Management, Influencing and Finance

An Introductory Behavioural Approach

Aliyyah Abdullah

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Introduction

I feel honoured that you have selected this e-book. Thank you!

This book was written primarily for mid-senior and junior finance professionals who want to learn more about influencing from a behavioural perspective.

Behavioural dynamics in the workplace are interdisciplinary topics drawn from many other fields, such as management, psychology and sociology. Behavioural dynamics, under the broad heading of organisational behaviour is, “a field of study devoted to recognizing, explaining, and eventually developing the attitudes and behaviours of people (individual and group) within organisations.” (Kaifi & Noori, 2011).

On a professional level, many years ago, I specialized in Management Studies at the University of the West Indies.

Since graduating, people have often asked me what does management mean?

I will tell you that it involves understanding organisations, the people who work in them, how decisions are made, interpersonal relationships and leadership skills. Or, to put it informally, its a mixed bag of organisational behavioural theory.

Management is not only the study of people and their performance but also embodies aspects such as motivation, the impact of technology, group structures, attitude development, change processes, and conflict management.

Subsequent to studying management, I completed two finance and accounting qualifications, and most recently, I earned a leadership and strategy specialization. So it’s been a full circle in studying and working in organisations over the last 14 years.

Regarding influence, only when I ventured into the public sector, did I realize just how important it was to influence and drive the right behaviours. I have also learned that there is benefit in having a varied background within finance, as there are many expectations placed on finance leaders. Studying management helped me become a better business partner, and this work allows me to share some of those ideas and to guide you to avoid some of the failures that I made.

When I began my career, there were many persons who were great at the technical level but lacked social influence. Then, there were those who were great at social influencing but weren't so great technically.

We will always be better at something, and so this book builds and supports what we should know from a technical standpoint already.

Influencing is necessary to achieve set objectives within finance, and in my opinion, understanding workplace behaviour, is fascinating. It is also an exciting area for finance professionals to know more about, as there is convergence between people and finance.

Since people are central to the finance function, this work provides considerations and guidance to help you understand and implement behavioural strategies in a simple way. It also provides theories which may even be considered introductory. There are two case studies to reflect on, which I hope will assist you in making better professional decisions.

This book touches on aspects central to behavioural change and I explain many areas and determinants regarding change. Behavioural change within finance therefore, serves to:

1. Promote essential attitude and mindset change. Change techniques that lead to appropriate attitudes so that we can adapt to new challenges and accept modifications in technology, structure and leadership.

2. Improve communication. The need to feel valued using communication is at the heart of building relationships. Transparency, therefore, is central in supporting change efforts.

3. Advocate. This book centers on investing in employees and improving their experience. Behavioural change techniques allow mid-seniors to be more effective at being change agents by considering personal, social and environmental factors. Instruction alone is not always sufficient to change behaviours and this is where broader aspects do apply. From a mid-senior perspective, being mindful of the stages of change also saves time in rolling out transformations, increases leaders' effectiveness and improves staff morale.

An engaged employee is a committed one, and in recent times I have questioned whether disengaged employees are on the rise within finance due to increased automation and, more recently, the global pandemic.

My hope is therefore to encourage engagement by using these organisational behavioural considerations and to make you even more successful and valued as a professional.

Aliyyah Abdullah
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Trinidad and Tobago

Endorsements

"Aliyyah is passionate about supervisory personnel understanding how to transform interaction with staff through the dynamics of social intelligence. She has penned in this, her introductory work, the basic effective practices to build influence, change practices, and improve results. Short and easy to read, Management, Influencing and Finance, will give the reader much to assess one's own supervisory experience and pointers for enhancement. I look forward to her next publication." Shamdaver Ganesh, Lecturer and Strategic Business Coach, Trinidad and Tobago

"A very informative read. Chapter punchlines, use of examples to make things clear and use of concepts are some of the highlights. Some stuff is really very cool like the rule of three options while making decisions. Aliyyah's emphasis on culture and also a case study makes it a very compelling read. I loved reading it!" Vishal Sharma, Head HR Asia Aditya Birla Chemicals, Thailand

Chapter 1

Finance and Behaviour

Chapter One: Finance and Behaviour

Management theorists would state that one, or more persons can manage an organisation or department to achieve stated goals and objectives.

Working within finance typically involves controlling, conducting, communicating or advising more on data driven decisions. To successfully make data driven decisions requires some influence, which becomes attainable when we understand the people we work with daily.

In small and medium-sized entities in the West Indies, finance professionals are usually seen as trusted business partners. In most cases, there is this image of quantum expectations such as, but not limited to, accountants, IT and HR personnel, general managers, business advisors, conflict mediators, and abstract thinkers.

And while we have this image, there has only been one instance during my career, where I witnessed the CEO utilize a senior finance professional to set up a new division overseas.

Senior finance professionals were always involved in strategy, controlling, and performance measurement of projects such as financing and forecasting, but when it came to a change in company infrastructure, there was a focus on operations to be the driver of that project and not finance professionals.

What made this story different was the genuine interest of this finance professional in executing the project and then persuading senior management that he had the capability to do so.

Operational exposure coupled with his years of tenure was necessary for him to be trusted, and this also made him suitable for the role. But there is another lesson.

His most significant characteristics were his credibility in driving previous projects, knowledge of the entity, always maintaining a cool head under pressure, and his communication skills. The latter of which everyone knew as he had a knack for understanding situations and people. He could “read a room” quickly and would tweak his messages and delivery during presentations.

If we want to influence internal stakeholders, we must understand who these customers are and address their needs.

How else can finance leverage and implement an understanding of behaviour?

Understanding behaviour and applying it within finance also involves listening, noticing, and reasoning. It's incredible how much we learn using our natural senses.

But this advice may seemingly appear unnatural because technical finance professionals are very task-oriented and complex thinkers. It's very difficult to stop and truly listen to a stakeholder, but it's a necessary first step to even begin to influence.

Below are a few more methods that we can use to create an understanding of behaviours in the workplace:

1. To aid in judgment

Data coupled with daily distractions can bombard finance professionals and finance leaders, who frequently face a conundrum of options and decisions. The aim should be to condense a puzzle of options that appear on a particular project, event, and reduce them to a few options when communicating with other stakeholders. When I say a few, I specifically mean no more than three, where possible, as having to choose between lots of options, and sometimes communicating these options to senior management, leads to confusion and frustration.

Having three options is therefore always better and more feasible when data supports it.

We have grown accustomed to the rule of three. Children typically follow a parental hint on new routines three times, and we all understand something when the rule of three is applied. Let me explain the rule of three, adapted from John Adair's book, *The Art of Making Judgement*:

> Our brains evolved in a way to protect us from harm. Recall the children's stories while growing up, such as Goldilocks and the Three Bears, and other accounts where choices never exceed three. In this case, she has a choice between three bowls of porridge; too hot, too cold, or just right.
>
> Or recall how our languages develop; subject, verb, object. They are common in that order.

English assigns numbers giving them unique endings; first, second, third; anything after that carries the same conclusion for numbers that follow (4th, 5th, and 6th, etc.).

It is almost as if people stop counting at four, or perhaps our brains do not care.

Our minds are constantly looking for patterns, so three is just the smallest number we need to make a pattern, and it also gives us the perfect combination.

This rule of three also ties into what behavioural strategists call as obstacles to making a great decision because there is just too much information available which only overwhelms us.

In looking back at my career, whenever I provided more than three options in my junior years, my manager would usually defer judgment or they'd ask me to repeat the options, or they would choose the first or last option. I had to learn how to manage options available and reduce opportunities to three feasible ones.

Since we are on the topic of being overwhelmed, we must find ways to reduce this in finance, and we can do that through:

1. Automating and synthesizing data sources where possible so that there is the effective use of accurate data. I would echo Jesper Sorensen's advice of the removal of any outliers which are not necessary for making decisions and having support systems in place to minimize time wasted in data gathering, cleansing, and collecting.

Automation has become a rule of thumb; not only has it made working in finance easier but the workforce of today does not want to spend the majority of their working hours on repetitive and mundane tasks. We have grown accustomed to conditioning by mobile devices, using apps that leverage machine learning to create experiences that are easy, engaging and meaningful, so that when we join corporate environments, we expect processes to be easy and a role where we can begin to add value. (Adapted from Juergen Lindner)

2. Focusing on what is critical and effectively organizing our time and schedule using the prioritization matrix. In my junior years, I had to request what was more urgent above other matters and this helped me reduce overwhelm. However, there is

a leadership issue when seniors expect junior finance professionals to be aware of deadlines that have not been explicitly stated, or when all tasks are labeled urgent.

3. Supporting teams so that they can eventually become high performers is beneficial in the long term and assists them in thinking in ways they may not normally do. Being seen as a mentor strengthens one's knowledge and reinforces it as mentees grow to be allies to your work.

2. Through managing conflict

Handling conflicts may not be an area in which finance professionals are too confident, but conflict is normal in the workplace. Resolution is however, better.

When there is a troubled employee, it's easy to make assumptions and cast blame when things go wrong. My suggestion is to go back to listening and to ask instead *how* and *why*. Is it normal for them? Is it because of the task, the environment, or another matter? Take time to consider both the nature of the person and the situation while eliminating bias.

Thomas and Kilmann (1974) developed the most famous method of resolving conflict, the conflict management grid. The classic conflict management model includes five styles: integrating, avoiding, dominating, obliging, and compromising. Most empirical studies have proven that the healthiest ways to resolve conflicts are: integrating (a perfect win-win) or compromising (a moderate win-win). The remaining styles result in win-lose, lose-win, or lose-lose solutions, thus negating the interests of one party in the conflict. (Adapted from Saman Javed, 2017)

The win-win approach is therefore the best approach for senior finance professionals to manage conflicting parties. Where this approach is not applicable and is not used consistently over time, then senior finance professionals should expect that some employees may become increasingly dissatisfied or resentful, and these feelings may eventually impact departmental productivity.

3. Through framing decisions

This point is similar to point two but is slightly different because we have to understand what motivates stakeholders. For a finance professional, framing decisions matters because it is part of influencing and also, negotiating. It leads to mutually acceptable outcomes.

For example, when I worked at a public sector entity, my boss would constantly consider the "role model" impact whenever I decided on a workplace issue. She wanted the department to have and maintain a certain stereotype. Over time, I learned to utilise this approach to support my own objectives.

Another time this occured was when I required a colleague's support after hours. They'd ask how they'd benefit. Understanding this concept, therefore, plays a role in designing and developing contracts and strategic alliances as signatories on these contracts usually compare their gains with other offers.

This point, therefore, allows us to ask ourselves, "What is in it for them?" And this has to be communicated sufficiently early enough to drive the desired behaviour.

Incentives

"We saw that four in ten CFOs say that they created the most value through strategic leadership, as well as leading the charge on talent, including setting incentives that are linked with the company's strategy" ("The Evolution of the CFO," McKinsey & Company, 2019).

A critical point in incentive alignment is that incentives encourage good behaviour, in the short term. It also leads to good habits in the long run. An example here might be the student's reward when they get that first A, as the behaviour is encouraged. Incentives matter and should be continuously applied as it encourages staff to develop great habits.

Consider Herzberg's Two Factor Theory. According to Herzberg, all individuals are not content with the satisfaction of lower-order needs at work, and all individuals look for the gratification of higher-level psychological needs.

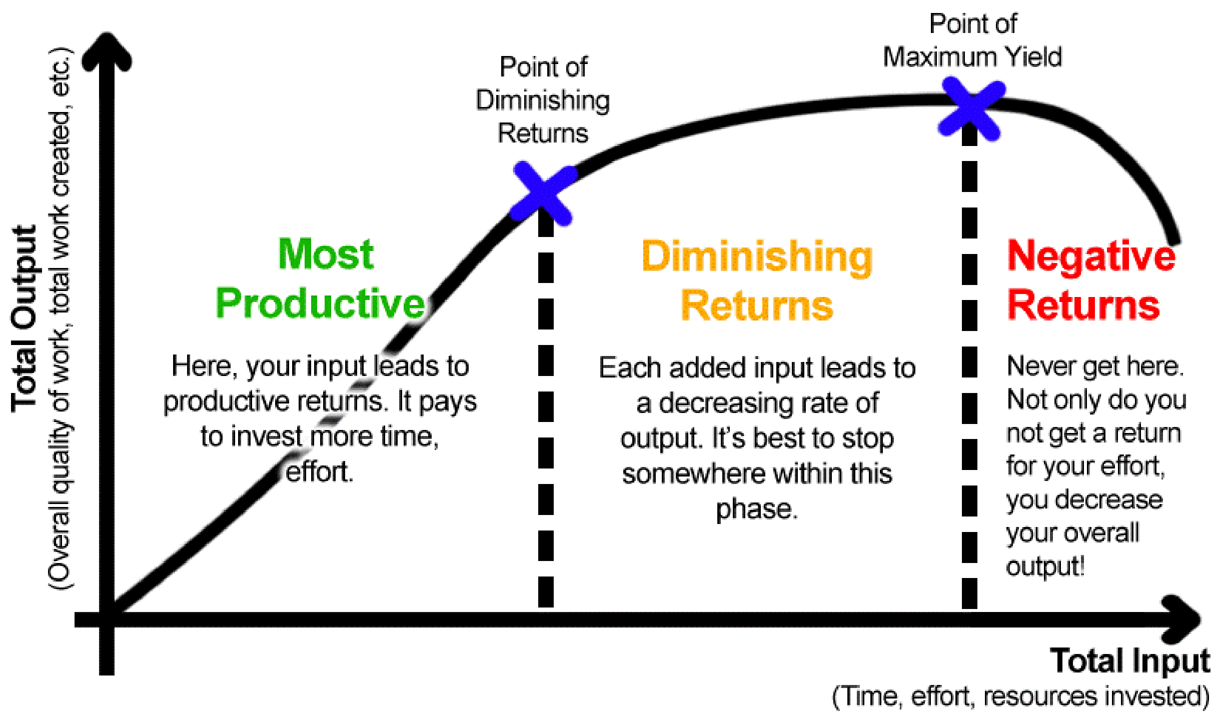
This Two Factor Theory favours motivators, such as a well-organized training program, a great mentor, getting time off for tasks (not taxed when compared with a monetary payment), or the ability to learn new things through meaningful work. All of these benefits lead to genuine satisfaction.

Hygiene factors, on the other hand, such as job security, salary, and paid insurance, do not give continued positive satisfaction, nor do they lead to higher motivation. Their role is to prevent or minimize dissatisfaction. The term “hygiene” relates to maintenance factors. And while they need to be present, they are not sustainable, and on their own, they do not motivate in the long run.

It is fair to say that senior finance professionals need to consider the demands of today’s hybrid work environment and utilize different incentives to motivate. It is incorrect to think that there are limits to the factors that we can use to inspire. It is also incorrect to utilize the same incentive to repeatedly motivate as this diminishes the value of the reward.

The Law of Diminishing Returns explains that there is an eventual decline in consumer output when there are additions or investments in the same type of product or service. Consuming more of the same incentive reduces motivation, and this causes the consumer to want less of it.

It is worth noting that one way of measuring when this law applies to incentives is to track the reaction from staff while utilizing various motivators. (Image courtesy: Celestine Chua)



4. By driving better change programs

Being trained with the latest technology is no longer a role for someone else in or out of finance such as a consultant. Mid-senior finance professionals need to be digitally savvy.

Senior finance professionals have to understand the implications of adding value and then draw on the potential benefits the new technology brings. I have seen senior finance professionals far removed from the equation of driving change by allowing consultants to take over and I don't think this is appropriate.

The use of consultants is at times necessary, but senior members need to be present to translate exactly what junior members will now be doing. Consultants may have limited knowledge in their ability to give advice and provide solutions to operational and day-to-day problems; and this is why senior members need to be involved. Aside from management buy-in, driving successful change also requires indirect buy-in from staff.

Designing Change Programs

There is a saying that a picture is worth a thousand words. And the brain processes visual information about 60,000 times faster than text (reference 3M Corporation, 2001). This point adds to incorporating visual aids within change programs (where possible), as most of us are visual learners.

We need to see information to understand it, and approximately 65% of the population are visual learners (“Reaching the Visual Learner: Teaching Property Through Art,” William C. Bradford, 2011).

We have seen the rise of visualization techniques, such as Power BI and Tableau, in presenting data, so how about using more visual guides and strategies to support change programs?

I am not saying we should develop a dashboard rather, I am suggesting that we make change programs more user-friendly by ensuring that the training guides for the new system or process are understandable, easy to follow, carry less fine print, emphasize brevity, and have less technical jargon.

Organising better change programs may also mean that mid-seniors should not promote the benefits and use of the new technology or tool over the people who will be using them. If there is a complete focus on these tools, staff may feel threatened and marginalised before, during, and after implementation. My suggestion remains the same—to be more involved in the work. Any change incorporated should be gradual as this would allow familiarization, making the entire digital transformation process easier on the employees.

A framework to consider – Behavioural Change Communication

One of the simplest frameworks I’ve learnt some years ago was on behavioural change communication design.

Finance staff may go through the stages below:

Unawareness

Awareness

Concerned

Knowledgeable

Motivated to Change

Practicing Trial Behaviour

Management may consider enabling factors such as :

Effective communication

An enabling environment

Incorporation of user friendly, accessible, and easy change

Management may also use the following channels:

Formal lines of communication/Groups/ Training

Corporate media

This very simple framework (Stages of Behaviour – Enabling Factors – Channels) can help mid-senior leaders understand that when changing behaviour, the individual or group goes through a series of steps or stages as mentioned above. Even when individuals, or groups adopt new behaviours, they may at times revert to old ones. Understanding where the majority of a group is in the change process is crucial so that it is easy to address what is required. (Adapted from: Family Health International Institute, 2002)

For example, communication may become necessary to enable staff to move from one stage to another. Communicating may also be better in the run up to a training program but once the training is over and key areas have been addressed and an individual is motivated to attempt new behaviours, the supporting and enabling environment becomes more pertinent. This is also why, when you look around, training appears to be a joke inside corporate entities because there is hardly any reference or focus on the enabling environment which becomes necessary, subsequent to training and one that will support the new desired behaviour.

Final Thoughts on Planning, Change, and Execution

In closing this out, I want to be clear in providing a step one, two and three process for changing behaviour and execution in addition to the model provided above.

The first step is to begin by understanding the existing behaviour within finance and the context or reasons why it exists. Then, we can address how the new change will solve existing and potential new problems. An early objective must also provide the reason for the change, the goals, and what success will look like.

In designing a plan, we must ask: What triggers encourage change? As mentioned, incentives work well here; however, convincing all stakeholders is not always easy.

The second stage involves execution and selecting the best providers to support training, for instance. For fast implementation, trialing is necessary and changes must also be perceived as effortless by staff. The final stage is implementation but this also involves feedback or measurement against planned metrics. Here is where we ask questions such as how has the KPI changed? Are stakeholders satisfied? Has there been any increases in efficiency?

Some level of customization may also be applicable, and progress meetings, are necessary, along the way. Also, technology reviews (at the end of a not so long-ago technological change) fall within this category because corporate needs from tech change over time.

Performance Management Behaviours Every Finance Senior Needs Throughout the Change Process

Interpreter—breaking down change into easy-to-follow items for staff.

Manifestor—being visible, acting and conducting regular meetings to get things moving.

Honourer—leading by example; being perceived as open to change for the better, fair, ethical, and consistent.

Usher—offering help and advice.

Resource allocator—being aware of the workload, timing of other deadlines, roping in more resources, redistribution of work and helping employees prioritize.

Communicator—giving positive and constructive feedback and communicating changes in plans.

Charge handler—reviewing processes and procedures, “existing within teams,” and removing obstacles within operations.

5. Team development and formation

Are you looking to hire the right skills for the future? Since leaders take on a more active role in recruitment (present in both small and large firms), the challenge becomes finding the most suitable skill set and fit. Senior finance professionals and CFOs could also benefit from an understanding of behaviour from new hires to aid in integration.

Hiring

Hiring processes should not only be based on what staff have accomplished, but also should include an understanding of previous environments and contexts via questionaires from potential employees or references from ex-employees who worked with these candidates. Specifically speaking, I have sat through interviews where previous environments were an afterthought so I can say that the interviewing process does overlook context and environmental factors as there is a focus placed on what an employee has achieved.

Understanding context and environments are essential because they help us make sense of the skills employees possess, their readiness for increasing portfolio size, their mindset and their problem solving capabilities when it comes to task and people.

Diversity and Inclusion

According to Gartner's 2020 Labour Market Survey Data Study, which collected 25,000 global market participants, corporate finance and accounting underperform in several vital metrics for diversity, equity, and inclusion. People of colour comprise just 11% of the total workforce and 6% in senior roles. Women comprise 52% of the workforce and 40% of leadership. The study also indicated that finance and accounting rank amongst the lowest in diversity of any corporate function.

So, while we have been hearing great news on diversity, equity, and inclusion in other professions and functions, it appears as if finance lags behind.

Why is that?

Perhaps we lack self-awareness in our decisions as we are too conservative, or perhaps there is a tendency to recruit persons with similar ways of thinking because of a single process or assessment in hiring. This in turn has privileged the same approach to problems for years and this may have been our go-to method for years as well.

It is never too late to revisit how we recruit staff, and in mentioning diversity, equity, and inclusion, I want to note that it is easy for similar groups of persons to assemble or for interviewers to have a "similarity bias" (adapted from "Using behavioural science to improve decisions," M Hallsworth, M Egan, J Rutter, and J McCrae).

Similarity bias occurs when we select people that are more similar to us, as opposed to people who appear different from us. The academic paper "*Nudging Toward Diversity: Applying Behavioral Design to Faculty Hiring*" explains System 1 thinking as our intuitive, automatic system, used without effort to navigate life's complexity.

Negative consequences of System 1 thinking however can lead to bias. People are often thus unaware, or resistant to the idea, that biases are present within their own decision making. (Pronin et al., 2004; Uhlmann & Cohen, 2007).

May I add a quote from a former colleague: "People like people who remind them of themselves" (Otis Murray) and this has been an unfortunate true testament of my own experiences within finance.

Let me also bring this closer to home using a bit of contemporary pop culture. In the film *The Devil Wears Prada*, Miranda Priestly's closing line to her junior aide is: "I never thought I would say this, Andrea, but I really…I see a great deal of myself in you."

The Benefits of Diversity, Equity, and Inclusion

The key to leveraging diversity and inclusion is in knowing that better decisions would come. One of the things I learned to understand about overcoming bias in decision-making was getting more persons involved in the discussion and I have found that individuals with different backgrounds help me make better overall decisions.

According to a limited research study by Schefferville, a simulation confirmed that consultation resembled decisions made by experts 90% of the time. The inclusion aspect also applies to forecasting because if we want to reduce forecasting bias, the more people we get involved in the discussion, the better our forecast becomes.

In closing this point, a Gartner study, produced in 2019, added that the business case for a diverse and inclusive culture included 300-plus organisations surveyed from the US, Latin America, and the UK. The study indicated that gender-diverse and inclusive teams outperformed gender-homogeneous, less-inclusive teams by 50%, on average.

Team Cohesiveness

"You would think that all it takes to build successful project teams is to get a bunch of sharp, well-motivated, self-starting, creative people together. Unfortunately, it doesn't happen that way. You need people who can work together without feeling threatened by equally creative people, people who can work together with people who think differently than themselves, and people who can work together without feeling the need to withhold information to maintain a position of power within the team" (Bill Townsend and Cheryl Hall, "Harnessing the Power of Real Team Building," 2010).

Concerning team development, senior finance professionals need to invest in healthy discussions centered around group dynamics. Are we encouraging persons who do not usually do so to speak up? Are we encouraging diverse viewpoints? Do we understand our team's objectives?

For senior finance professionals, creating a culture that celebrates team wins and team development through training and development should apply to broad staff, not solely to other senior members in an organisation. Juniors are always closer to workplace issues and problems, and so it is in the company's interest to invest in their leadership development.

A mid-senior should also look at team performance by monitoring team size and ensuring clear team objectives are present from the start. Team leaders could be held accountable here and should plan individual growth. They should also monitor other team members' cohesiveness.

Something to remember is the various stages that teams go through in their developmental period and the impact on effectiveness, especially when a new team member joins or leaves.

So, now that we have five points relevant to understanding behaviours, how do we know we have made any impact on influencing within finance?

We can look at a few impacts over time.

Impact on productivity**:** Senior finance members can compare measurements in employee engagement surveys, absenteeism rates, retention rates, individual and group job satisfaction (measured through internal surveys), and, finally, through feedback about the overall image of finance. Benchmarks within the industry can also measure a leader's performance.

Impact on senior management: One of my bosses at the public sector entity had made an immense impression on senior management. She became responsible for mentoring new managers. Senior management was confident in her ability to mentor and train other new and non-finance managers and she got to this point because she took an interest in different departments and collaborated cross-functionally. If you work at a large organisation, your successful influence may mean job enlargement (more horizontal responsibility) or job enrichment (more vertical responsibility). Either way, you get noticed by management.

Increased intangible collective skill and commitment under a leader: This point may not be easily recognisable but it's a benefit that develops over time. A supportive and high performing team leads to increased corporate value, higher self-worth in staff, and greater output. If you ask any accountant, they can quickly tell you what an intangible resource is. Today, intangible resources such as brand loyalty, company reputation, and staff skills are far more valuable than they were years ago. The reason for this is simple: Firms have more access to tangible resources, and so the competitive advantage has shifted to include people as valued assets (as they have always been). With a culture that focuses on people, departmental skills and knowledge or human capital improves overall. Value also cannot be easily lost through staff replacement.

Summary: Chapter Punchlines

Managing behaviours can be enabled through:

- Reducing a consortium and wide array of decisions to no more than three, supported by data and where applicable
- Decoding conflict by considering the nature of the individual and situation and by ensuring a win-win for both parties in the long term.
- Framing stakeholder decisions and being aware of using motivators instead of hygiene factors as rewards.
- Driving and designing better change programs without extolling technology or tools to the exclusion of people.
- Developing teams by incorporating diversity and inclusion, holding team leads accountable, and recognizing that teams go through different stages as a preclude to gauging team performance.

Chapter 2

Reality Check: Context Matters

Chapter Two: Reality Check: Context Matters

Context means everything in business as it plays a significant role in making day-to-day decisions in the working environment.

Consider a 2018 report by ACCA (Association of Chartered Certified Accountants) and CA ANZ (Chartered Accountants Australia and New Zealand) in collaboration with KPMG (Klynveld Peat Marwick Goerdeler) International Limited, which mentioned that the biggest RPA (Robotic Process Automation) challenges were employee resistance to adoption.

Where does resistance to change come from? Why is it still a barrier?

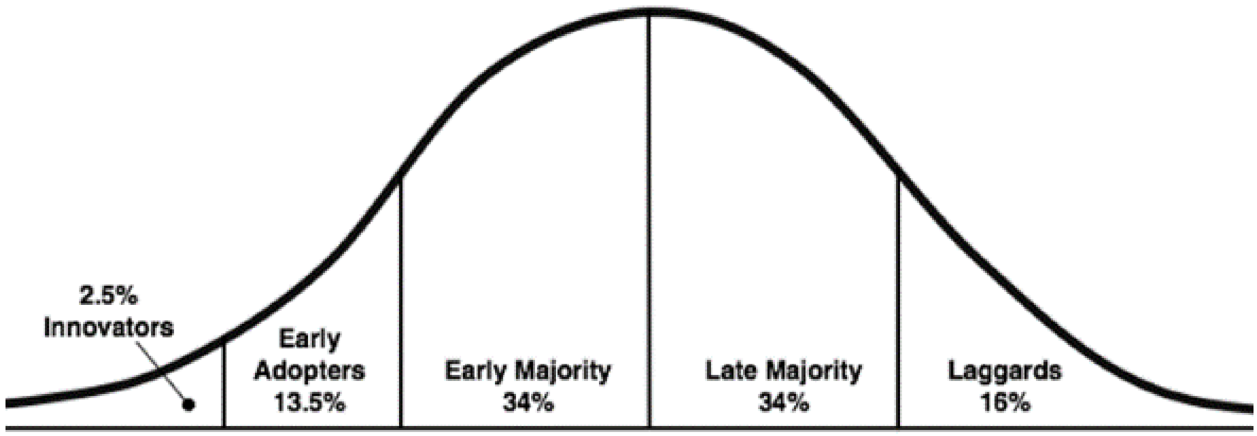
In this chapter, let's analyze context or the theories, environment, and physiological makeup that impact our reactions and resistance to change.

Theories of Organisational Change

Diffusion of Innovation Theory

The Diffusion of Innovation (DOI) Theory was developed by E. M. Rogers in 1962. It explains how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social system. The key to adoption is that the person must perceive the idea, behaviour, or product as new or innovative, and once this happens then the idea diffuses or moves throughout an organisation.

This theory teaches us how change progresses, and there are five established adopter categories.



The key to understanding this theory is in knowing that different strategies appeal to different groups of people.

Innovators are people who want to be the first to try an innovation. They are venturesome and interested in new ideas. As a result, these people are often the first to develop new ideas.

Early adopters are people who represent opinion leaders. They enjoy leadership roles and embrace opportunities for change.

Early majority are rarely leaders, but they adopt new ideas before an average person does. That says that they typically need to see evidence that the innovation works before embracing it.

Late majority are those skeptical of change and would only adopt an innovation after the majority has tried it. Strategies to appeal to this population include information on how many people have been attempting the invention and have adopted it successfully.

Laggards can be bound to tradition and are very conservative. They are very skeptical of change and are the most challenging group to bring on board. Strategies to appeal to this population include statistics of usage and pressure from other adopter groups. (Adapted from Boston University School of Public Health.)

The majority of the general population fall in the middle categories and since we fall within the early majority/late majority category, this theory sheds some light into how difficult change is perceived and general attitudes towards it.

It also allows us to understand where we are at on the curve or who we are and by working with that segment, to accelerate the diffusion of innovation.

The stages by which a person adopts an innovation, and whereby diffusion is accomplished, include awareness of the need for an innovation, decision to adopt (or reject) the innovation, initial use of the innovation to test it, and continued use of the innovation. According to the theory, five main factors influence the adoption of an innovation.

Relative Advantage—The degree to which an innovation is seen as better than the idea, program, or product it replaces.

Compatibility—How consistent the innovation is with the values, experiences, and needs of the potential adopters.

Complexity—How difficult the innovation is to understand and/or use.

Trialability—The extent to which the innovation can be tested or experimented with before a commitment to adopt is made.

Observability—The extent to which the innovation provides tangible results.

This theory has been used successfully in many fields. In relation to finance, being aware of these factors can help us overcome the barriers to change and the five factors mentioned above can allow us to manage organizational change.

An example here might be an introduction of a new technology or tool in finance.

We would analyze how and where exactly the technology would be used. A plan may be used to get more buy-in from early adopters who will influence others. This can be done through communication, trailling, and comparisons with industry. We may also conduct sensitization sessions with staff who may be having trouble accepting the new technology. Our goal would be to simply get to the tipping point of adoption. The tipping point happens when the early majority begin to adopt an innovation in large groups. A clear deadline and great timing during the fiscal year where staff can easily focus on an organizational change can also support a tipping point.

I am using a metaphor to explain this theory because founders are very influential when it comes to culture. How open a firm is to change is dependent on how open a founding member or CEO reacts to change and whether they usually support or go against it. This leadership behaviour filters down throughout the company and shapes corporate attitudes over time.

If we compare a technological service provider with say a monopoly, for instance, one may find stark differences in the leader's perspective on change. Change is already difficult for the majority of us, but having a leader who does not welcome it or approaches it in an antagonistic way only makes the job of a mid-senior finance leader when it comes to implementing change a bit more difficult.

Leadership can be said to be "the ability to get participants in an organisation to focus their attention on the problems that the leader considers significant" (Cyert). If senior management does not consider a change necessary, it will impact the finance professional's role in influencing or in driving any departmental change.

I would love for you to stop, reflect and role-play a bit on junior staff who are resistant to change under a mid- senior finance professional when the CEO reacts to change in the exact the same way.

Please also consider what driving change would look like under each of these leaders from a finance point of view (developed by Kurt Lewin):

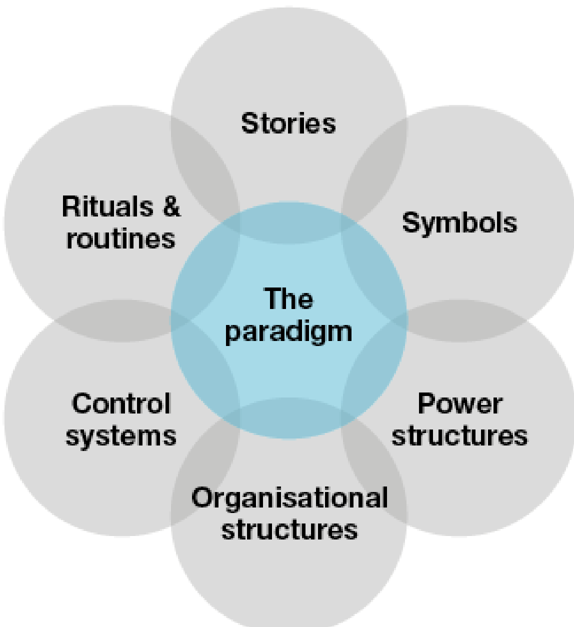
Laissez-faire (staff enjoying total freedom and the overall leader conducts little to no control), authoritarian (the leader enjoys full power, tells groups what to do and expects execution), and democratic (having an inclusive, collaborative style of leadership).

Culture

Culture, in my own words, is the personality of an organization. On McKinsey's website, companies with healthy cultures outperform those that do not have healthy cultures. When change programs fail, the reason is typically related to people and culture.

The Cultural Web, developed by Johnson and Scholes, is a tool used to map an organisation's culture and to determine its major influences. The paradigm is the core of beliefs and motivations of an organisation, and the six cultural results support it.

For any change that the finance professional aims to incorporate, he/she should be aware of the more significant aspects of the Cultural Web and conduct an honest evaluation of the culture at the moment. If you are mid-senior, reflect on your own culture and know that evaluating and improving on culture takes time and a bit of patience as it's about reshaping long standing beliefs and attitudes.



From my own work experience, healthy cultures typically have:

Consistency in vision, values, and behaviour, and the leader walks the walk and talks the talk.

Adoptability; employees quickly adopt and commit to the corporate culture.

Adaptability to the external environment. This is a must-have in the post-pandemic era, as companies who have survived are the ones who have adapted quickly.

If your organization does not have a healthy culture, then it's a bit more challenging to deal with the many personalities when you run a large scale change program.

Evolution and Revolution Theory

This theory addresses the qualitative differences between evolutionary and revolutionary change. The former relates to incremental adjustments made to an organisation's characteristics over time. In contrast, revolutionary change relates to all features radically and simultaneously changing to realign the organisation with its environment. (Adapted from Miller and Friesen, 1980; Tushman and Romanelli, 1985; Miller, 1987; and Tushman et al., 1986.)

A company accustomed to incremental changes would also be more adaptive and can handle more extensive changes over time and I have found that evolutionary techniques are easier on staff as it is done in a gradual way. Revolutionary change is a bit more difficult.

The Impact of Technology on Organisational Behaviour in Finance

Mid-seniors should not overly focus on new technology or tools and ignore the people who use them. At the same time, staff members need to recognize and accept that increasing digitization will continue. As someone who went through years of study for an accounting and finance qualification, it can seem off-putting to think that RPA and AI would improve on many aspects we spent years learning. This is why we need to change how we view technology or any new tool.

We should look at it instead as a driver to achieve one's objectives. Instead of focusing on technology's perils on the loss of jobs due to technology, let us look at progress we can achieve for ourselves.

Self-determination theory also posits that workers' self-motivation and well-being would be enhanced when innate needs for autonomy, competence, and relatedness are satisfied (Ryan and Deci, 2000).

In other words, now we can develop different skills.

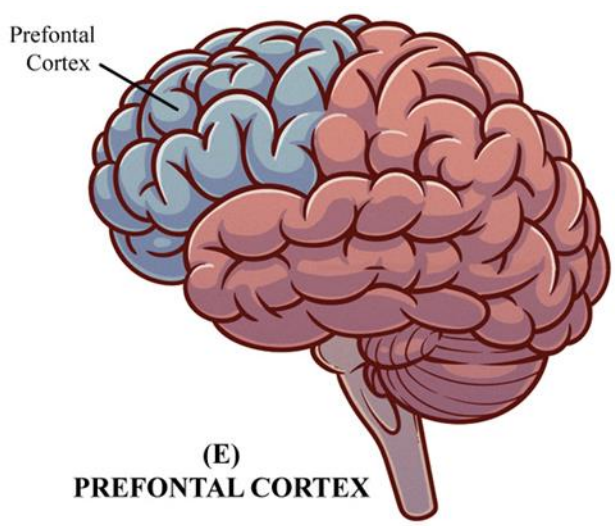
Ultimately, whatever technology we decide to drive, we have to consider the context, not just in the customization of the tool but also in the work environment. Consider whether the particular technology also provides users with a competitive advantage in their business or personal lives. If so, then the odds of embracing it increase. If friends, co-workers, or family members are using technology and feel we should be doing the same, the likelihood that we too would adopt it also increases. (Adapted, *The Psychology of Workplace Technology*, Coovert and Thompson, editors.)

Older tools and legacy or outdated systems being re-branded as new or capable of improving the finance function in an organisation could also have an adverse effect leading to frustration and resistance to change. This also serves as a big factor in staff looking elsewhere — especially in a hot market where new opportunities are plentiful (Adapted, from Juergen Lindner). Therefore, investing in better tools serves a dual role in finance, improving the finance function's advantage and keeping staff satisfied.

Just as we began this chapter, to successfully implement a change program requires management buy-in but buy-in from employees may also be necessary for them to grasp new concepts. If we consider the theories above, we'd have a greater appreciation of why change is difficult, why change programs fail, and our own ability to influence in running them.

One final point I'd like to raise as to why change is still so unappealing, is in our own physiological makeup.

The image below is our brain and the front part of our brains is responsible for many functions. In particular, the prefrontal cortex is responsible for behaviour and is shown in blue below. (Image courtesy of Dr. W.C. Muller/Core Consciousness.)



The prefrontal cortex is also one of the last regions of the brain to mature, based on most indicators of development (Fuster, JM. "Frontal Lobe and Cognitive Development," *Journal of Neurocytology*).

The development and maturation of the prefrontal cortex occurs primarily during adolescence and matures at the age of 25 years (US National Library of Medicine).

Why is knowing this important?

Change comes from inside ourselves first and this promotes external change in our surroundings or relationships. When we cannot change ourselves, George Bernard Shaw mentions that, "Progress is impossible without change; and those who cannot change their minds cannot change anything."

Understanding where behaviour comes from and mitigating against it is associated with lower levels of "ego defensive reactivity"…as it promotes objectivity (due to remembering who we are or our humanistic traits), both of which help an individual cope with change in the workplace. (Adapted from Hyland et al., 2015.)

Richard Hill and Matthew Dahlitz also support the view that practicing mindfulness enhances prefrontal activation as we get older.

And we want to improve prefrontal activation because it helps us react better to change.

Mindfulness is understood to mean from my perspective, "self-awareness" and "involves noticing but not reacting." In other words, exhibiting patience and staying objective. If there are many changes occurring within an organisation then an employee should take in what is happening in the workplace but not react to it emotionally. (Adapted, Heather Craig, 2021.)

Here are additional thoughts to reflect on when it comes to self-awareness or even in questioning our own opinions and assumptions.

If you are a junior finance professional going through many corporate changes then:

1) Consider why a change is necessary; reflect on differing viewpoints from stakeholders.

2) Make it your practice to verify sources of information, coming from team members, with a trusted source. Perhaps, there is incorrect information circulating, or the project owner does not have all of the information, or it's simply false. It can

be easier to make assumptions when staff feel a perceived threat (from technology, etc.).

3) Consider the self-determination theory and the economics of a transformation tool; what new skills would I learn, and would learning them make me more marketable? The same will apply to a new position after infrastructural change.

Reframing situations and then seeing change as something new can also be beneficial.

In the book, *Think Again: The Power Of Knowing What You Don't Know*, Adam Grant offers some great advice,

“Rethinking liberates us to do more than update our knowledge and opinions – it's a tool for leading a more fulfilling life.”

Summary: Chapter Punchlines

Driving successful change is dependent on many factors.

The sources of resistance to change may be present in the type of founder/leader which filters down throughout an organization and the general working environment.

The Diffusion of Innovation Theory can be applied to new technology being introduced in finance.

We may not be biologically wired for change as we get older but practicing self-awareness, reframing situations and employing an open attitude can assist us on change journeys.

Case Study: Cultural Change

A service-led company suffers from a culture of resistance to change due to employees' lack of support and enthusiasm. Not all employees feel the same way, but leaders are frustrated and don't know how to drive this new large project successfully. They finally decide on using a consultant.

With failures being history, the new consultant meets the executive team, analyses the priorities, develops a roadmap, and discusses a plan.

Sometime later, the executive team introduces the consultant at the quarterly meeting, where a new program is made public. The consultant on board is also the driver of the program. He appears warm and approachable, and the executive team mentions as many details as possible to staff about the new program and reassures them. Intensive communication is carried out. The new program is everywhere such as on noticeboards and starring on the company's cloud based system. Issues and discrepancies are discussed before implementation, with selected key personnel only to ensure alignment with the technology and company values and to ensure the new tool makes sense to staff.

Key personnel are strong players who remain visible and helpful to other finance professionals during the transition process. Leaders who can now focus on their day-to-day job also remain visible both formally and informally. Group training is for everyone and not for a selected few.

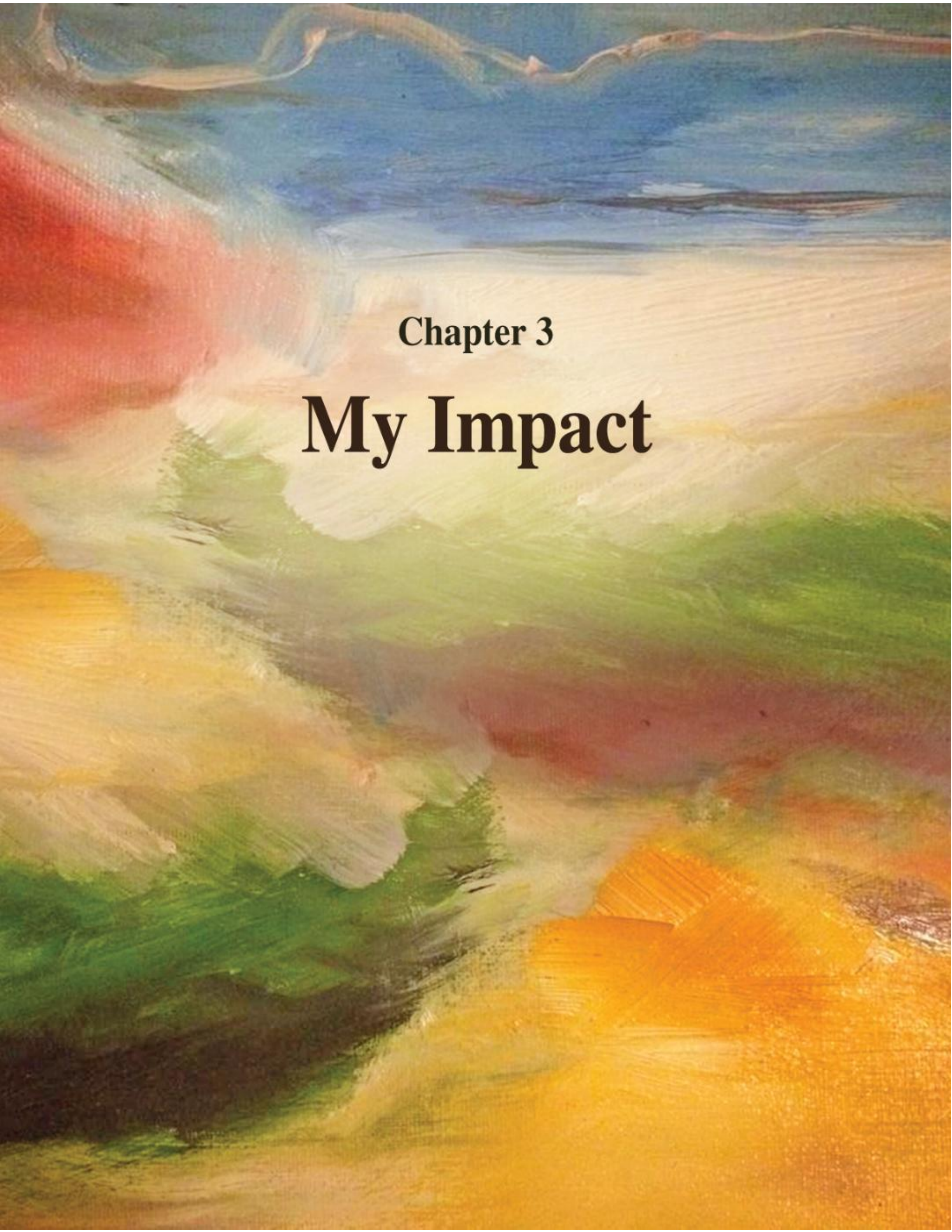
With budget and resources available, meetings are held in the company's newly allocated meeting room. Employees finally believe that management is focused on them and not solely on the technology. The team is able to reframe the fear of failure and uncertainty into something new, meaningful, happening, and purpose-like. Managers draw parallels with what other companies are doing in the industry.

Eventually, the culture shifts and digital change becomes successful because there is now a clear expectation that changes are indeed possible, or as David Rock puts it in three steps:

1. Employees understand that new priorities matter; e.g., through a group training program aimed at everyone.

2. That management invests in building proper habits that support these priorities; e.g., communication or an open environment that facilitates feedback and one-on-one discussions if need be.

3. Through new systems and practices, such as a change in performance appraisals and rewards post-transformation.



Chapter 3

My Impact

Chapter Three: My Impact

Using the expectancy theory is an important theory to analyse our impact because it helps us to reflect on our leadership. It is thus a golden rule that expectation and outcomes link to performance, effort, and ability.

This chapter therefore references personal impact. Citing historical leadership examples, a leader does not need to be a role model to be followed; they simply need to have positional power and the ability to communicate their vision effectively for buy-in.

But times and social circumstances have changed. Being a good role model in finance is however, becoming increasingly relevant. Younger generations were holding leaders more accountable than ever before when compared to just a few years ago. This is why being a good role model helps to gain influence in a post-pandemic world.

Yet, we are still hearing about bullying and toxic work environments within and around finance. If we want to influence for the long term then these environments are inappropriate .

And while juniors and mid-seniors may have differences in ideas on the ideal working environment, generally staff may prefer:

1. Meaningful and purposeful work

2. Flexible work (whether in-house or at-home)

3. Equitable treatment which involves feeling appreciated, and compensated fairly.

The impact of the environment on behaviour

In Chapter Two, we spoke about the prefrontal cortex being responsible for behaviour, but what exactly makes for a well-developed prefrontal cortex that will lead to good behaviour?

According to Richard Hill and Matthew Dahlitz, feeling guilt or remorse and the ability to interpret reality may depend on a well-functioning prefrontal cortex.

Dr. Daniel Siegel outlined the functions that this brain area is responsible for when it comes to exemplifying behaviour. In an interview published in the *Australian and New Zealand Journal of Family Therapy* (pages 292-293), highlights were made of the following:

• Body regulation; regulating the sympathetic and parasympathetic nervous systems (involuntary responses and movements of bodies at rest)

• Attuned communication; feeling "felt" and resonating with another

• Emotional balance

• Response flexibility; ability to pause before responding

• Fear modulation; inhibiting the fear response

• Empathy; to understand the internal state of another

• Insight; the ability to perceive our mind

• Moral awareness; behaviours for the social good

• Intuition; the wisdom of the body

Eight out of these nine functions were proven to be outcomes of secure attachment. This means that secure attachment was necessary for these functions to flourish. And while Siegel's research involved families, I'd say that the workplace and being a part of a family has similarities. Why? Because well, aside from people being gregarious by nature, Maslow's Hierarchy of Needs Theory further groups both family and social constructs such as workplaces under the Social Need.

Positive working environments or secure environments are therefore, critical to enhanced behaviours and a more mature prefrontal cortex.

To strengethen this point, take a look at how positive environments played an important role for us when we were kids. When we got older, we wanted the same and even created the same environments for our kids. A positive workplace environment therefore affirms the value, dignity and worth of each employee, which I've stated prior, benefits both the individual and the organization.

What other qualities you'd add to being a good role model within finance? Aside from being seen as such by others I'd add the following:

1. Knowledge, business acumen, and experience in finance. If it is a specialized firm then knowledge of the industry.

2. Trust, integrity and being a team player. Without trust, there is little to no influence.

3. Active communicator, having accountability and ability to reason as well as the ability to apply the SMART method (Specific, Measurable, Attainable, Relevant, Time-Bound) when it comes to communicating effectively.

I'm sure there is more to add but let's move onto making decisions.

Making Decisions: Choices Available

Depending on the nature and timing of the problem, as a finance professional, one can solely decide on a solution to a problem and then analyze it with others to determine if it is the best decision. We can consult either individual members or the entire group as another option, or the decision can be delegated entirely to a team lead.

Whatever decision is arrived at, a finance leader must protect against biases and defense mechanisms.

And since there are just too many biases to mention, I'll recall two examples from my career. One of them involves what company directors normally incline towards:

This bias is known as input bias or "quantity over quality" because there is a perception that the more information provided, the higher the quality.

Company directors feel more motivated to read detailed information.

At one time in my career, we indirectly helped company directors get over this bias by making incremental changes to a report that had not been modified in years! What we did was make changes monthly, but we'd check in with directors before we did make them. After a year, we changed the format of the entire report and submitted a draft to be reviewed before the meeting. There was no response from the finance directors as the report was now drastically reduced and more diminutive than it had ever been. Although key performance areas were included, we truly believe that the reception from the non-financial directors is what carried us, as they absolutely loved the shortened report.

Another example I recall was from my time at a nonprofit entity. We kept requesting additional funding to run our operations better, even when there were downturns in the economy. We knew there was simply less funding to go around, but the reality is that you have to engage with donors/stakeholders frequently to overcome another bias known as the “forgetting bias.”

The forgetting curve of the German psychologist Ebbinghaus tells us that people’s forgetting speed of one point is not linear, but begins as high, then slows down. We call this colloquial definition “Out of sight, out of mind.” While there are other factors to consider when it comes to forgetting, generally it’s better to repeat an action, especially if it leads to something in our favour.

We eventually got the funding because my team and I constantly sent reminders of promised allocations and our commitments for the year. (This is also one of the reasons why advertisers continue to advertise even when they own the market.)

Think of your calendar for instance and how important reminders are. An automated system in accounts payable for instance also reminds us when suppliers need to be paid so that there are fewer opportunities to forget.

But the same concept applies to working with senior management. They expect reminders from us.

See other biases from McKinsey and Company, relating to scenario planning, presented below:

THE DOs AND DON'Ts OF SCENARIO PLANNING				
Fight the urge to make decisions based on what you already know	Beware giving too much weight to unlikely events	Don't assume the future will look like the past	Combat overconfidence and excessive optimism	Encourage free and open debate
What to do Review all trends likely to affect your company's business, especially interconnections between issues and markets	**What to do** Evaluate and prioritize trends using first qualitative, then quantitative approaches	**What to do** Build scenarios around critical uncertainties, engaging top executives through experiential techniques	**What to do** Assess the impact of each scenario and develop strategic alternatives for each	**What to do** Instill the discipline of scenario-based thinking with systems, processes, and capabilities that sustain it
What to avoid Relying on readily accessible information or evaluating trends only within the same geography or industry context	**What to avoid** Focusing on numerical precision early in the process	**What to avoid** Outsourcing or delegating the creation of scenarios to junior team members	**What to avoid** Planning for a scenario deemed most likely, to the exclusion of all others	**What to avoid** Using scenario planning as a one-off exercise or ignoring social dynamics such as groupthink
Availability bias	*Probability neglect*	*Stability bias*	*Optimism, over-confidence biases*	*Social biases*

McKinsey&Company

Defense Mechanisms

The theory of defense mechanisms, first proposed by Sigmund Freud (neurologist), contends that behaviours are not under a person's conscious control. Most people do them without realizing the strategy they are using (similarly with biases). Knowing about them protects us from using them, and keeping away from them also enhances our role model status.

Some of the more familiar ones in finance that I have seen from finance leaders are:

1. Denial. Inability or refusal to accept reality or facts.

2. Displacement. An example of this is when a finance person directs strong emotions and frustrations towards another person (or object) who does not seem threatening; e.g., whenever a finance manager is stressed, they overreact to a junior employee because it is less problematic than reacting to their own boss.

3. Rationalization or self-justification. Some people may attempt to explain undesirable behaviours with their own set of "facts," which allows them to feel comfortable with their choices, even if they know on another level that it is not correct.

4. Projection. Some thoughts or feelings you have about another person may make you uncomfortable. If you project those feelings, you're misattributing them to the other person. For example, you may dislike your new co-worker, but instead of accepting that, you choose to tell yourself that they dislike you. (Definitions adapted from Healthline.)

How do you protect against defense mechanisms?

Memory

In my experience with working with finance and non-finance professionals, I have often heard senior and junior level employees say, "I have never heard of that," even though I was sure it was communicated prior. It may not have been a case of passing the buck every time, but let's face it, memories are constantly being updated with new and more pressing information daily. Life happens, and living in the 21st century means complexity, complication, weight, and wear. Applying simplicity, however, improves engagement.

Most importantly, a person can only absorb so much at any time and can only attend to what they need to or should do. Therefore, complex systems, instructions, and ideas tend to be overlooked by others in favour of something more straightforward. Complexity is also a restraining factor to understanding any concept and works against our short-term memory.

Three types of memory are worth mentioning here (attributed to Paul Bloom Brooks and Suzanne Ragen, professors of psychology and cognitive science at Yale University):

1. Sensory memory, which is what one sees or what appears to one's senses.

2.Working memory, also known as short-term memory, is associated with consciousness. Working memory is what one experiences for only a brief period. Short-term storage space is limited.

3. And finally, there is long-term memory, what one carries away, such as familiar names of people and places—it is all in long-term memory, well stored. We rehearse long-term memory often, which is why this storage is far-reaching. Our professional training may also reside here.

We can apply some tactics to improve memory as we only want to do so to increase the rate of acceptance of our message when we give instructions within finance. We may want to:

1. Consider the timing of messages to both senior and junior staff. For example, should I send an email of an impending large-scale event today? Should I even send an email at 3am in the morning? For the latter, this may be fine when dealing with stakeholders within finance only when something colossal such as a large-scale deadline is on the horizon, but when it comes to dealing with departments outside of finance, I'd recommend not to send that email at 3am in the morning as you may not be taken seriously. This was actually something a previous boss of mine did and she'd always wonder why she wasn't taken seriously.

Conducting a meeting prior to sending out an email and confirming if the team is focusing on something more pressing is also more appropriate to improve the chances of a message being more memorable.

2. Keep a message action-oriented and straightforward. Ask for a team member to explain instructions back to you where applicable.

3. For reminders, an important message could have varied deliveries; e.g., face-to-face, email, storytelling, committee touchpoint, etc.

4. Consider the current tasks staff is working on. Are there any overlaps on previous and now new instructions?

5. Decide not to make continuous changes to any message unless necessary. If you are not aware of future updates, it's okay to state that additional information will be provided at a later date.

6. Have a document available to be used as common ground for explanation of an item. Perhaps it's meeting minutes, a term of reference, or even an invoice. Using one reference point may help various or conflicting parties visually grasp a concept.

Since learning anything takes time, repetition is an excellent practice for learning. I'm sure we can recall many repetitive tasks in our junior years because it helped us get better in our roles.

Open Windows

Before my career took off, the best advice I ever received was to Open Windows.

At the time, I did not take this advice seriously, partly because it was not something I was willing to hear.

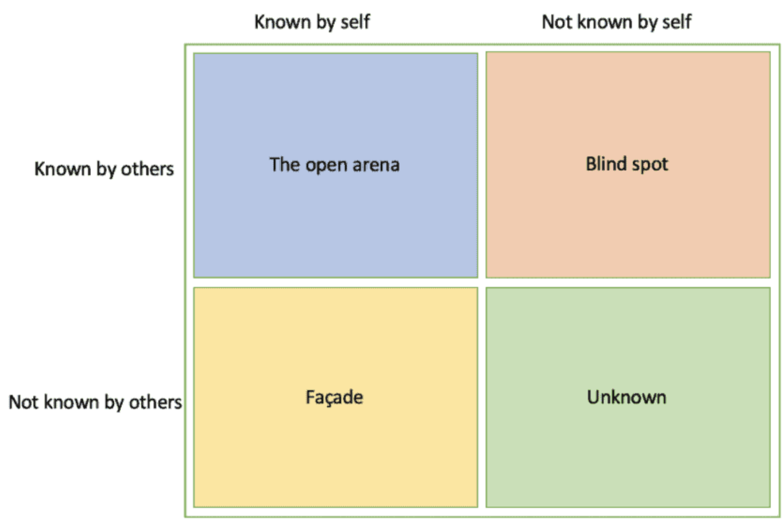
But it stayed with me, and after a couple of years, I realized just how important it was. It's also advice that I remember 15 years and counting!

Not only was it a profound statement but there was truth in it, and I know now that I was being nudged to be a better communicator.

This is why I'm sharing the Johari Window Model. It's a psychological model put forth by two American psychologists Joseph Luft and Harry Ingram. This model helps us to communicate and create more meaningful relationships when we consider group dynamics and corporate presentations. Its also a great model to use in your first 100 days as a finance professional where trust is tantamount for influence.

The model is based on where information lies between one person or one group and another.

The Johari Window model diagram literally looks like a window with four quadrants. The terms used in the diagram go along with the "pane" of window which they represent.

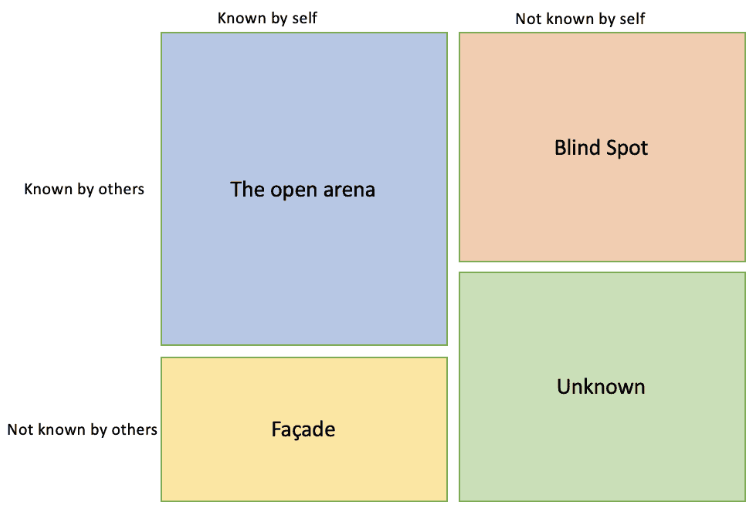


Open Arena

While you speak with someone, there are things that both you and the person you're talking to are aware of. This is the "I know, You know" open area pane such as their attitudes, behaviour, emotions, feelings, skills and views. Things they may have been vocal about in the past or shared with us. The larger the open area arena is, the more effective the communication is as this leads to deeper and more authentic relationships.

Façade

Items that are known to you but not to others. Things in this quadrant are attributes and personal details that you know about yourself that are not known to others. You can also move relevant information here to the open arena. An example might be mentioning a fun fact or talking about a personal hobby. At the start of a presentation, these can serve to be great ice-breakers, according to the model itself. By telling the audience about yourself, the Open Arena pane grows, and becomes bigger than the Facade pane as shown in the image:



Blind Spot

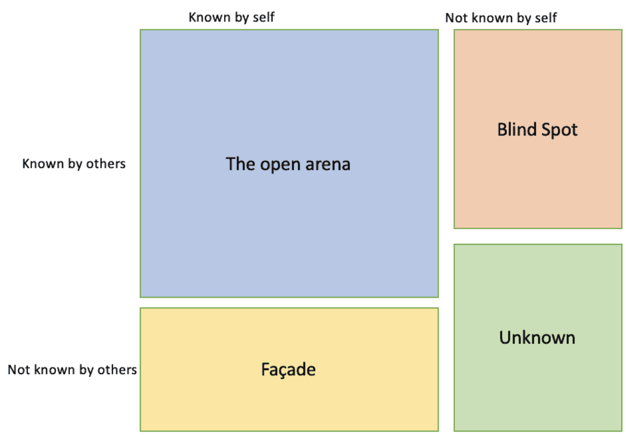
The third quadrant of the Johari Window model is the blind spot – things that you are not aware of but other people can see or understand and this is a barrier to self awareness.

This may include physical or unconscious habits such as when talking to someone else. For example, I had a horrible habit of filling silence such as using '*umm*' or '*uhh*' whenever I'd present in front a large audience. And while these words are okay because it helped made me think, excessive use of it takes away from a presentation. I also had a bad habit of apologizing for bad slides. This only shone a spotlight on my error and I don't think the reception was that great when I did that. Now I offer where they can get more details during a presentation, if I realise a slide is bad (it happens)

One way to correct these blind spots is to continuously ask for feedback. Feedback is necessary for growth, and honesty (from others), is an expression of care. (Adam Grant)

If you are in a different setting then you can also realise your own blind spots. And for me this occurred when I reviewed previous presentations. While it was a bit painful to watch, I picked up on many areas I needed improvement in.

By understanding yourself better, the Open Arena in the Johari window model gets wider and the blind spot gets smaller, as shown in the image below:



The unknown area

The last panel of the Johari Window model occurs when there are things that both you and others aren't aware of while you're speaking to one another.

How do we know this area even exists?

Well, information is always waiting to be discovered. We know this because there is always new information to be learned about ourselves, others, and the world.

The key to this is that new experiences teach us things about ourselves and others that would not have been known otherwise. Breaking into the Unknown area pane of the Johari Window model can help us get out of our comfort zone and understand the world a bit better.

For me, to unlock this area involves taking on responsibility and challenging myself.

Imagine now the level of self-awareness we'd have if our blind/unknown areas were smaller?

Considerations of the model for finance professionals

There is a focus on growth in the model

Disclosure is necessary for trust but while openness is a good policy, it does not mean that all your personal details must be exposed. You may want to use common sense and wisdom here especially in the first 100 days.

Only divulge what is necessary or important to build rapport and gain influence.

Be honest but recognize that fluctatuations will occur. The window will open and retract depending on what is said or brought to attention by yourself or others. I'd recommend thinking before speaking. (Description of model and images provided by Alex Lyon)

Communication

Aside from knowing what to say, I have to mention the nonverbal cues of communication. Nonverbal cues speak louder than verbal ones and since communication is also nonverbal, Siegel (2006) highlights six important nonverbal aspects of contingent communication: 1) eye contact, 2) facial expression, 3) tone of voice, 4) posture, 5) gestures, and 6) timing and intensity of response. These nonverbal cues portray a story when we communicate verbally, and this is why it is important for both cues to be consistent.

The level of communication also matters when we confront, converse or object to other finance professionals within finance. Aside from using appropriate and consistent cues, I have found that using ‘*We*’ is better in bringing a point across instead of ‘*You*’.

Storytelling

In a 2018 survey of more than 900 finance professionals, including more than 450 CFOs and controllers, Accenture found that 81% of respondents identified data storytelling as an essential skill for finance professionals (*From Bottom Line to Front Line*)

Let me say something about storytelling that you’ve probably heard before. Storytelling to me, is about effective marketing and being precise. For example, imagine a billboard on a busy highway. We’d want something important to stand out and easy to identify. To get to this point, we’d ensure that throughout the process we aren’t getting lost in visualizions nor exaggerations but focusing on the core message.

When communicating, if we focus on identifying the real issue that truly needs to be solved then we can deliver the most valuable insight.

My advice is to role play to get to this point. The ability to engage comes from knowing our audience. Knowing what our audience needs or expects from us will definitely assist us in communicating effectively.

To do this, it may involve asking questions.

I can recommend the 5 Whys method for problem solving to enable effective communication because it goes to the root cause. The 5 Whys method was developed by Sakichi Toyoda and its role is to get to the root cause of an issue to enable insightful understanding. We may not have to ask this when we tell a story to senior management but getting to the root issue matters because we can solve problems and then explain them to senior management. Our stakeholders may also ask us, anyway.

Another method is employing an analytics mindset. Here is where we ask ourselves, What happened? Where did it happen? Why did it happen? What will happen and How to make it happen? The last 2 questions require support from predictive analytics (Jesper Sorensen). Once we can answer these questions effectively for our audience, we will definitely reserve the right to influence through storytelling.

In closing, I can recommend that these are great ways to improve our influence and our value.

My advice, find out the entire story of a problem, go to your boss knowing the full story, be prepared for what sort of questions he/she will ask and offer solutions on how this problem can be improved. This closing point ties in nicely with what I've said in Chapter one. If we want to influence internal stakeholders, we must understand who these customers are and address their needs.

Summary: Chapter Punchlines

Making decisions involve recognizing when bias can creep in. It also involves mitigating against defense mechanisms.

Being a good role model involves analysing how we communicate, how we tell stories and our awareness of memory.

Enabling secure attachments or good working environments increases influence as they stimulate growth in others such as staff.

Case Study: Biases in Action

The US housing bubble and its resulting impact on the Global Financial Crisis are solely analyzed to show biases in action, even though it is considered a black swan event.

In the early 2000s, US consumers were sold on the concept that homeownership is the best way to build wealth. President Bush's 2004 campaign included the slogan "The Ownership Society." House prices soared as borrowers of all credit levels rushed to take advantage of the low mortgage rates, even lower teaser rates, subprime-friendly mortgage lenders, and the option to borrow 100% of the property price. Annual house price appreciation was greater than 10% in California, Florida, and most northeastern states in 2002. Multiple states recorded 25% per year price increases from 2003 to 2005. The surge in home prices boosted the financial wealth of homeowners from 2002 to 2007; household net worth increased by $18 trillion during this period.

California had a record half-million real estate licensees at the peak: one for every 52 adults living in the state. The house price bubble reached its peak at the end of 2005, even as house prices began to turn south in 2006. The mantra among both homeowners and the lending community was that "house prices never go down."

However, a "perfect storm" was building, even before the Global Financial Crisis began. Interest rates fell to a historic 5.5% on 30-year fixed-rate mortgages from 2000 to 2003. In the late 1990s, Congress had passed a bill mandating greater access to mortgage loans for "subprime" borrowers, whose credit history would previously have shut them out of the mortgage market. Lenders also reduced the required monthly payments and thus enabled an even larger group of subprime borrowers to take out loans.

Non-regressive prediction biases were present. This type of bias occurs when there is a tendency for persons to make uncorrelated predictions that expect exceptional results to continue as expected. (Source: Wikipedia). This bias led borrowers, lenders, investment bankers, and the international investing community to ignore subprime default risk.

No one had seen a nationwide fall in US house prices before, so buyers and investors alike assumed that this could never happen.

The availability heuristic bias is a type of bias that relies on immediate examples only because the increasing number of borrowers, and the growing availability of loans, leads to “cascades.” In this case, house “flipping” became a national pastime and added to the demand in real estate investments.

A further bias known as belief perseverance, and confirmation bias, caused decision-makers to actively seek out evidence that confirmed their claims and ignore evidence that went against it. As global participants increased in the US housing market, they only looked for information that supported their view of ever-increasing house prices and thus the safety of their related investments. (Adapted from Duke University.)

The US housing bubble inflated from 2004 through early 2007, before prices crashed and wreaked havoc on the economy and the global financial system (CNN Business).

Acknowledgments

I am delighted to know that you have read this work and gotten to this point.

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My hope is that this condensed and short work signifies that you are one step closer to leveraging, perceiving and understanding behaviours within finance.

Influencing stakeholders takes on different forms, yet the finance function continues to be in a great position to do so.