

CFO Thought Leader

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The following is an edited abstract from the CFO Thought Leader podcast featuring Dan Crumb, CFO, Kansas City Chiefs and Jack Sweeney, co-host of CFO Thought Leader.

CFOTL: It sounds like a cultural phenomenon as well that somehow the organization has really embraced risk management. Could you share with us perhaps some of the steps that allowed this to happen?

CRUMB: Sure. As I mentioned earlier, we really looked at what areas, the first criteria was what areas of this organization had the highest risk level and the highest impact on the organization. And so, we looked at stadium operations because they operate the stadium for us, they're responsible for everything that goes on that stadium. And so, we knew right away we had to have them as a key player on this committee. We looked at human resources. We knew they had to be a key player, finance. We had our corporate council. So, we looked at IT as well because there's so much information flowing and there's so much compliance, with TCI compliance and all the different things as far as securing information.

So, we wanted to make sure we got those key players and that they were really invested and they understood what we were trying to accomplish and how important that was to the company, to the organization overall. And I'll tell you, they bought in from day one and they have been our biggest advocates. And as I mentioned, we've put in place processes and procedures that have really driven down the risks and we meet not just with this committee on a regular basis but we meet with the entire organization and so for instance prior to the season starting, we'll have a session where we bring in our corporate council, our insurance consultant and committee members and we will talk about the various risks that are facing us each season, facing us on an everyday basis. And so, we'll talk about what are the things we need to do to mitigate these risks. Are we making sure there are processes in place?

We also have regular meetings to talk about other things as far as risk management and driving down exposure. So, culturally we've embedded it in everybody's thinking and the way they operate so that not only are they doing their jobs the best way they can but they're also thinking about risk management in everything they do. So for instance if we're doing business with a specific vendor, do we have a contract? What does the contract spell out or their indemnifications or their insurance requirements, all those things that we build in to make sure that we're keeping an eye on that function and keeping that exposure as well as possible.

CFOTL: Now, can you share a story of a time in your finance career when you had an ah-hah moment, a moment of strategic insight that led you to change course or influence the direction of the organization?

CRUMB: Well, I really firmly believe risk management was that ah-hah moment for me. It's a function that you see more and more today, you're hearing more and more about how vital or how critical risk management is. And so, you're seeing some of the things that happen when you don't really have good corporate governance and you don't have good risk management or a good focus on risk management. And so, when I came here, I really felt that one of the strategic things that I wanted to do was really improve risk management, make it one of those foundational pieces of how we operate and make it as best as it could be, and really focus the attention on driving that point home to everybody. We've really seen where it's become a cultural thing and it's really allowed our organization to put not only the ability to put processes in place that drive down risk but we found that by putting these processes in place, we function better overall as an organization, we're more efficient.

So, to me that was really sort of that big shift, that strategic shift of we went full in on risk management and we drive so many benefits on the back end as a result of it.

CFOTL: What is the one thing that's really exciting you about finance and business right now?

CRUMB: Well, I'll tell you, the thing that I really look at is just the tools and the resources that we have available now. When I started my career in finance 25 years ago, we were basically using green bar paper, 10 key adding machines, we had 4 column, 8 column work papers and CPA kind of -- one of the jokes was it stood for -- when you first started out your career, it stood for cut, paste and assemble. And I remember back to the days when we were cutting papers out and glue them into a binder and things like that. Now look at the improvements that technology has given us today and some of the things I mentioned, how we can electronically move information around to where the process of approvals and getting information is just so quick and it's so error-free.

So, I look at the fact that the tools and the resources we have available now, we can do so much with that we just couldn't do back then, and a report that may have taken days or weeks to produce when I first started my career, you can do in minutes. So, it allows us to be so much more productive and get so much more done and get it done so much more accurately. And then along with that, I've seen how finance has evolved since I started my career. It was more of a record keeping function, we're starting to become an advisory function but now I see we're so much more as far as advisers and we're embedded in different departments and we add strategic value to the organization as opposed to just accumulating data and being able to talk about the data, we're able to take data and information and make recommendations on decisions that will impact the organization.

So, those are the things that really excite me and as I see finance continue to evolve, we're just going to continue to be more and more on the advisory side. We're always going to be playing devil's advocate. We're always going to be accumulating the data but we're really more and more strategic advisers and more and more embedded in the operational end of the organization.

