

People

THE IDEAL FD • STAFF MATTERS • APPOINTMENTS

My dream FD

Stuart Wilkin profiles the perfect finance director

Whoever has his hand on the purse strings not only needs a strong grip, but an iron backbone and the brass face to say no to belligerent optimism.

Every entrepreneur needs a foil; a devil's advocate. A good financial director (FD) will look at proposals clinically and discuss the consequences of each option. But they need to be more than just a naysayer: they need to be creative and find solutions.

Hereward Tresidder is the Derbyshire senior associate with Secantor, which provides FDs to small and medium-sized businesses.

He says: "The FD must work closely with the chief executive and be a trusted counsellor. They have to be a team and trust each other implicitly. The FD must be a strong planner and forecaster, able to advise on the time it takes for decisions and actions to feed into results.

"You need somebody who demonstrates independence, and has the integrity to make decisions and stand by them. It's no use having a 'yes' man who bottles under pressure or can be bullied. The chief executive needs to know that if they're about to do something that won't benefit the company the FD will stand against them."

Tresidder argues that exceptional technical ability is not critical: "It's more important to find an FD you can trust and work with. You can buy technical ability, but that's a financial controller, not an FD."

Power On Connections, the Leicestershire electricity connection company, grew 130 per cent last year to a turnover of £23m, before being bought by GTC. Andrew Springhall joined as FD at the outset. He says: "There were many reasons for success but above all was having solid, detailed management accounts and robust procedures and policies.

"Someone from an operational background will be a more rounded FD than a numbers man. You need to understand people and motivate staff.



TRUST IS KEY Springhall (left) and Tresidder

A good FD understands what makes a business work and knows everything in the business is linked to a number.

"We may not always be able to afford to do what the business needs, so we work out how we can achieve goals with resources at our disposal. It's better to have an optimistic FD who is cautious than to have a pessimist."

Owen Trotter, partner in private equity firm Key Capital Partners, says an FD needs to be able to cut the numbers correctly, but present them in ways people can understand.

But he says the main role of an FD, at least one installed in a private equity backed deal, is to maintain management's

BLOOMIN' GOOD SERVICE

When Brett Critchley (pictured), managing director of Derby's Orchid Information Technology, detached the business from a parent company, the first thing he did was to appoint a finance director.

In the seven years since Critchley started Orchid from his bedroom, the business has grown into an IT service enterprise with its own data cabling division, employing 20 engineers with a £9.2m turnover.

Critchley believes growth can be attributed to his FD James Twigg, and has rewarded him with a 40 per cent stake in the business. Critchley says: "There are many accountants who can number

crunch, but people who can think and grow a business with a clear strategy are more valuable.

"At this second I can tell you exactly where the business is, who we've sold to and at what margin. With other businesses we often need to wait two or three months before being given a clear picture.

"James is a brilliant forward thinker. If I ask 'can we borrow £1m?' and he says 'no' it's a 'no'. If he says 'yes' I know we can do it."



credibility with funders: "It's hugely important to manage a cash position and banking expectations.

Bank finance isn't easy to raise, particularly

if you're trying to do it quickly, so it's critical the FD can see where the numbers will be in six months or two years. When you're working with bank debt you need to understand the future."

When assessing the strength of a team in a management buyout, Trotter looks for an FD with sector knowledge and experience of dealing with the banks. He says: "You need to understand how to work with the banks and keep them informed. The one thing that can destroy the banking relationship is a surprise."

And Trotter agrees that in a growing business the FD needs to have a balanced view: a gung-ho managing director needs a confident FD.

He says: "The FD might have to fight his corner to make sure the business doesn't over expand. He needs to stand up and be counted. I look for someone who isn't the scorekeeper but plays the game as well, and has input in strategic decisions. That's what takes someone from number cruncher to boardroom player." ■