

Culture: the role of finance

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Stepping Up, Leading the Way

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A definition

“Culture in a corporate context can be defined as a combination of the values, attitudes and behaviours manifested by a company in its operations and relations with its stakeholders.”

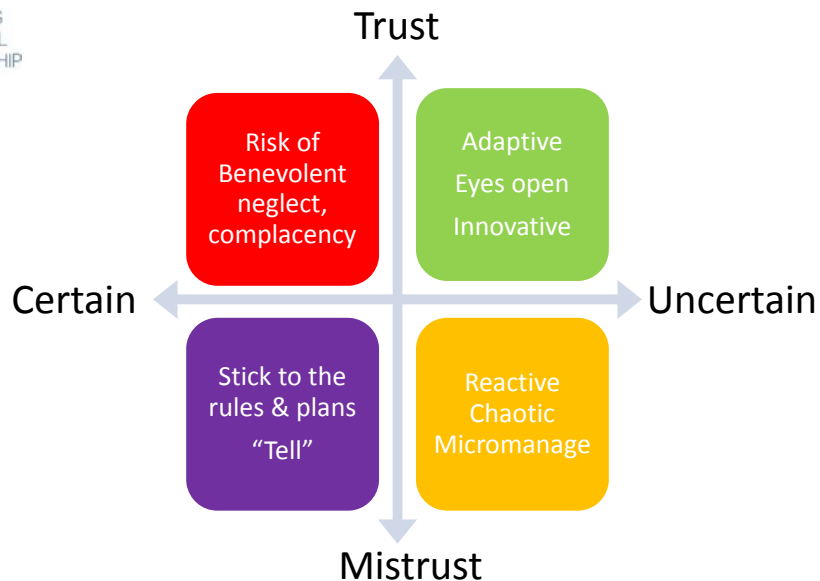
Source: Corporate culture and the role of board Financial Reporting Council July 2016

“HOW WE DO THINGS AROUND HERE”

Why does culture matter?

- Results are achieved through our behaviour
- Our assumptions and beliefs drive our behaviour





How do we want to be? How do we need to be?

What does a good risk culture look like?

1. Values and ethical principles that support appropriate risk-taking.
2. A clear and consistent tone from the top. The board and senior managers need to live the values and lead by example.
3. Alignment of plans and budgets to the values. For example, you are unlikely to get the right behaviour if you agree an ethical code of fundraising but then send the message that the fundraising target is the priority.
4. Willingness to hear bad news. Sometimes staff know that a project or planned activity is unlikely to succeed but fear reporting it early as this can be seen as negativity or they worry that they will be blamed.
5. In the same vein, the organisation should convey to all staff and volunteers a willingness to learn from mistakes, using evaluations and project reviews constructively.

What does a good risk culture look like?

6. Whistleblowing should be easy, with a clear policy and procedures so all staff and volunteers know when it is appropriate to use whistleblowing and how to do it. Most staff will find it difficult to overcome a social bond they will have formed with fellow workers, so they will be reluctant to speak out at first.
7. Swift and fair disciplinary procedures to deal with poor behaviour, bad service, theft, breach of the organisation's rules and abuse will convey a strong message to staff. It is important that there is no favouritism and that you act consistently.
8. Rewarding the right behaviour. In not-for-profit organisations, there will not generally be a bonus or other financial reward, but there are other ways of rewarding staff. For example, promotion or special mentions in newsletters.
9. Appropriate attitudes among all staff and volunteers as reflected through staff surveys and behaviour to make sure that the values and ethical behaviour is reinforced.
10. Diversity of views among board members and staff to ensure that inappropriate risk attitudes or behaviour are challenged.

Big Five Strategic Risks

Impact

Financial Sustainability

Compliance

Reputation

Specific to you

Plus One

Culture and People

Good soft controls strengthen hard controls

Soft controls	Hard controls
Intangible, implicit	Tangible, explicit
Integrity, morale, competencies, openness, values, communications, clarity, honesty, shared values, role modelling	Organisational structure Policies and procedures Authority and responsibility Inspections, reconciliations Physical controls

Reflect and share with your neighbour

- Think of a time when your behaviour or that of your team influenced organisational culture in a positive way?

We at Volunteering Matters talk a lot about culture..

- What?
 - How to change?
 - Why?
- Approach to quality and the individual is vital to us winning new business, and that is what the organisation needs to look like on the inside too!
- Having a healthy culture will impact on our performance and our ability to grow

All roads lead
to..

Rome Finance !





The suitability of the Finance team for being cultural models!

- It's in our DNA and professional brand
- Business partnership working
- An instinctive approach to continuous improvement
- Collaboration comes naturally
- Transparency and 'doing things properly'



The role of the Finance lead?

To create the right environment for learning and growth





A culture-focussed FD and leadership at Volunteering Matters

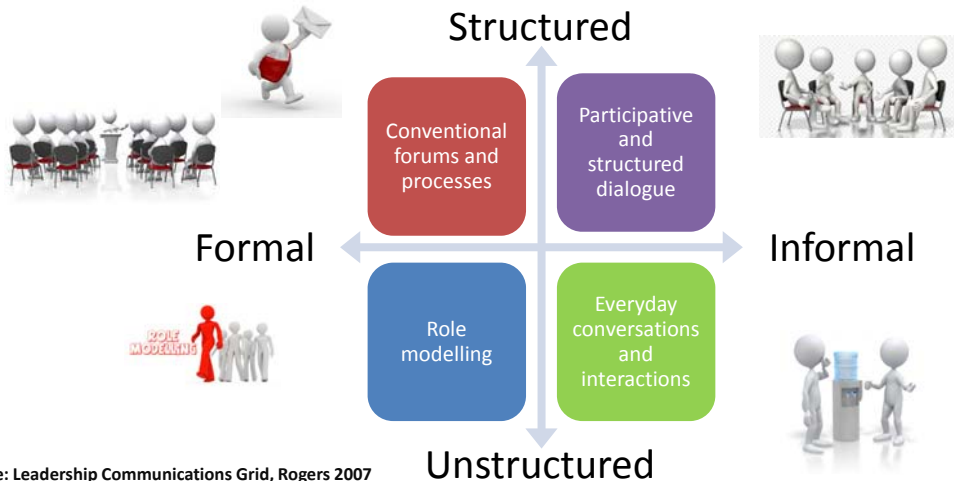
- Non-hierarchical & approachable CEO/Senior team
- Seeking and using feedback e.g. staff survey
- A strong, collaborative relationship with Trustees plus shared culture
- Link strategy with expected behaviours and performance management
- Mobile & nosey!
- Tackling 'middle management'
- Culture is our brand as an organisation and employer



Work in progress..

- Think BIG - but every transaction counts
- Breaking down silos with a collaborative approach as 'the norm'
- Use of new technology & digital to improve internal communication and sharing

Are you using all communication channels?



Source: Leadership Communications Grid, Rogers 2007

I've given them step by step budget instructions and a spreadsheet – our budget quality & financial performance - not improving

This is what the system will produce have used this format for management accounts before so it will work here

Coded wrong again – I'll fix that

Deficit – bad
Surplus – good
Budget must be balanced – is this helpful?

A surplus that's great if we'd been able to forecast that – we could have done more sooner

Use it or lose it guys

Finance always look super busy – I can't interrupt them and ask what an accrual is again

Plus how stupid am I gonna look

Could we be doing things differently?

Openness & continuous improvement

- Do we really focus learning not blame?
How effective are our feedback mechanisms?
- What's our mindset? growth or fixed?
- What's really going on? How can root cause analysis help?



root cause



Culture : Do – something to try



Seek & give feedback regularly (weekly/daily)

- ✓ "What one piece of feedback can I give?"
- ✓ "What piece of feedback would help me?"



Model transparency and collaborative working

- ✓ Have a board on the wall showing (true!) project progress or performance stats
- ✓ Organise a regular 'stand up' meeting inviting the whole team to contribute



True values and good behaviour!

- ✓ With the Team identify what organisational values they associate with and get them to articulate what that means for them in terms of their behaviour
- ✓ Ask internal customers for feedback on this and the team for good (and bad) examples to share with each other

Culture : Read/listen



- ✓ Root cause analysis – Chartered Institute of Internal Auditors <https://www.iaa.org.uk/resources/delivering-internal-audit/root-cause-analysis/>



- ✓ TED Talk “The power of believing you can improve” Carol Dweck
- ✓ “What having a growth mindset actually means” Harvard Business Review Carol Dweck www.hbr.org



- ✓ TEDx London Business School Talk “Why you should have your own black box” Matthew Syed

Culture : Think – time to reflect



Feedback

- ✓ Could I/we benefit more feedback?
- ✓ How can we make this happen?
- ✓ How can we create more opportunities to learn?



Communication

- ✓ Are there modes of communication we could use that we don't now?
- ✓ Areas we could do more of?



Modelling behaviours


- ✓ Do we model the behaviours we are looking for in others?
- ✓ What is working?
- ✓ What could we do differently?

Takeaway plus


- Where are we now on a scale of one to ten?
- To get us one mark along with scale, what needs to happen?

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Stay ahead of the
culture by
creating the culture.
chugh 

What next?

Try one of our 3*3 quick & easy take-aways – the slides



Interested in exploring more.....further reading and resources referenced in the session

Articles, Reports & Talks

ICAEW Real Integrity – practical solutions for organisations seeking to promote and encourage integrity

<http://economia.icaew.com/sitecore/content/corporate/home/technical/ethics/integrity/real-integrity-briefing>

Rethinking Risk – Sayer Vincent and CFG

<http://www.sayervincent.co.uk/resources/publications/>

Culture & the role of internal audit – Chartered Institute of Internal Auditors – June 2014

<https://www.iaa.org.uk/policy/publications/culture-and-the-role-of-internal-audit/>

Corporate culture and the role of boards – Financial Reporting Council – July 2016

<https://frc.org.uk/Our-Work/Corporate-Governance-Reporting/Corporate-governance/Corporate-Culture-and-the-Role-of-Boards.aspx>

Root cause analysis – Chartered Institute of Internal Auditors – Sept 2016

<https://www.iaa.org.uk/resources/delivering-internal-audit/root-cause-analysis/>

Cultural Markers in Charities – ICSA The Governance Institute – May 2017

<https://www.icsa.org.uk/knowledge/research/cultural-markers-in-charities>

Henry Stewart LinkedIn Blog – 13 Leadership lessons from Ken Blanchard – May 2017

<https://www.linkedin.com/pulse/13-leadership-lessons-from-ken-blanchard-henry-stewart>

Ian Lawson – How to be an outstanding leader (Ian delivers the Inspiring Financial Leadership Programme – collaboration between CFG, Cass Centre for Charity Effectiveness and Sayer Vincent)

<https://www.civilsociety.co.uk/governance/ian-lawson-how-to-be-an-outstanding-leader.html>

TED Talk “Forget the pecking order at work” Margaret Heffernan

https://www.youtube.com/watch?v=Vyn_xLrtZaY

Sir Dave Brailsford – 20 Leadership Lessons

<http://www.harringtonstarr.com/sir-david-brailsfords-20-lessons-leadership/>

Books

- **Mindset** – changing the way you think to fulfil your potential – Carol S Dweck
- **The Happy Manifesto** – how to make your organisation at great workplace – Henry Stewart
- **Black Box Thinking** – Matthew Syed
- **The Five Dysfunctions of Team** – Patrick Lencioni
- **The Power of Habit** – Charles Duhigg

