

To subscribe, send email to: subscriptions@perthleadership.org. To unsubscribe, send email to: unsubscribe@perthleadership.org.



**PERTH
LEADERSHIP
INSTITUTE**

MIT Sloan
Management Review

**The 3 Financial Styles
of Very Successful Leaders**

Leadership Solutions

Volume 8, Number 3
July - September 2005

Linking Leadership with the Bottom Line

[Contact](#) | [Home](#)

Dr. E. Ted Prince, CEO



Dear Top Executive

A few more ideas from the Perth Leadership Institute that might just improve your performance as an executive make your company more valuable, you and your employees happier...

Current preoccupations: what does the changing role of the CFO mean for leadership development? Is action learning too focused on a one-size-fits-all mentality?

Our book **The Three Financial Styles of Very Successful Leaders**, published by McGraw Hill will be in bookstores in August. We believe it will revolutionize approaches to executive and leadership assessment and training. You can order from Amazon at <http://www.perthleadership.org/book.htm> and blog us on your reactions, positive, negative and the rest at

Any ideas or suggestions? Email us at etedprince@perthleadership.org or call at (352) 333 3768 or (516) 223 1286. Suggestions and ideas always welcome.

Ted Prince

"Not your Father's CFO" – The Re-Financialization of Leadership?

We have constantly argued that current leadership approaches do not pay enough specific and formal attention to financial issues including shareholder orientation in current leadership theory and training. One current and powerful symbol of this issue is the conventional deprecation of the CFO's role as being one of technician, the "green eyeshades" type. Traditionally the CFO has been seen as occupying a generally technical role, limited to finance and accounting and technical capital issues. But there seems to be a change in the air, and we think it is very significant for reasons we will point out below.

In an article in Strategy+Business (not a bad read, actually, worth picking up at your local newsstand, and no, I have no financial interest in it whatsoever), the authors argue (Couto, V., Heinz, I., Moran, M., "Not your Father's CFO", Strategy+Business, Spring 2005, Issue 38, pp. 30-39) that the role of the CFO is changing rapidly and significantly. The CFO's role is now becoming one of generalist and strategist, even (yes, amazingly given Everyman's view of CFOs), transformation agent. Far from being the technical specialist, the CFO is becoming a key figure not just in cost reduction but also in value

Practical advice for CEOs and top executives to help improve their performance and their organization's business impact

Inside This Issue

Not your Father's CFO – The Re-Financialization of Leadership?

Action Learning and Leadership

Perth Leadership Institute News

About the Perth Leadership Institute

[PLI Events](#)

Book Published

The Three Financial Styles of Very Successful Leaders

by E. Ted Prince

**In book stores everywhere
August, 2005**

Event Information:
Events@PerthLeadershp.org

creation, even people development, often seen as the antithesis of the CFO's tough, non-empathetic style. In modern corporations, if the CFO is not working toward these ends, he will be marginalized and under-valued, so the article's thesis goes.

We would agree that this is a desirable trend. On the other hand we would wonder how many CFOs would indeed be able to fill such a role. It may well be that some corporations are indeed changing in this way but our impression is that, at the least, some of the article is being idealistic. After all, a CFO does have, at least in part, a highly technical role and if he cannot fill this aspect successfully, it will be to the detriment of his company and he will not succeed. And we would also wonder whether the attributes that many companies seek in a CFO, whether rightly or wrongly, are such that many could indeed fill such a role.

But there is a bigger issue here. Whether or not this change is about to roll over corporations, the thesis of the authors is that, in any case, it ought to. In essence what they are really arguing is that leadership has a strong financial and shareholder interest dimension and that, hitherto, it has not been adequately addressed in leadership theory and training. Their article is a reflection of a pervasive problem in business thinking and training that they believe can be addressed at least in part by bringing in CFOs from the cold so that the shareholder issue can be re-integrated into leadership theory and practice.

We too believe that leadership theory and training needs to integrate financial issues formally into their ambit. We are not sure if CFO's are indeed going to be the main medium for this change but to the extent that it is, we believe it is a healthy and overdue development. There will be others too as we have argued in elsewhere, including in our own models including our assessment of the financial signatures of executives.

Hints and Recommendations

- Get the CFO more involved in the design of leadership training
- Inject formal financial and shareholder factors into the selection and development of senior executives
- Use Perth's assessments of financial signatures of executives to help you along this path.

Action Learning and Leadership

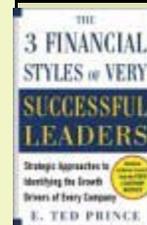
Like everyone else, we keep our eyes peeled for the latest trends and fashions, not only generally, but in particular in the training and leadership field.

In that area, we are seeing increasing reference to what is being called "action learning." We are still not quite sure whether this is a really new trend or whether it is a warmed over version of on-the-job training cum Harvard-like case study, what was called in the olden days, sandwich training. Notwithstanding it is always good for old truths to be re-discovered.

We were reminded of this in reading a recent article "Leadership: experience is the best teacher." By a couple of authors from Accenture (Thomas, R., and Cheese, P., Strategy and Leadership, vol. 33, no. 3, 2005, pp. 24-29, see <http://caliban.emeraldinsight.com/vl=1226742/cl=58/nw=1/rpsv/cw/www/mcb/10878572/contp1-1.htm>), one of whom (Thomas) has the distinction of having co-authored a book with the famously prolific Warren Bennis (Geeks and Geezers, Harvard University Press, 2002).

This article is based on an Accenture study that found that the leaders that participated in it found that they had learned more about leading from real work and life experiences than from leadership development courses or an MBA program. We are not sure if this really constitutes any type of breakthrough but it does raise a couple of very basic issues

Advance Copies Now Available



[The Three Financial Styles of Very Successful Leaders](#)

by **E. Ted Prince**
Published by McGraw Hill

The research being conducted by the Institute over the past few years has led to a book. Its title is: **THE THREE FINANCIAL STYLES OF VERY SUCCESSFUL LEADERS: Strategic Approaches to Identifying the Growth Drivers of Every Company.** This book will be published by McGraw Hill in July 2005.

This book incorporates a new theory of leadership based on a unique approach. This book develops the concept of a financial signature possessed by all leaders that drives the outcome, the market value and ultimately the valuation, of the organization they lead.

This book shows that the personal financial traits of leaders impact their organizations through a predictable financial performance. This issue is one that is being researched extensively by the Perth Leadership Institute. It opens up a totally new perspective on leadership. It shows that organizations run by certain types of leaders will have a distinctive valuation trajectory and outcome.

We call the personal financial traits of leaders, the financial signature™. This has been a focus of much of our research. The underlying model behind the financial signature™ can be operationalized and measured. Our research shows that the financial signature does indeed correlate with the financial performance and the valuation outcome of companies and enterprises.

The financial signature™ of leaders has wide-ranging ramifications. In effect it links organizational psychology with the theory of the firm. To date, leadership theory has been either based on a clinical psychology approach or a competency based approach. The Holy Grail of leadership theory links these with company outcomes and company

for us in any case, all revolving around action learning and its significance.

Action learning is based on the presumption that getting involved experientially in learning assists the process significantly. No doubt it does for many people. But we wonder how well it operates for different types of people.

Our interest in leadership revolves around the financial behavioral angle and the behavioral propensity to generate capital or otherwise. For people who do this naturally, are some facets of action learning a waste of time? And for others, who naturally are not good at generating capital, are there some aspects of action learning that may not be effective? How do we differentiate between the two groups?

Clearly there is a much wider question. What types of action learning are best for what types of individuals? What types of action learning should be avoided for some types? How do we identify which group is which?

Action learning reflects a wider problem that besets much of modern executive and leadership training. In current approaches, it is presumed that one size fits all. But anyone who has actually led an organization knows that this is patently not the case. We need very different types of training for different types of people. The best leaders have figured out what fits whom and their protégés benefit accordingly. The staff of lesser mortals often does not.

Just as modern medicine has arrived at the realization that modern drugs increasingly have to be customized to the individual, so too are thoughtful leaders starting to recognize that the same is true of modern training and learning, including in the leadership area. For action learning, in leadership or whatever other area, to realize its true potential, it will have to incorporate this lesson too.

Hints and Recommendations

- If you are adopting action learning techniques, consider assessments first that will sort out who will benefit best from different types of action learning techniques and material
- Where the program is to focus particularly on financial performance, assess their financial signature first.

Perth Leadership Institute News

Our book, *The Three Financial Styles of Very Successful Leaders: Strategic Approaches to Identifying the Growth Drivers of Every Company*, by E. Ted Prince (McGraw Hill, New York) will be in bookstores in August. Order it on Amazon or at <http://www.perthleadership.org/book.htm>. We look forward to responses on the Perth Leadership Institute blog at.....where you will also be able to see the responses of others who also have an interest in this area.

Note also that you can see a very short version of the book entitled "The Fiscal Behavior of CEOs" in the Sloan Management Review, (Spring 2005 issue, Vol. 46, No. 3, pp. 23–26) also by E. Ted Prince. See <http://www.sloanreview.mit.edu/smr/issue/2005/spring/07/>.

The Institute has now trained [22 consultants](#) in PLOM basics and its financial signature™ approach. Call us for details of how they can help you implement the Perth approach in your organization.

valuation. In effect this is a theory that belongs to the emerging field of behavioral economics. Our research into the financial signature™ of leaders promises to be a new contribution to this linkage.

Our approach to financial signature™ has some practical consequences and implications in real life. Coupled with our leadership assessments (specifically the Financial Outcome Assessment) it enables us to predict the valuation consequences for a company of their particular leader. Armed with this knowledge we can show how strategies can be modified to increase company valuation. This is a new and unique service that is possessed by no other company in the financial analysis or leadership areas.

The Financial Signature™

The Financial Signature™ of Leaders and Company Valuation

Do leaders have personal financial traits that lead their organizations to have a characteristic financial performance? This issue is one that is being researched extensively by the Perth Leadership Institute. It is a crucial area. If it is true, then it opens up a totally new perspective on leadership. It raises the possibility that organizations run by certain types of leaders will have a characteristic valuation trajectory and outcome. That would be a revolutionary finding.

Still, with such a new concept, is there any other research which provides some validation?

To find out more about this approach and how it can help you increase the financial and valuation performance of your company, see www.PerthLeadership.org

The Last Word

"Put things in their places and they will put you in your place."
Arabic proverb

About the Perth Leadership Institute

Leadership Solutions™ is a publication of the Perth Leadership Institute, www.PerthLeadership.org. Head office at 100 SW 75th St, Suite 107, Gainesville, FL 32607. Telephone (407) 362-1750. Email: info@perthleadership.org. Copyright Perth Leadership Institute 2005. All rights reserved. Articles may not be copied or reproduced without the permission of the Publisher.

The Perth Leadership Institute is the developer and marketer of a proprietary leadership system based on its Perth Leadership Outcome Model™. The Institute provides consulting services to organizations that wish to increase the valuation impact of its leadership and staff.

Perth Leadership Institute: 100 SW 75th St, Suite 107 - Gainesville, FL - 32607 Info@PerthLeadership.org
Telephone: 407.362.1750 **Fax:** 407.540.9479

To subscribe to Perth Leadership Institute, send email to: subscriptions@perthleadership.org.

If you would prefer to receive this newsletter in text-only format, please [email the webmaster](mailto:email_the_webmaster) with your request.

To unsubscribe, send email to: unsubscribe@perthleadership.org.