

Mastering the FISO Factor[®] *Fit In, Stand Out*

The Key to Leadership Effectiveness in Business and Life

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by Blythe McGarvie

Commitment Creates Change

When I assumed responsibilities as a Chief Financial Officer, I needed to decide which existing financial processes to keep and which ones to change. During my first few quarters in my new job, we never made our budgeted sales projections. When I asked how we arrived at monthly budget figures, I learned that field management provided input, but that corporate management determined the targets and revenue budgets and imposed those figures onto each region and category. At this company, the gamesmanship in presenting the budget became an unspoken joke. Clearly, something was broken and the budget process needed to change.

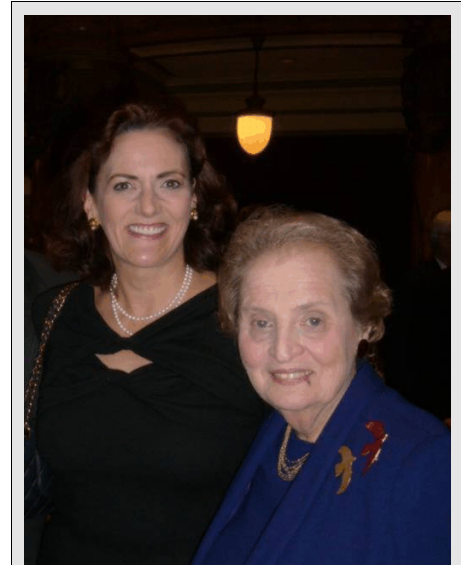
Accepting budgetary figures from field management required lowering internal and external expectations. That, frankly, didn't feel right. The executive leaders considered increasing the dialogue between corporate and field personnel, but the budgeting process already took months. We then considered using rolling forecasts from the field that reflected more timely information about what the customers would buy. One of our general managers supported this idea because he observed that our company produced the wrong type and quantity of products that the sales force didn't or couldn't sell.

LIF's Lessons

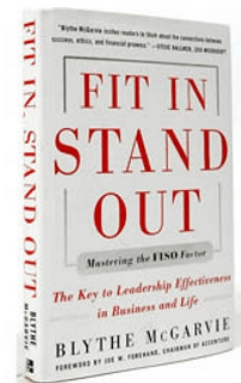
Everything depends upon execution;
just having a vision is no solution.
— Stephen Sondheim

Process Innovation

As we established a rolling forecast, we kept the annual budget. Instead of "rolling up" forecasts from line managers closest to the customers and the marketplace, we continued to rely on adjusted budgets. Budgets were significantly inaccurate. Inventory levels continued to increase and sales revenues flattened.



McGarvie with former U.S. Secretary of State Madeleine Albright in January 2007, continuing her commitments.



Fit In, Stand Out: Mastering the FISO Factor, by Blythe McGarvie, is available from Amazon.com, Barnes & Noble, and other fine booksellers.
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amazon.com.

Predicting and measuring business results have real consequences. In this case, poor sales forecasts dropped our company's share price by 8 percent. Our investors may have been willing to temporarily tolerate weak sales, but they were frustrated that we never budgeted, projected, or forecasted this weakness.

Lessons Learned

Perhaps an apt moral of this story is "out with the old; in with the new." Don't hang on to antiquated, ineffective systems and processes. Once a decision is made to replace a system, replace it and minimize phasing. In today's competitive world, it's better to move ahead with a new system rather than to run parallel processes. And, it is critical to have commitment to change from the top leaders as well as from those who implement it.

It is possible to make changes if you have the commitment to focus on what will improve your financial results and excise those processes that don't—but have been followed for years. I now understand how to help leaders to balance the need to "fit-in" with the existing culture with the need to experiment, innovate, and "stand out" by delivering exceptional results. I coined the phrase The FISO Factor® for this fit in, stand out approach to implementing transformational change.

LIF's Lessons

Unless commitment is made,
there are only promises and hopes;
but no plans.
— Peter F. Drucker

I challenge you to think about what will drive your results. Then, ask your peers and your boss the same question. Compare the answers and get alignment upfront. Many companies have scorecards for what drives the business. As an agent of change, you need to confirm that what is measured matches what you think drives the business results. You may have to develop a different kind of decision-making process to ensure the success of your changes. Only if you align both expectations and reporting mechanisms will you have a highly performing organization.

Items of Note

Blythe McGarvie discusses "Risk Management: One Size Doesn't Fit All" in *Directorship*.

Laura Martin of **Capital Knowledge** releases updated media company research reports on **Google** and **Yahoo**.

Cathy Higgins releases volume 4, issues 3 of *The Straight Talk Coach*, entitled "**Career-Building Part Two: Developing Talent for Competitive Advantage**."

The FISO Factor®
Fit In, Stand Out



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The *Mastering the FISO Factor Newsletter* targets leaders who recognize the critical importance of financial acumen and global perspective to achieve outstanding, sustainable results for their businesses. FISO means *Fit In, Stand Out*. Developing the FISO Factor is the key to leadership effectiveness in business and life. URLs: www.fisofactor.com and www.LIFgroup.com