

Intro: Hello and welcome to the CPA Australia podcast, your weekly source for business leadership and public practise accounting information.

This episode of the CPA podcast was recorded live at CPA Congress. It features Race Strauss FCPA, who is the Executive Manager of Finance at the Qantas Group. Race will be discussing the topic 'What do the best finance teams do?' We hope you enjoy this episode.

Race Strauss:

So I've been a CFO for few years, probably a few more years than I want to mention, and four years at Jetstar. I work for a company called Unilever, everybody heard of Unilever? Consumer products, all of the fun brands. And I worked for them for about 20 years and including being CFO in their Australian operation, looked after one of their South East Asia and Australasia Asia and in Vietnam as well as working other countries. I've been around for a little while. And what I wanted to talk to you guys today about was, call this one of the best finance teams do. But what I really want to talk to you about is how I can give you some tricks and tips ultimately for how you can do your job better wherever you are in the organisation. I don't care if you're a CFO or you make the coffee or you clean the toilets, really doesn't matter. If your role is in finance, I just talk to you about the sort of things that I've been involved with to build better finance teams.

Race Strauss:

What is Jetstar? Everyone's probably heard of Jetstar in Australia as we said before. But Jetstar is actually quite a complicated business because we've got six totally separate airlines. We have Jetstar in Australia, we have Jetstar in New Zealand, we have an international business. We have Jetstar in Japan, in Singapore and Vietnam. Some of these businesses we own, some of these businesses we are a joint venture, we have a minority interest. And my job covers all these airlines. And it's a hell of a lot easier when you own a business 100% to say this is what we're going to do. It's a hell of a lot harder when you've got minority interest and you need to influence the board to do it. Just because it's our brand, we've got this complicated structure where we need to work through individual boards to get things done. And again, that helps understand the context of some of the things I want to talk to you about today.

Race Strauss:

First and foremost, the CFO, I truly believe should act like a CEO. I would say of my job, less than 20% of it is what you would classify as a CFO function. It really is, I've said somewhere in this presentation about the basics is a given. When you guys are in your finance careers getting the numbers out, getting the results out, understanding the difference between the forecast and the actuals, that's all an absolute given today. And to be a really leading finance team, it goes well beyond that. If you can't do that, you shouldn't be in the game. I see my role, Jayne Hrdlicka is the CEO of Jetstar. Her and I work hand in glove about jointly setting the strategy, working together in the business, being out in front. Understanding what the customer wants and setting that strategy. That's my job. It's not in my job description, but that's what my job is.

Race Strauss: And that's the example that I set because everyone therefore in the finance teams is about ensuring they are looking broadly across the business, they are not just functionally based. We've got a real delicate balance, independence versus collaboration. How do you do that? How do you work with all your colleagues, collaborate but be independent? Good finance teams figure that out. You don't want to be everybody's friend, short term, that's wonderful. Life is easy, say yes to everything. But actually, you're going to drive the business the wrong way. So, how do you collaborate yet be independent? How do you be that voice of reason that actually says, "Hang on a sec, I know we're moving in 100 miles an hour, but just stop. What about this? Because that's what you got to do. Easier said than done, but that's what you've got to do. Similarly, enablements versus governance. We have to enable the business, that's our job in finance.

Race Strauss: We have to help the business achieve its goals, but similarly, we've got to be making sure that the governance is right over the business. It's not a fun thing to actually say stop, got to get that approved. Jetstar is a classic example. Jetstar is 12 years old, it's \$4.6 billion in revenue, and it's been growing like that. And they're fantastic at Jetstar, they just want to get stuff done. The balance I've got to do is how do you allow the business to get stuff done, just get on with it yet now I need a steering committee over that? I need that to be approved. In certain big businesses, you might take that for granted. But how do you ensure that you don't make the business like a government and slow it down and ensure every single step has to be approved and no one can move because they've got to get every single step and a form signed and this approved and go. You guys must all experience this.

Race Strauss: It's painful and it slows the business down, but it's needed to a point. And the good finance teams, the jobs that I consider what we've got to do is get that balance because if you go to the one extreme and just let anybody do whatever they want, they'll get you so far but then it won't especially in an airline. But conversely, if you're over this side and you made it like a government, your competitors are going to kill you. That's what our job is. And understanding that difference between enabling and governance, I think is really key. We also as finance teams real influence in the business. We should be in the centre of the web. And if you're not in the centre of the web, get yourself in the centre of the web. What do I mean by that? I mean, the good finance teams know what is going on across the business. You're involved in everything, probably means why generally we seem to work longer than most people hours-wise. Not because we want to, but we're involved in everything.

Race Strauss: Good finance teams go well beyond well, beyond their pure gambit of finance numbers. They're involved in understanding why the business is trying to do whatever it is going to do. For me, pilots, buying aircraft, digital systems, strategies, environmental things, you name it, I consider my role and the role of finance is to be right in the middle of it as opposed to just sitting at the end when all the numbers come through and adding it up. That's not what we do anymore. And you've got real influence because once you invest the time and

really understand why people are doing what they're doing, it'll help. For example, you can sit in your desk and get a business case sent to you, maybe be involved in calculating the numbers or you can really understand why people want to do that investment. I'll give you an example, there's something on an aeroplane called a nacelle. I haven't got a clue what a nacelle was.

Race Strauss: When I joined the business, I went to the engineers and I said, "I need to go to the hangar because you're asking me to spend six million bucks on this thing called a nacelle. I don't know what you're talking about, and I'm not going to spend \$6 million unless I understand it." And I went to the hangar and I put on the overalls, got rid of all this jazz and I climbed through an engine. Greasy, mucky, disgusting, loved it. And he said, "See that, that's the nacelle." And then spending an hour or two understanding how that works. Now, you could say, "Well, you just wasted half a day because you're not an engineer." But that to me is the difference between just sitting in your desk and just having a conversation and really understanding and being in the middle. Because now I can have an intelligent-ish conversation with engineers. And you get much better respect both ways because you understand. When he's talking about the left turbine doesn't work etc. I now get it.

Race Strauss: I'm not an engineer, I never will be an engineer. But by investing that time and really understanding what drives in this case the engineering team helped me do a better job. And I'd really recommend to you if you don't already get out from your desks and really invest that time. And it is an investment of time because your emails won't stop when you're there and you're going to have to catch up when you get home. But that's one of the big differences. Some tips, tricks, what's expected. First challenge, who here has sat in a room where 10 people in the room and everyone's going yes, yes, yes? And the momentum is building and you're all sitting there and you're thinking, "No, what about this?" And how many times have you done that and actually sat there and just, yeah, didn't say anything. We've all done it. The best finance teams, you guys to really leave finance, you've got to be able to just challenge things.

Race Strauss: And deep down, and I can tell you this from years of experience, people really respect that. They might get really pissed off with you when you do it, but that's what people want. That's what you're there for, one of the key roles. Be that challenge, have that courage to say, "Well, hang on, what about this? Have we considered that?" Leadership, and I'm not just talking functional leadership, in a way, that's a given. Depending on where you are, you might have one, two, you might have 2,000 people reporting to you. But being a leader in the business is critical. I expect the finance teams in my team to be leaders of the business not just leaders of their function. It makes a real big difference. It might be easier at my level because I might be sitting in various executive meetings, but the really good finance teams, they're showing leadership at all levels of the business across all areas.

Race Strauss: Really, don't think functional, think business. That's the key. Professionalism, if you lose your ethics, your integrity, your objectivity, go home. Go to the beach,

do anything but be in finance. Now, in a country like Australia, that's easier to understand. But for those of you that might work in Asia, and we have businesses in Vietnam, and Japan, and China. But let's focus on Vietnam, I lived there for four years. Love it, great place. Many times, I was approached, and this is serious like Mercedes-Benz. And they're like, "Do you want \$10,000?" Serious, and of course, everybody likes money. But these things are real, and it really tests your objectivity, your integrity, your ethics. And if you ever, ever lose that, the game is lost. Stating the obvious, but really, really important.

Race Strauss: Relationships, I touched on this before. It really is about understanding people. The good finance teams would understand why people are doing certain things. Now, you might say, "That's not really my job, doesn't the HR look after people?" No, the good finance guys actually have relationships with the key people in the business and as many as possible. And it just helps you, it just really helps you understand why people do what they do. And it's often overlooked, it really is overlooked. I really encourage people to make the time, to invest the time to get to know people because it will help you be a better finance person. We get stuff done in finance. If I look across Jetstar business, people will come to us because they know we will get it done. We know how to navigate the organisation, and we can get stuff done. You've got to get yourself into that position where people come to you because you get it done.

Race Strauss: And if you can get into that position, a lot of the other things I'm talking about happen much easier because people come to you, you understand more. But not so good finance teams become blockers, "Oh, we've got to go and get it approved by finance," or, "we've got to get that bloody business case written." You've actually got to be part of the team, comes back to that collaboration where people will come to you because they'll go, "I'll tell you what, if I go to him or her, I know they'll help me get this through and we'll be able to get the business done and we'll be able to move." Be really solution focused, really solution focused and enable the business.

Race Strauss: Trust, Trust is everything. It's easy to say, well, trust is everything. But here I'm telling, you gotta be the one that stands up and says no, you gotta be the one that puts the governance on it. You got to be the one that manages the risk. But you gotta have the trust, so how do you do that? It's not an easy thing to do, it comes with credibility and honesty. If you say no, it means no. If you say yes, it means yes. But you've really got a build trust throughout the business not just within your team, throughout the business. Because once you've got the trust and you become a confidant. I would like to think my CEO can come to talk to me and I talk to her about anything and everything. And it's not just about what the forecast is and what the results are. In fact, it's hardly ever about that. But having that relationship at all levels helps you as individuals and the function really lift.

Race Strauss: Because people are honest and they'll tell you, "This is what I want to do, but this is the risk," rather than you having to try and figure it out all the time. Really build that trust, it all comes back to the same thing, relationships, the people

side. It's just so critical. And the breadth, I touched on this before, good finance teams go wide. What I love offering people in Jetstar is junior teams with minimal experience having jobs this wide. Not silos at all, but being able to give people jobs where they can look across everything. Now, the downside of it, it's hard it's quite often stressful. But you really get the best out of people when you start giving them end-to-end accountability for things. And they love it, they love it. I really encourage you with your teams and yourselves go as broad as you can, as broad as you can, get involved with as much as you can because it makes it so much easier. And it's a lot more fun.

Race Strauss: And risk manager, we manage risk. I mean, I'm in an airline, risk is paramount. Safety is number one above all else, above all else. How do I say yes to things yet manage risk? It's just one of those other balancing acts you got to do. Being aware of that, I find really helps. Being aware that you've got a balance this saying yes with the risk of the business. Because if we don't do it in this function, then quite often, the business doesn't have the rudder and it drifts to quite a risky place. Say yes but say yes understanding the risk and challenging things. Make sure that all the aspects are being considered. Communications, to me, this is in the basics. Because if you're fantastic at Excel that will get you so far, but maybe not too far. If you're a fantastic communicator, chances are you're going to be able to go so much further in the organisation.

Race Strauss: And when you put all that together, when you start to understand breadth and you understand the risk and you understand governance, and you can communicate it, then the credibility starts to come, then the trust starts to come. Communication is a critical skill. And I might be stating the obvious, but I still see so many finance functions, so many accountants who can't communicate. And you don't have to be the world's best public speaker, I'm not the world's best public speaker, but you've got to be able to communicate confidently and openly. And if you can do that, the world starts to open. And, of course, we have to be forward-thinking. We have to be looking forward all the time. Now, part of that, if you're looking at forecast, that's part of what you're trying to do, look what's over the hill. But if you're forward thinking and you're helping the business think forward, that really helps.

Race Strauss: It's a little bit of a summary, but a couple of things in here. Listen and understand the business. Get out of your desk, get out of your office and understand the business, absolutely critical. Adjust your style. It makes me laugh, I love going to all the different businesses in Australia and all the different businesses around the world and seeing the Australian way for example in Japan. Sure way to fail, we need to be culturally aware. The Australian way, the directness, the openness, the banging the table, you do that in Japan, which is not much more consensus driven, you get a lot of nods and a lot of smiles and you will get nothing done. Again, adjusting for that cultural wherever you are and taking the time to learn that culture. You don't have to be an expert, but understand the differences between the different cultures really helps. And that's what good finance teams do.

Race Strauss: And we've talked about credibility, we've talked about getting involved, provide the insights. How many of you might look at a forecast and work out a variance? Because I say, who cares? I actually don't care how much I missed the forecast by. I care why, and tell me what happened as to why. That's the difference between good finance team a great finance team, the insights. We all know we can't forecast to save our lives, we spend months and days and weeks doing budgets and the day we sign them off, they're crap. We know that yet, we still do them. What's really valuable in that process is understanding the insights, what's not going the way you thought and why and sharing that and communicating that. That's what makes the difference. I talked about enabling the business, I talked about being very action-oriented, getting on with it. You've got to back yourself.

Race Strauss: I've had the fortune of being able to work across multiple functions over my life; marketing, supply chain, sales, finance. If there's one area where you got to back yourself, probably sales as well, but finance, back yourself because you've got to be the one that stands up as I said. You've got to be the one with the backbone that says, what about this when everyone else wants to do it. You've got to be the one that manages this collaboration, you've got to be the one that manages the governance. Back yourself, have the courage to do it because that's actually why you're there. And that's how you make a positive difference. A couple of concepts that I have found have worked in moving a finance team from good to great or really good finance teams. And again, none of this is rocket science, but just sharing my experience.

Race Strauss: First is diversity, and I am quite passionate about this. But everything from gender diversity to cultural diversity to thought diversity builds a better finance team. If you surround yourself with people like you, you will get very narrow answers. And you'll think you're brilliant. Surround yourself with different people, with mixed-gender, from different ethnicities, I can never say that word, and you will get diverse thought, challenge and a better answer. And it's often overlooked. And I know that gender diversity gets quite a bit of airplay and it's really important, but it's much more than just gender diversity. The good finance teams if you look at them will all have tremendous diversity.

Race Strauss: Flexible working, I don't care where my team works. Once I've met them and I know what they look like, I don't need to see them every day, I really don't. And everyone's got their own personal things to deal with; family, parents, boyfriends, girlfriends, you name it. Well, the good finance teams and certainly things that we try and do is give you flexibility. This is what you got to do, go and do it. I don't care whether you sit in the field or in the air or you're in Bali, I don't care as long as you get the work done. And that takes some courage by the way because there used to be a bit of a stigma, oh, they're not here, they're not working, Well, that doesn't last long. Good finance teams provide flexibility and allow for flexibility and encourage flexibility because you know what, if you give someone time to go and see their child, for example, doing a school play.

Race Strauss: And it's not a stigma, it's not someone is going, "Oh, I just really need to do this, let me go." But it's just, "No, I'm just going." You get that back in spades. Flexibility, really important. Business partner, something that I'm quite passionate about here. And summarising business partnering in just a couple of sentences, this is about being with the business. It's as simple as that, a concept I talked about on before. If you're business partnering, you're not sitting in your desk saying, "Well, I'm looking after the sales costs." You're out with the sales guys not only sitting with them out on the sales calls, not all the time, of course. But real partnering is working with the business not just directing and being the police or anything like that. Work with them, understand what they're doing. Really be in their shoes because only once you've been in their shoes, you then provide your insights because you'll have a different perspective.

Race Strauss: But it will be relevant because they'll go, "Oh, yeah, now, that makes sense." And what you'll be telling them will be much more relevant because you know how it affects them. Live their life. You don't have to get into the engineers uniform, but live their life. Don't try and be a business partner from your desk. Insights, we talked about, but insights from big data. There is so much data out there. I can tell you every aeroplane we have out in the sky, we are getting every 15 seconds data out of that aircraft. I can look on my computer and tell you the performance of every engine on every plane, what it's doing, what it's not doing, what it should be doing, everything multiplied by 175 aircraft. That's a lot of data, that's just one flight. What am I going to do with it?

Race Strauss: And that's where we can really add value because if we can apply our analytical skills and technology and get all this data but give insights from it, we can really help the business. Digital, well, the world's going digital, we know that. And the only thing I would say here is we've got to be in front of it not behind it, part of a digital. And what I mean by that is we should be leading innovations, we should be driving digital in everything we do because it is the way of the future. It really is the way of the future. Everything from, for example, we put iPads, the pilots used to carry those big things, which had a couple of problems. First, you know how many times pilots won't turn up to work because they've got sore backs because they're carrying? And you know how much fuel you need you've got 6K briefcase times 3. Actually adds up.

Race Strauss: All done on iPads now, the crew all done on iPads. Small example, but a lot of those innovations actually came from finance saying, "Well, why don't you just use an iPad?" Lead the innovation digital, don't just stand behind it. And career development, really good finance teams develop the careers of their teams. And it's not just the boss that does it, everybody does it. If you are a manager in the business, you can be managing one person or a thousand, one of your key responsibilities has got to be to manage the careers of those people, to help them. Because when you genuinely do that and you make other people's careers happen, then you're moving to a great finance team.

Race Strauss: How does all this come together? When the going gets tough, that's the test. And in short, businesses always go through cycles as airlines do, most volatile

businesses I've ever worked in. Great fun, but the real test of the finance team is when the it hits the fan and the business is going badly. Because if finance resorts to being an accountant, resorts to being a policeman then everything we've talked about disappears. We have to be resilient, we have to be able to manage the crisis. We have to be actually use the crisis. Qantas Group lost \$1.6 billion two years ago, great time for us. Might seem strange, but we invested significantly. And we're getting the dividends now. Last year as a group, we made one-and-a-half billion profit. Not a bad turn around.

Race Strauss: And a lot of that was because of that investing when things were tough. Not being, oh, accountants, policemen, all this, that and the other. And the world is changing, and I've covered a lot of this already, but it's all about being in front of the game. Integrate yourselves into the business, lead the innovations, use analytics. All the tools that you've got available to you, use them because the world is changing and the good finance teams need to be ahead of the game. and this last thing at the bottom is corporate sustainability. Finance should be taking the lead in that in a lot of areas. And again we use aeroplanes , they use fuel. Fuel is a pollutant, we pollute a lot. Therefore, this is actually really important from where I'm sitting. But I actually think it's important for all businesses, and it often gets overlooked.

Race Strauss: And the good finance teams are thinking about this and doing things to help the business. If you get it right, what does it mean? What it ultimately means is you've got a really engaged team, you got a happy team. You got a team that wants to work with you. When I interview people for a job in Jetstar, I usually say to them, "You can go out and talk to anyone in the business, and I guarantee you what they'll say." And they'll say, "I'm overworked, but I love my job." That's ultimately, not the overworked bit. But I love my job, that's ultimately what we're aiming for. And I believe based on the limited experience I've got if you focus on those concepts and drive those initiatives, that's what you'll get. You'll get an engaged team that has lots of career opportunities. And as individuals, people will love what they do. And if they love what they do, everyone works better and everybody is happy.

Race Strauss: Ladies and gentlemen, thank you very much for your time.

Outro: Race Strauss will be featured at the upcoming World Conference of Accountants Conference that will take place from the 5<sup>th</sup> to the 8<sup>th</sup> of November 2018 in Sydney. For tickets and for more information please visit: [www.wcoa2018.sydney](http://www.wcoa2018.sydney)

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