? How am I known?

### Horizon Thinker

Effective leaders must have the ability to think strategically about the future and to see what is "around the corner" that will affect the institution. They have ways to anticipate and interpret those events, trends, and issues that will change the way business will be conducted on campus. The most effective horizon thinkers are able to detect patterns across time and identify what to focus on.

This is not a magical skill or only for the "creative" types. It is a discipline that requires rigorous attention and constant development. Some of the strategies employed by the CFOs with whom we spoke include the following:

- They take time to think about the future. They dedicate time to capture their thoughts and impressions about what is happening in the larger world.
- They talk with young people because they are closest to the future and have different interests and perspectives.
- They seek to expand their mental horizons by attending conferences outside their area of expertise.
- They develop a "smart" network of individuals who are interested in speculating about the future, and they nurture this network.
- They create an integrated view of the world by reading widely outside their functional area.

These time-consuming but effective strategies help to develop a special perspective that is needed to be an institutional leader.

**Bottom Line:** The ability to think about the future and develop creative responses to what is on the horizon will help ensure the long-term viability and success of the institution.

### Learning Questions:

1. Do I take the time to think about the future? How often? What have I learned lately?
2. What areas outside of higher education do I explore?
3. Who do I talk to about the future? Who helps me see the future in new ways?

## SKILLS

CFOs will need the following skills in order to be successful in their new roles: creativity, communication, and decision-making.

### Creativity

A trap into which many leaders fall is excessive reliance on technical skills at the expense of other, equally important talents. One of the most frequently neglected skills is creativity, which takes different forms for different people. For some, it is an ability to paint landscapes, and for others, it is composing music. For still others, it is may be a novel approach to problem solving such as employing metaphors that help others see what might otherwise remain the hidden solution to a problem.

A mistake that many make is to assume that those without apparent artistic ability lack creativity. Everyone possesses creativity, and, like any other skill, it improves with practice. The challenge for leaders is to become comfortable with the explicit application of their creative side.

Many techniques can be employed in the workplace to supplement analytical thinking with a creative approach. It is sometimes possible to achieve faster and more effective results by reshaping a problem in different terms. Researchers at the Center for Creative Leadership have used visual exploration techniques to address complex challenges. By using various images, both abstract and representational, to represent a particular challenge, participants in their studies have been able to identify solutions that were not apparent from data.

**Bottom Line:** The application of creativity to workplace problems is just as important to one's success as the ability to comprehend and explain complex technical material.

### Learning Questions:

1. How can I surface my creative ability in the office?
2. Do I encourage others to demonstrate creativity in performing their jobs?
3. Am I able to find solutions to problems by looking beyond the data?

### Communication

Many leaders believe that communication is the critical element in their success. Communication has at least three dimensions, and effective leaders must have a special competency in at least one of them: speaking, listening, and translating.

Many CFOs are articulate, and this is a helpful starting point for a speaker. The CFO is often called upon to represent the organization, its values, or point of view. It is important to cultivate a style that is both comfortable and effective for this purpose.

The best CFOs also listen effectively. This is both an art and a discipline. Careful listening helps leaders to gather a great deal of quality information. To listen deeply, you have to be interested in what others have to say. People who feel heard feel valued. When people feel valued, they are more willing to share their concerns, hopes, and ambitions. Leaders need access to this kind of information along with facts if they are to be well informed.

Great communicators are translators; they have the flexibility to talk with people on their own terms and in their own organizational "language." They can communicate to a wide variety of stakeholders and convey their understanding. At their very best, they can translate institutional aspirations, values, and goals to diverse groups.

**Bottom Line:** Effective CFOs not only are articulate spokespersons, they are also good listeners and translators of campus life.

### Learning Questions:

1. How would I describe my listening skills? How would others rate me?
2. Can I convey complex material in a digestible and understandable form?
3. Am I an effective spokesperson for the values and goals of the institution?

### Decision Making

Successful leaders make good decisions most of the time. This may sound obvious, but it is very difficult to accomplish in a consistent manner. Very smart, even brilliant people can make poor decisions. When people on campus don't have faith in the decision-making ability of the president, provost, and chief financial officer, the loss of confidence can cause the institution to suffer greatly.

We found that the best CFOs clearly understand how they make decisions, are disciplined in their decision making, and employ a variety of approaches. They consistently gather information and perspectives from a variety of sources. They also share their thinking, so that others can understand how they arrived at their conclusions. This opens the way to honest feedback and the invaluable testing of ideas.

In complex organizations that require collaboration to get things done, an effective decision maker must utilize a "systems" way of thinking. The systems approach calls for leaders to look at the implications of decisions from as wide a perspective as possible, one that encompasses the whole organization and its stakeholders. Leaders must ensure that they understand the impact of decisions on others and their long-term implica-

Alden M. Hayashi, "When to Trust Your Gut," *Harvard Business Review* (February 2001).

Charles J. Palus and David M. Horth, *Leading Creatively: Making Sense of a Complex World* (San Francisco: Jossey-Bass, 2001)

Robert H. Rosen (Paul B. Brown – Contributor), *Leading People* (New York: Penguin USA, 1997).

Patrick Sanaghan and Rod Napier, "Deep Lessons About Change in Higher Education," *Business Officer* (October 2000).

Noel Tichy with Eli Cohen, *The Leadership Engine* (New York: Harperbusiness, 1997).

Peter B. Vaill, *Managing As A Performing Art* (San Francisco: Jossey-Bass, 1989).

tions. They must understand and appreciate why some people resist a decision and ensure that the full range of issues has been explored and properly communicated.

**Bottom Line:** The CFO must make decisions that take into account the broad range of concerns and issues inherent in the complex situations they are likely to encounter.

### Learning Questions:

1. How do I make the most of my decisions?
2. How would I rate the quality of my decisions over the past few years? How would others rate me?
3. What approaches do I employ to ensure the best decisions possible?
4. With whom do I test my ideas?

Finally, the CFO will need to exhibit the following three qualities: self-awareness, trustworthiness, and agility.

## QUALITIES

### Self Awareness

This is the most critical of the "softer" leadership attributes. Without it, leaders can't really lead. Our ambition, need for power, issues with authority, and core values drive our behavior. People who don't know themselves well are limited in their effectiveness because they don't understand the impact of their actions or how to change their behavior to achieve different results. The negative effect of unaware leaders can be devastating.

Robert Rosen, writing in *Leading People*, puts it succinctly, "If leaders lack self-understanding, it casts a shadow across the organization." CFOs must be committed to being honest at least with themselves about who they are, and they need to build time into their busy schedules for reflection. They need to ask themselves tough questions:

- What drives me?
- What does success mean to me?
- What is the impact of my actions?
- What style of leadership do I exhibit and why?

In asking these questions, leaders learn to understand their motivations and actions at a deep level. Many of the CFOs we talked with told us that self-understanding creates the emotional stamina that helps to sustain them through difficult times. It provides them with a solid foundation from which they can deal with tough, sensitive, and complex issues.

The effective CFOs with whom we spoke often take the time to reflect on these issues with a trusted friend or fellow leaders. They understand the need to talk with people who will challenge

their thinking and give them wise council. It takes discipline to cultivate self-awareness because day-to-day stress, challenges, and problems continually offer compelling distractions.

**Bottom Line:** Self-understanding is a key leadership quality. Effective CFOs make the time for self-reflection because it is an important and courageous thing to do.

### Learning Questions:

1. When and how do I take the time to learn more about myself?
2. Who can I talk to about deep and important things?
3. How do I use what I learn about myself?

### Trustworthiness

Trust is the most complex and fragile element in organizational life. It can be lost through a single, simple incident, and it usually takes long-term, conscious, and concentrated effort to rebuild once it is gone. Trust is a thread that binds people together, so that they can accomplish great things. It enables people to take risks, give more of themselves, and support others. Without trust, very little of substance happens in organizations.

The most trusted financial officers do several things to create a climate of trust on their campus: 1) they create budgetary processes that people can understand, and they don't try to dazzle or overwhelm people with financial complexity; 2) they share financial information widely, so that people throughout the institution know what is going on; and 3) they tell the truth.

CFOs are in a unique role to help create and nurture trust in their institution. This is a special responsibility. We know of several CFOs who created, over time, genuine trust in cynical institutions. It takes consistency, openness, and honor. It can be a difficult journey.

**Bottom Line:** Being trustworthy is a critical leadership quality for creating dynamic organizations.

### Learning Questions:

1. Am I trusted as a leader? What evidence do I have?
2. How can I help create and nurture trust at the senior leadership level?
3. What can I do to support a sense of trust on campus?

### Agility

Too often, people in leadership positions have limited solution-finding abilities and respond to every problem in predictable ways. They become comfortable with using a particular style or approach. Peter Vaill in his book, *Managing As A Performing Art*, tells us that it is natural to seek stability in the turbulence of non-stop change by trying to develop routines that we can follow.

## INITIAL QUESTIONS

1. What results do I achieve as CFO?
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3. Do they understand why these results are important?
4. How do I track and monitor progress and learning?
5. How do I communicate results and accomplishments to staff who report to me?

## ROLES

### Capacity Builder

1. When I look at the people I have hired over the past few years, have they been able to make a real contribution? Why? Why not?
2. Who calls me for advice and wise council? Who do I mentor?
3. How would people describe my capacity building?

### Cultural Traveler

1. Who do I talk with?
2. How do I extend myself to stakeholders on campus? Am I accessible?
3. What do I do to build relationships with others? How am I known?

### Horizon Thinker

1. Do I take the time to think about the future? How often? What have I learned lately?
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## SKILLS

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1. How would I describe my listening skills? How would others rate me?
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## QUALITIES

### Self Awareness

1. When and how do I take the time to learn more about myself?
2. Who can I talk to about deep and important things?
3. How do I use what I learn about myself?

### Trustworthiness

1. Am I trusted as a leader? What evidence do I have?
2. How can I help create and nurture trust at the senior leadership level?
3. What can I do to support a sense of trust on campus?

### Agility

1. What are my approaches to dealing with the challenges I face every day?
2. Are my approaches successful? How do I know this?
3. Would people describe me as predictable? Consistent? Flexible?

As the pace and complexity of change continues to accelerate, leaders will need a broad range of responses to ensure the success of their institutions. This doesn't mean being wishy-washy or inconsistent; it means being able to assess situations and people, and choose the appropriate action. Leaders will need what Vaill calls "flexibility of consciousness."

Leaders have to develop a wide range of thinking skills, people skills, and creative problem-solving skills. Experimentation and risk taking need to become a more common approach to dealing with unfamiliar situations. Leaders must live this flexibility on a day-to-day basis, or they will not be able to respond appropriately to the inevitable challenges that await them.

**Bottom Line:** Effective CFOs will have to develop agility in their leadership style to deal with the complexities of their lives.

CFOs who possess the attributes outlined in this article, and those who are working toward honing these qualities and skills will provide the type of leadership needed for the times. They will be well positioned to make a difference at their institutions over the next decade.

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**Resource Link** For information about the 2001 New Business Officer Program, being held on July 27 and 28 in advance of the NACUBO Annual Meeting in New York, log on to [www.nacubo.org/annual\\_meeting](http://www.nacubo.org/annual_meeting) and click on Pre-conference Programs.

## Learning Questions:

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