CFO THOUGHT LEADER

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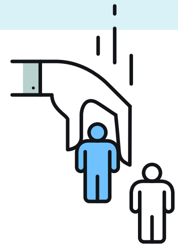
THE REWARDS OF PEOPLE-KEEPING

Six CFOs Remove Their Workforce Management Blind Spots to Keep Talent Top-of-Mind

INSIDE:

Talent Leader Chris Hill *of U.S. Bank Explores What Drives People Connections*

INSIDE:



PODCAST LINK

SOUNDING A POSTMERGER ALARM

CFO: Chad Cohen
Company: Adaptive Biotechnologies

Among the different human capital moments of insight that Chad Cohen has experienced over the years, few are likely as memorable as the one that woke him up from a sound sleep.

At the time, he was CFO of online real estate company Zillow Group, a CFO tour of duty that he completed just prior to joining Adaptive Biotechnologies.

Says Cohen: "I spent 4 years—or 16 earnings calls—as CFO, acquired about 10 companies, and raised somewhere between a half-billion and billion dollars in capital from the public markets for Zillow Group."

Asked to recall a learning moment from his Zillow years, Cohen says that he remembers waking up in a cold sweat during the 20- to 30-day period that immediately followed Zillow's 2015 acquisition of Trulia.

Having carefully crafted a 90- to 120-day postmerger integration plan, Cohen says, he realized that as the number of Trulia employee departures began to quickly escalate, "speed of integration" was going to play a plus-size role in the merger's success.

"Our retention bonuses—albeit very healthy and robust—were being offset by a very frothy employment market in San Francisco and even

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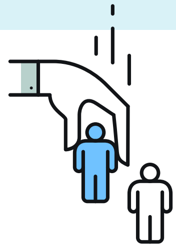

larger sign-on bonuses that we were having trouble competing with," recalls Cohen.

"I called my controller in a panic and said: 'Hey, we have to do this faster because I think I see how this scenario is playing out—and it ain't going to be pretty,'" remarks Cohen, who then instructed his team to "rip up" the 90- to 120-day plan, while accenting his new mandate for speed with the words "We're going to do this now!"

CFOTL: Has the Trulia integration experience helped you at Adaptive?

Cohen: Yes, I was able to apply that to Adaptive in a sense. Right after I joined Adaptive, I found that we were dealing with the recent acquisition of a company called Sequenta down in the Bay area. They had competing intellectual property, and we had been able to acquire them for a couple

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hundred million dollars. But, in the same way, they had a finance team that was knowledgeable. Coming fresh off the Trulia integration, I said that we couldn't just let them sort of sit out there like that in somewhat of a dormant state—that we needed to rapidly and aggressively integrate their workforce and make sure that we brought all of their knowledge and all of their operations up to Seattle to really extract the synergies that were part of the calculus for making the acquisition in the first place. ●

PODCAST LINK

SHAPING A WORKFORCE PHILOSOPHY

CFO: Michelle McComb
Company: Bluecore

Just as Michelle McComb was imagining that she would shortly be joining another Silicon Valley start-up as a finance leader, the CFO of Lucent Technologies helped to upend her plans.

Back in the early 2000s, Michelle McComb's first CFO tour of duty was coming to an end with the successful sale of her company to a larger, publicly held software firm. However, within a matter of months, the buyer was itself acquired by the giant telecommunications player, and Lucent's CFO offered up a question to McComb: "What would it take to keep you?"

The coveted query is one that career builders long to hear but don't always answer in optimal ways.

"I packed my bags and moved to England, where I became CFO of one of Lucent's major divisions," she explains, leaving little doubt that her answer had landed well.

"I received tremendous international exposure as I traveled extensively and got to deal with finance people with very diverse backgrounds," says McComb, who worked abroad 5 years before returning to the U.S., where, over time, she has occupied the CFO office for a string of technology companies. The latest is Bluecore, a marketing technology firm that she joined in May of 2020.

Of course, in light of the pandemic, it's safe to say that Bluecore will likely be a career chapter unlike any that have preceded it, and, not unlike her CFO peers, McComb finds herself now being drawn to the mix of financial and cultural levers that influence Bluecore's workforce.

CFOTL: What are your priorities as a finance leader as we go forward?

McComb: For me, looking over the next 12 months, especially in light of COVID, I think it's paying attention to the capital strategy. Around cash management investment, what do we want to do with our investments in our cash strategy?

That's one side. I'm going to add to that because I think that a lot of times CFOs do tend to focus on capital and cash. I'm one of those CFOs who looks at people as a huge asset. I also look after the people function at Bluecore, and I think that the people strategy, especially as we come through environments like COVID, is going to be extremely important in ensuring that we retain and hire the right talent, especially when it comes to remote. What does the new office environment look like?

"IF I LOOK AT SIMILAR COMPANIES, ARE WE PAYING EMPLOYEES FAIRLY AND COMPETITIVELY? ARE WE A MERIT-BASED COMPANY SUCH THAT IF YOU EXCEL, YOU'RE GOING TO BE COMPENSATED?"

Also, I kind of work from philosophies. For e xample, what is our compensation philosophy? Are we competitive? If I look at similar companies, are we paying employees fairly and competitively? Are we a merit-based company such that if you excel, you're going to be compensated? And by the way: If you're mediocre, then you're not going to be. That's where we would be establishing fundamental philosophies.

PODCAST LINK

DEFINING YOUR SOCIAL SPACE

CFO: Markus Harder
Company: Contentful

The Berlin headquarters of software developer Contentful occupies an old brick warehouse with heavy metal doors, broad functional corridors, and spaces native to its industrial past.

Standing six stories high, the structure once accommodated its worker population with a miniature kitchen on every floor, a favorite employee perk perhaps first introduced by a coffee-loving tenant.

Still, not everyone at Contentful loves coffee—or at least its CFO, Markus Harder, doesn't.

"My secret is that I hate coffee—I just don't like it," says Harder, who shortly after his arrival at the firm put in motion a mandate to remove the small kitchens.

"It was arguably one of my biggest career gambles," recalls Harder, as he captures our attention and leads us to wonder why a finance leader would make a point of championing such a seemingly misguided decree.

Of course, Harder's actions are only Part I of a two-part tale. The second part involves the creation of what he dubs "a central watering hole" complete with a coffee machine worthy of Berlin's trendiest "third-wave" coffee shops.

"With all of these floors and their little coffee machines, we were never seeing each other—we never talked to each other," explains Harder, who reports that Contentful hired a champion barista for a 2-week period to teach every employee how to properly use the new machine to render an excellent cup.

Says Harder: "Whatever you want to drink—a coffee, a latte, an espresso—you'll find that there's always somebody there who has been to the training or someone in line who is ready to train somebody else."

According to Harder, skeptics of the original mandate have largely been won over, but outsiders still find the coffee-making arrangement hard to imagine.

"Three hundred people, just one coffee machine—how does that work?" asks Harder, echoing the thoughts of coffee drinkers beyond Contentful's four walls.

"I'M ACTUALLY ACCELERATING HIRING AT THIS POINT, AND I'M GETTING CONTENTFUL READY TO BE A PUBLIC COMPANY IN A COUPLE OF YEARS. THIS IS SORT OF A NORTH STAR FOR US."

"Well, actually, it works. And it's about the line. It's a social experience, and one that I celebrate each morning," remarks Harder, who says that on any given morning he'll spend a minimum of an hour at the café.

Says Harder: "We're all in the open. I'm available. Ask me something."

CFOTL: The pandemic has certainly altered the work environment—but when it comes to hiring, what are your plans over the next 12 months?

Harder: I continue to invest in the team. I continue to invest in automation and systems. I'm actually accelerating hiring at this point, and I'm getting Contentful ready to be a public company in a couple of years. This is sort of a North Star for us. This doesn't mean that we will go public, but it's a North Star to which I want to point my team because the quality of financials, the quality of insights, and the quality of processes that I want to see us have is that of a public company.

KEEPING PEOPLE CONNECTED IN THE EVOLVING WORLD OF WORK

A Talk with U.S. Bank SVP Chris Hill, Senior Director, Talent Acquisition

THE WORKFORCE IS CHANGING. With Millennials and Gen Z employees growing in numbers and influence, what has been the most surprising thing that you've learned about these employees and their motivations?

Hill: Over the years, I have seen a shift in how both candidates and employees view their organization and what is important to them. Specifically, when Millennials and Gen Z employees are looking at an opportunity, they aren't as tied to a company name as they are to what the company has to offer and the experience that they will receive from the organization. When looking at joining a company, they tend to have a stronger focus on the organization's approach to corporate and social responsibility. Once they join an organization, they are focused on acquiring skills. They aren't always focused on mastery of skills but tend to focus on learning a skill and then finding opportunities to take on a new challenge and learn something new.

Millennial and Gen Z employees are increasingly requiring the technology they interact with at work to mirror the technology they rely on in their personal lives. How have you seen the expectations of this new generation of employees shift from those of previous generations?

Hill: You are absolutely right. Our employees expect their technology experience at work to be similar to what they have in their personal lives. If you think about it, we're able to shop online, make quick decisions, have products recommended to us, and then make a purchase with a single push of a button. This has impacted the way that we provide technology to our employees. Most technology that we implement today is focused on self-service, and we are starting to see more and more technology in the workplace focus on educating employees, providing them choices, and then letting them make a decision and move quickly to the next thing.

Amid all of the talk about the importance of employee programs—including those for wellness, engagement, recognition, and incentives—the need to show positive ROI is always present. In your experience, what types of programs have achieved the greatest ROI? What about the lowest ROI?

Hill: What a great question—and what a really difficult question to respond to. I say this because all of the types of programs that you mention can be extremely impactful within an organization. All can carry a strong ROI but will do so only if the program is focused on the right drivers and the right outcomes. Incentive plans work well only if they are designed to incentivize the right activity at the right time. Engagement and recognition programs work only if an organization has full support for the program, a culture that embraces recognition, and an understanding that the recognition must be meaningful and delivered at the right time. The best advice that I could provide is that with any employee program, you have to find the best ways to introduce it and embrace it as an organization. The worst thing that you can do is to introduce a new program and move on to the next thing without a plan for fostering and maintaining adoption.

“The pandemic has taught us, or at least reminded us, that we as humans are social creatures. We have a need to create connections with others and interact with them on a personal and professional level.”

We’ve all seen the obvious changes to the workplace environment brought on by the pandemic: remote employees, hiring freezes, virtual interviews and trainings, and so forth. From your perspective as someone on the inside, what are some of the biggest “behind-the-scenes” changes, or conversations, relating to the current workplace environment right now? What changes do you see being sustained in the long run?

Hill: You are correct—this is very much a topic being discussed at all levels of our organization right now. I think that the pandemic has taught us a few things about the workplace. One, it has taught us that with the help of technology and some planning, essentially any role can work in a virtual environment. However, the second thing that the pandemic has taught us (or at least reminded us of) is that we as humans are social creatures. We have a need to create connections with others and interact with them on a personal and professional level. Right now I often hear two dialogues within our organization. The first is around how to ensure that we keep people connected during this time when so many of us have to work in a virtual environment and how to support our employees during what have undoubtedly become challenging times for all of us. Second, I continue to hear dialogue about what the future of work will look like. I believe that all organizations are going to have to find ways to provide more flexibility to their employees, whether that’s based on if a role has to sit in a specific location or whether or not the role is an office-based role, virtual role or some sort of hybrid.

Do you have any insight into whether the sudden shift to remote work has influenced productivity, employee satisfaction, and retention?

Hill: Depending on whom you talk to, I think that you may get a different answer or a different perspective. By and large, I would say that the shift to remote work has not had a significant impact on productivity, employee satisfaction, or retention. However, when I think about employee satisfaction and retention during this time, I think that there are additional variables that we should all be considering. We have to remember that there are more external challenges and factors that are impacting our employees' lives on a daily basis right now. I personally believe that external factors are also playing a role in employee satisfaction right now. With regard to retention, we are tending to see greater retention rates right now, but what I can't tell you is whether these retention rates are based on employee satisfaction, a slow job market,or the sense of security in having a job right now and not wanting to take anything else on at this time. I think that all of these are interconnected with our employees right now.

According to the *Harvard Business Review,* companies with engaged employees outperform those without by 202 percent. How have you made employee engagement a priority? Have you found anything in particular to be most effective? What efforts do you make to ensure that employees at U.S. Bank are engaged?

Hill: I will first say that I think that the bank overall has done a tremendous job of looking at and thinking about employee engagement during the pandemic. I appreciate that our CEO consistently sends messages out to the organization highlighting how we are adapting during these times. This has helped to set a tone throughout the organization of being open and transparent and consistently communicating with our employees. I think that I've been invited to more virtual happy hours during this past year than I was to traditional happy hours during the previous 2 years combined. More than anything, I think it's about creating and maintaining a personal connection with your employees. It is never wrong to reach out to your employees to ask

"It is never wrong to reach out to your employees to ask them how they are doing and what you can do to support them. I think that we have all had our own moments at different times throughout the past year, and oftentimes what helps us the most is a friendly voice and a few words of support."

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Maintaining an "employee-centric" culture that keeps employee well-being top-of-mind has been shown to position firms to attract top talent. How have you seen that play out at U.S. Bank? What are your top priorities for maintaining this type of culture?

Hill: In a lot of ways, I think that the answer to this relates to everything else that we've been discussing to this point. One of the things that we added this past year during the pandemic was the introduction of pulse surveys. These surveys are sent out to segments of our employee population every few months as a way for them to provide feedback as well as for us to track engagement. We utilize the feedback to help us to identify areas where we need to communicate more effectively or consistently. The feedback is also vital in helping to shape some of the decisions that we make as an organization. So, although this isn't an "in your face" approach to maintaining an employee-centric culture, there is a feedback mechanism in place that is used to help us to improve our communication and decision-making with our employees in mind.

With a rise in the number of employees working remotely, collaboration between employees seems like it would be more difficult in many cases. What types of tools have you found to be effective to facilitate collaboration between employees in a remote workforce?

Hill: One of the tools that we just recently implemented last year happened to be Microsoft Teams. It has really been a great collaboration tool for us, not only from the standpoint of enabling us to share and update documents together in real time, but also for the ability to share our screens, hold video calls, and communicate over chat. It has really helped to facilitate greater collaboration within our team. I know that there is a lot of "Zoom fatigue" out there right now, but I will say that I personally like the ability to have a videoconference with my team when I can't see them in person right now.

What have been the biggest talent management challenges that you've encountered in your career? How did you work through them to find a solution?

Hill: Some of the larger talent management challenges that I've faced during my career have been when I've worked with somebody who felt like they were ready for their next role or a promotion when in fact they still had additional growth and skills to acquire in their current role. My experience has taught me that this often comes down to the need for additional communication on the areas that they can continue to focus and build upon. They don't always agree, but as long as you are transparent with your feedback to them and help them to create a learning path toward which they can work, they will see that you are there to help and support them.

What do the next 12 months look like for you in terms of your priorities and goals for employee retention and talent management?

Hill: Over the course of the next 12 months, my focus will be to continue to engage and grow my team. This will come about through consistent and open communication, the creation of development plans, and checking in with them throughout the year on their development goals. This will be the foundation from which we will work as a team to grow and develop professionally. ●

IN SEARCH OF A CULTURE METRIC

PODCAST LINK

CFO: Ross Tennenbaum
Company: Avalara

Ross Tennenbaum remembers that back in 2018, when he was a managing director at Goldman Sachs, he had conversations with a number of senior executives from Slack Technologies, Inc.

At the time, the fast-growing workplace messaging and communication platform was preparing to go public, and the company was making a special effort to educate bankers and analysts alike about the firm's business. As his questions became more pointed, Tennenbaum says, he noticed that members of Slack's senior management team would frequently permit other executives stationed along the conversation's periphery to supply the answers.

"At first, I thought that they served sort of a chief-of-staff type of role, but what I realized was that when the executive was pressed with a question, one of the sidekicks would always be turned to for the answer," explains Tennenbaum, who found his conversations with Slack to be highly informative.

Later, Tennenbaum learned that the sidekicks were members of Slack's business operations team, a cluster of analysts that he describes as being "cousins" to Slack's finance and FP&A teams.

It was the kind of teamwork that often distinguishes strong company cultures and management teams, explains Tennenbaum.

CFOTL: What are your priorities for the coming year?

Tennenbaum: One is building out our finance and accounting talent to take us to a billion dollars' worth of revenue and beyond. We're at close to half a billion of revenue, and we're looking to go well beyond that. You really need the talent that has experienced a larger scale, knows how to achieve it, and can take you there. So, talent has become really important, and you have to remain constantly focused on it—today, I spend around 20% of my time on it.

CFOTL: What does the phrase "workforce culture" mean to you?

"TALENT HAS BECOME REALLY IMPORTANT, AND YOU HAVE TO REMAIN CONSTANTLY FOCUSED ON IT—TODAY, I SPEND AROUND 20% OF MY TIME ON IT."

Tennenbaum: Beginning in my investment banking days, I've studied many companies and management teams. I've seen teams that were really high-functioning, really strong, great cultures. I've also seen management teams and executive teams that were not cohesive. There was a lot of distrust and backstabbing. Each of these scenarios could generate great numbers and be performing well, but I would only want to invest my money in the one that has that trust and has a cohesive team—and where this is really being driven forward in a cultural way. I don't think that Wall Street really has a view of this. There is really no metric internally—and certainly not externally—that gives this view on culture. But I think that investors are increasingly trying to get this view into talent and culture.

PODCAST LINK

MAKING WORKFORCE COLLABORATION PRIORITY ONE

CFO: Jim Gray
Company: Ingredion

It's the type of business restructuring capable of striking envy into the heart of many a company board member—and particularly those known to favor one oft-repeated bit of business wisdom: Never waste a recession.

At food ingredient maker Ingredion, where the recession's bite is directly linked to the eating habits of consumers, a 2-year-old restructuring strategy dubbed "Cost Smart" has begun to deliver on its cost savings promises.

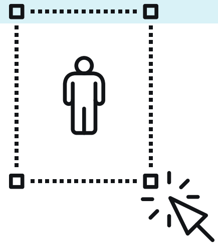
In fact, the maker of sweeteners and starches recently announced plans to increase its Cost Smart run-rate savings target from $150M annually to $170M—a $20M uptick that led certain analysts to believe that now might be the right time for the food giant to step on Cost Smart's accelerator.

Not so fast, says Ingredion CFO Jim Gray, who reports that he already likes what he's seeing in Ingredion's rearview mirror.

"The opportunity around remote work environments and online collaboration has accelerated toward us," observes Gray, who over the past 2 years has replaced the dated architecture of Ingredion's finance function with a new shared services model and a mandate for greater online collaboration.

The restructuring involved the relocation of 107 finance and accounting employees to shared services locations in Tulsa, Oklahoma, and Guadalajara, Mexico. The movement of this part of Ingredion's workforce is expected to be followed by that of a number of other functional areas within the company.

"This was not about lowering head count—it is about holistically redesigning



processes to have a lasting impact on cost," says Gray, who recently—along with Ingredion CEO Jim Zallie—briefed investors and analysts on COVID-19's impact on the business. After having experienced a significant drop in demand for different ingredients in April and May, advised Zallie, the company had seen "sequential improvements" in June and July as shelter-in-place restrictions eased.

These improvements were more than likely first detected by a member of Gray's finance team, which had been working to better expose how the pandemic is altering the buying patterns of Ingredion customers.

"With the pandemic, there has been a change in consumer behavior that's impacting the pull of our customer products. Then you also have the effects of a recession, in which there is less personal income, so this changes how they shop in grocery stores and how often they dine out," comments Gray, who credits the company's widening use of technology with helping to track and monitor customer activities.

CFOTL: How has the remote work environment impacted Ingredion's workforce?

Gray: The opportunity for remote work and the opportunity for online collaboration have accelerated toward us. We pressed our IT team to find platforms that allowed us to continue to work as teams and drive that productivity. But what you're seeing is that the nature of the work has changed. Will customers invite salespeople in for as many sales calls as they have in the past? Well, maybe the face-to-face was very important to securing that calendar spot, but now you may be able to do it through a videoconference. It just may be easier for everybody.

Whether it's a customer's procurement team, our innovation team, or our commercial team, there just may be less interaction. This increases the capacity of your team. Part of the opportunity of this pandemic is being agile enough to figure out new ways of working together with your customers and with your suppliers and as a team. It may provide some opportunities in terms of how you optimize your team and maybe have a little bit more headroom space to go after some opportunities. I think that this is what I'm seeing come together.

PODCAST LINK

DESIGNING A PEOPLE EMPOWERMENT ORGANIZATION

CFO: Alyssa Filter
Company: Clari

When Alyssa Filter was named CFO of Clari, her strategic mind-set was the by-product of having been involved from early on in the development and growth of several of the Sunnyvale, Calif., software developer's organizational functions.

Having first been hired as a consultant when Clari was still a pre-revenue company, Filter discovered that she was less tied to the specific expectations of a job description than she was to easing the growing company's pain points.

Along the way, Filter says, she was able to grow with the company, and the more she took on, the more a finance leadership path became exposed for her.

Filter recalls: "These weren't traditional finance and accounting projects. For example, I became involved in HR and sales operations, which required me to build new skillsets, dive right in, and get into the weeds in order to really understand what was needed in the company."

CFOTL: How has Clari's organizational structure sought to better empower its people?

Filter: We just hired a chief people officer, but until a few months ago, I was also leading the HR teams. In the current environment, human capital is more important than ever. I think one of the most important things that we had to evaluate and really understand was where to place our bets on people.

One thing that we wanted to be really mindful of was not cutting too deep or cutting to the bone, I guess, as the saying goes, so when we were updating our operating plan after shelter-in-place went into effect, we were really thoughtful about all of our team and in which areas we really wanted to hold on to our people—those folks who might be very costly to replace. We wanted to make sure that we kept them on board and with us, even if it meant misalignment in maybe what might be traditional metrics across different organizations.

One important component of this relationship is that we've built our teams around our strengths. It hasn't been like "Oh, you only own that" or "I only own this." The approach is more like 'Hey, my core team is really good at this piece, and your core team is really good at that piece."

"I THINK ONE OF THE MOST IMPORTANT THINGS THAT WE HAD TO EVALUATE AND REALLY UNDERSTAND WAS WHERE TO PLACE OUR BETS ON PEOPLE."

We've built a really strong support network of players in both of our teams, which has allowed us to cross-functionally support the organization in the way that makes the most sense. This is really where the reorganization came along and where we began building up our muscles in areas such as sales, finance, and areas related to sales compensation, such as commission plans, building quotas, and our deal desk function. All of these sorts of things are really where we started to rethink the structure of the teams.

About CFO Thought Leader

Our mission is to bring you personal firsthand accounts of CFOs who are driving change within their organizations.

In addition to their company history, we also share the career journey of our spotlighted guest: What did they struggle with? How did they persevere? What makes them successful?

We highlight leadership lessons, "Ah-ha!" moments, and the things that finance leaders stopped doing that were sapping value from their work. Our CFO thought leaders have taught us that one of the most important tasks is to identify "what to stop doing" in order to create the capacity for doing what is required by finance in the 21st century. CFO THOUGHT LEADER is all about inspiring finance professionals to take a leadership leap. We know that by hearing about the successes—(and, yes, also the failures)—of others, today's CFOs can more confidently chart their own leadership paths across the enterprise and take inspired action.

Contributors

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Jack Sweeney is a career business journalist and founder of Middle Market Media, LLC, a leading creator of on-demand content serving middle-market audiences. As an audio-first media company, MMM is dedicated to elevating the voice of finance and C-suite leadership inside the digital realm.

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