

SITUATION

The CFO identified a capacity problem in a business-critical team reporting to him. The team is always busy and working late, but they are not influential in decision making and they struggle to meet crucial market-driven deadlines.

The CFO was also concerned about key person risk with business performance being exposed to the team's dependence on a key senior officer, who is the font of functional knowledge and has no valid successor in the team. The key senior officer is also being drawn into the tactical 'weeds' and therefore not contributing as much as needed to strategy development.

The CFO wanted a plan for solving the capacity and key person risk problems, and for taking the next step-change in sophistication for the function.

INTERVENTION

We performed a full functional review of the governance architecture and the people-processes-systems ecosystem, including a comprehensive benchmarking analysis against industry and professional peers. We also interviewed a wide range of internal and external stakeholders with direct interaction with the team.

Our analysis showed that the function was operating far short of best-practice, compared unfavourably to industry and professional peers, and in some cases did not meet minimum standards. We identified material operational risks as well as brand-in-market and brand-in-company problems, undermining team ability to achieve high quality and timely market and corporate outcomes.

We discovered the root cause of team issues was actually a capability problem, not a capacity problem as described to us. Capability shortcomings existed both vertically and horizontally. Vertically, the capability gap between the key senior officer and direct reports was so large that it could not be closed by professional development within a reasonable timeframe. Horizontally, a business-critical and core functionality could only be performed by the key senior officer, exposing the business during periods of planned and unplanned leave, including the risk of a permanent departure.

Marengo Capital designed a new team structure which immediately resolved critical capability shortcomings through two external hires. Both external hires are strong succession candidates, reducing key person risk to reasonable levels and eliminating gaps in business-critical, core functionality. External hires have refreshed team culture, provided guidance and direction to internal resources to satisfy work standard and timeliness issues, and released the key senior officer to perform more strategy development.

To keep the team as lean and as productive as possible, Marengo Capital has reconfigured the people-processes-systems ecosystem towards digitalisation of re-engineered processes and increased utilisation of existing systems, including connectivity with external platforms and integration with internal ERP systems. Automation of high volume / low value-add activity releases existing internal resources to spend more time and effort on low volume / high value-add activity, to the benefit of the company and the individual team members.

RESOLUTION

The CFO is receiving high quality, timely and trusted advice. The key senior officer is influencing decision making by making material strategic contributions and by participating much earlier in the value chain.

Key person risk and succession planning has been addressed. The key senior officer and team are happier as they are doing more interesting work and are more influential and impactful, as a result of a best practice ecosystem giving more time to think, reflect, build productive work relationships, and step-change the sophistication of their roles and the function.

Just as brand-in-company has elevated intra-group interactions, brand-in-market improvements have achieved better commercial outcomes by levelling the negotiation playing field.