



The Contemporary **FD** 2016

The Finance Director as value creator



Agenda

Time	Panel	Speakers
08:30	Registration and breakfast	
09:00	Welcome	EquityFD – Sarah Hunt Smith & Williamson – Guy Rigby
09:15	Opening keynote	Vernon Hill , Chairman and Founder of Metro Bank
09:45	Value from transformation	Martin Glanfield , CFO at Mercia Technologies Kirsty Macdonald , Partner at Growth Capital Partners Dan Sherfield , Finance Director at Grind Rick Waterlow , President International of Vice Media Inc Gillian Wilmot , Chairman and NED, Founder of Board Mentoring
10:45	Coffee break	
11:00	Value from challenge	Charles Cameron , CFO at Tracscare Toby Harris , CFO at D&D London David Lee , COO at Stratajet Debra Wood , Former CFO of Liberty
12:00	Value from vapour	James Bodha , CFO at Thunderhead Chris Cole , Managing Director of Make it Cheaper Group Ltd Frazer Fearnhead , CEO and Founder of Housecrowd Richard Gibson , Former CFO of Swiftkey
13:00	Lunch	
14:00	Value from values	Frances Daley , non-executive at Baring Emerging Europe PLC Jane Dumeresque , CEO at Folk2Folk Rowland Johnson , CEO of Nettitude Margaret Rice-Jones , Chairman of Skyscanner and Openet
15:00	Valuing the FD	Paul Bosson , Serial Private Equity CFO Sarah Hunt , Founder of EquityFD Chris Hurley , CEO of LDC Martin McCourt , Former CEO at Dyson
16:00	Break	
16:15	Closing address	Stewart Wingate , CEO of Gatwick Airport
17:00	Networking and drinks	
18:00	Close	

Value from transformation

Growth demands change.
Making sure that business transformation is effective, balanced and disciplined is often down to the FD.

Value from transformation

Our panel



Martin Glanfield
CFO at Mercia
Technologies



Kirsty Macdonald
Partner at
Growth Capital
Partners



Dan Sherfield
Finance Director
at Grind



Rick Waterlow
President
International
of Vice



Gillian Wilmot
Chairman and
NED, Founder of
Board Mentoring

Eight years ago, everything changed for private equity. Until the credit crunch, financial engineering had been the lock on portfolio upside. Since then? “It’s all about growth – and transforming the operations of the business,” says panellist Kirsty Macdonald.

That’s meant FDs in many PE-backed businesses have had to hone their abilities to support transformation – not just around their own finance function and the structure of the company, but across operations.

For Rick Waterlow at Vice, finance has to be the firm foundation underpinning rapid change. “When you’re on a fast-growth trajectory, lots of management time gets drawn to the sexier issues, like editorial,” he explains. “But people need to be paid on time, you need to be able to process transactions, you need cash discipline.”

That puts a fresh emphasis on the FD/CEO relationship, too. “When there’s a lot of change and you’re ambitious as a business, it has to be open – you have to be able to air any tensions,” says Dan Sherfield, FD of coffee-to-cocktails bar chain Grind. “My CEO wants to take up every opportunity – but there’s only so much we can take on, so it’s vital to have constructive conversations about how we prioritise.”

Get those discussions wrong, and rather than create value for the business, sales growth can fatally destabilise it. At the same time, FDs in growth businesses need to marry that discipline with enough ambition to empower their colleagues.

“If you want to scale up a business, you simply can’t afford to be a penny wise, pound foolish FD,” says Mercia Technologies CFO Martin Glanfield. “If you try to do scale on a shoestring, you risk failing to get commercial traction. That’s when you really earn your corn: balancing the numbers and the discipline with the experience and wisdom to take the right risks.”

“If you want to scale up a business, you simply can’t afford to be a penny wise, pound foolish FD

Our panellists all warn about the dangers of penny-pinching the finance function in transforming businesses, too. It’s not just about control. When things are changing fast and sales are growing, you need the systems and processes to support the “new” business.

“The business is driven by creative and by growing revenues,” says Vice’s Waterlow. “That meant for a while there really wasn’t a lot of resource going into the back office. Of course, that had to change as things grew fast, but it wasn’t about just throwing accountants into the mix. We needed talented finance people who got what we were trying to do.”

If the business is changing, you need systems capable of adapting, too. “You have to have the firepower to do the financial modelling and analysis for the strategic mix of operations,” says Sherfield. “You need hard evidence to guide those decisions.”

And as Macdonald points out, that job doesn’t end when you’ve rolled out a new financial system, the business has scaled or pivoted to a new market. “Growth-oriented management teams often don’t think of working capital optimisation as terribly exciting,” she says. “But a great FD will ensure that any transformation keeps cash top of mind – and that the business is being smart with its contractual terms.”

“As FD you have to seize your moment to make transformations,” concludes Glanfield. “What marks the good FDs out is an ability to adapt to different situations, get themselves up to speed rapidly and act at the right time.”

Value from challenge

If you came looking for steady state, you're out of luck. But every crisis is an opportunity for the FD to add value in a growing business.

Value from challenge

Our panel



Charles Cameron
CFO at TracsCare



Toby Harris
CFO at D&D
London



David Lee
COO at StrataJet



Debra Wood
Former CFO
of Liberty

Debra Wood is in no doubt about the value an FD can create in a crisis. And she knows what she's talking about. A veteran turnaround executive, she's pulled more than one business back from the brink with reasoned counsel to CEOs and investors. "Being in command of the numbers is vital - but using that information to change things is the key to creating value from a challenge."

"I worked in one family business where the CEO's pet subsidiary was slowly pulling down the entire group," she recalls. "I could see exactly what was going to happen from the figures. But convincing him to cut that emotional tie was a huge issue." Using shrewd persuasive tactics, she succeeded - and the business survived.

In fact, negotiation - with people both inside and outside the business - is one of the principle tools for FDs looking to convert knowledge into action to preserve and build value. "I worked in one business where a sales commission scheme was having a terrible effect on cashflow," says D&D London CFO Toby Harris.

"The culture was 100% sales - there was no appreciation of cash. The result? A real risk to the viability of the business. Changing that was hard, and as FD, you have to tread carefully, you can't get the CEO's back up when you convince them. And you have to win the hearts and minds of the sales people."

Harris stresses the importance of reasoned logic and compelling figures - as well as the essential indefinable for the contemporary FD, "emotional intelligence".

In many ways, the worse a challenge is for the business, the better for the FD looking to make an impact. Harris's plan to strip back a bloated management team at another business found a much more receptive CEO, chair and investor group as the economy took a massive turn down in 2008.

“ You have to tailor your measures or you risk crushing the all-important passion within the business ”

Not all the challenges at growth and backed businesses are cash related. At a previous company, TracsCare CFO Charles Cameron added huge value by deploying the right KPIs to identify and support underperforming care homes. "You'll see situations where management accounts are being produced for local operations, but they're not being used to drive the business," he says. "You can fix that."

And in another case, Cameron helped address the challenge of a weak exit story. "We needed to show we were a viable platform for a buy-and-build strategy but when I joined, there was little exposure to acquisitions inside the business," he says. "So we raised funds for acquisitions - and that allowed us to build up a little M&A team. It meant when we came to exit, buyers could see this area of expertise was already baked into the business, they wouldn't be starting from scratch."

In startups, you're usually dealing with a permanent state of crisis - not least because you're likely the first finance person on the scene. "Finance has to put in just enough control and process to establish firm foundations," says StrataJet COO David Lee. "That challenge, addressed, creates real value for the future. But you have to tailor your measures to the needs of the business at that moment or you risk crushing the all-important passion within the business."

Wood adds that you need to fight for the right to add value - and not just in challenging times. "It can be incredibly frustrating when people - especially in PE-backed business, see finance as a pure process," she says. "Our views are valuable - and when the business is dealing with a challenge, doubly so. When you're faced with emotional and ambitious CEOs and sales directors, the dispassionate analysis from the finance function is critical to staying in control."

But perhaps the best advice for FDs is the old saw, attributed to Churchill: "never let a good crisis go to waste." If sailing too close to your banking covenants or putting in place reckless contracts takes your business close to the edge, fix it with solutions that embed great cashflow management or more disciplined forecasting right into the DNA of the company.

Our keynote speakers



Vernon Hill
Chairman
Metro Bank

Vernon Hill is chairman and founder of Metro Bank – the self-styled “entrepreneur’s bank”, with business customers representing nearly two-thirds of total deposits and lending to businesses making up 36% of total lending.

Hill is often credited with reinventing American banking, having founded Commerce Bank with a single branch in 1973 and grown it to 15,000 team members, 500 branches and \$50bn of assets. Commerce was voted the best bank in America in 2006, 2007 and 2008 by JD Power and Associates for its commitment to customers.

In 2010, Metro Bank was born and is now bringing Hill’s unique retail sensibilities to the High Streets around the UK. The focus on “creating fans, not just customers” is a hallmark of the founder’s style, and by offering straightforward banking services and strategic alliances with the likes of KPMG, it’s also developing a strong business banking reputation.

Hill will be explaining to Contemporary FD what it takes to carve out a new proposition in a traditionally conservative industry and drive for rapid growth underpinned by strong customer engagement and financial discipline.



Stewart Wingate
CEO
Gatwick Airport

Stewart Wingate knows all about creating value in challenging circumstances. He became CEO of Gatwick the day that Ferrovial sold the business to comply with the OFT’s judgment on airport competition, pitching him directly into private equity ownership and a shareholder group eagerly waiting to see how the management team would deliver a step-change in performance.

Given the economic regulation of his business and the constraints on its organic growth (Wingate will be revealing the inside story of his fight for a new runway), the business’s performance has been nothing short of stellar. On his watch, revenue has climbed from £400m to £650m and EBITDA from £169m to £350m.

He’ll explain how financial discipline, a relentless drive for efficiency and some incredibly smart thinking around pricing helped deliver that growth. And he’ll discuss how a smart FD and finance function has been central to a drive to create real value in a business that to many would seem to be severely constrained in its options to grow.

Smith & Williamson



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