

LeadingAge™ PA / 2021  
**FALL FINANCE  
CONFERENCE**

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**From Panic to Paperclips:**  
*Strong Practices for Collaboration  
Between the CFO  
and Board of Directors*

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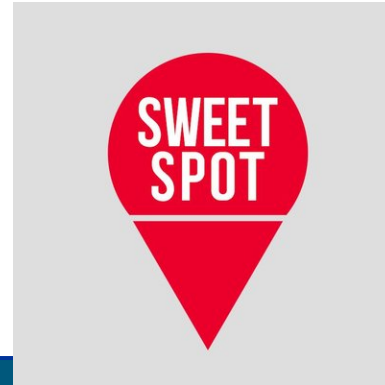
# Objectives

- Consider the spectrum of Board member's perspectives of their fiduciary duty of financial oversight and how it may shape their expectations of the CFO.
- Explore the tension between providing too little and too much financial information to the Board.
- Learn suggestions and perspectives from a CFO and CFO-turned-CEO of practices supporting strong collaboration between the CFO and Board.

# Quick Overview

- Board member perspective
- CEO perspective
- CFO perspective
- Tips from the CFO and CEO
- Closing remarks
- Q&A

# Continuum of Board Member Reactions



Understand financial reports and exercise oversight through monitoring key metrics; acting in concert with staff leadership as needed

# The CEO's Perspective – Understanding Expectations

- Clearly communicated expectations about:
  - Where is CFO involved
  - Interaction of CFO with Board
  - Who is sharing what information and with whom



# The CEO's Perspective – Building Trust



- Communication
  - Be clear and listen
- Collaboration
  - No time for egos
  - No time for undercutting
- Understanding
  - Ground rules for leadership team

# The CEO's Perspective – Role of the CFO

- Board needs to feel optimistic
- Board is there to challenge you, not be your friend
  - Need to know WHY
  - Culture of constructive conflict
- Structure for Board
  - Mission, passion, standards and best practices (continuous learning), diversity of skills and perspectives, CEO and leadership team



# The CFO's Perspective – Key Relationships

CEO



Chair of  
Finance &  
Audit  
Committee



# The CFO's Perspective – Clear Understanding of Latitude

- Clear definition of the playing field
- Discretion with Board/  
Board Committee  
communication



# The CFO's Perspective – Finance and Audit Committee

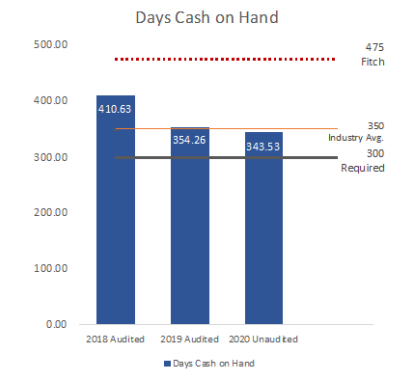
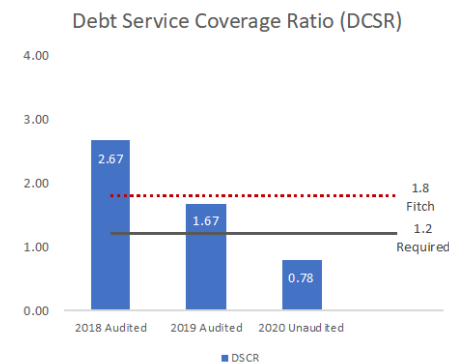
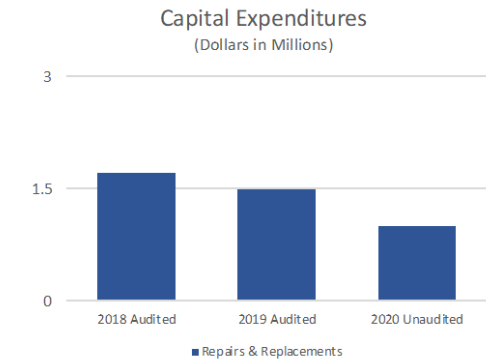
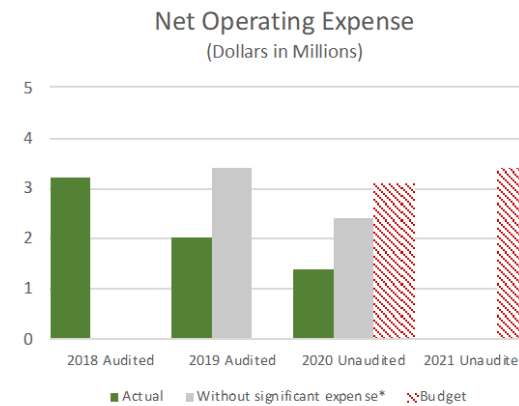


- Provide more detailed information
- Reliance on audited financial statements
- Dashboards – visual presentation of KPIs
- Committee Chair report to full Board

# The CFO's Perspective – Tools for Monitoring

## • Possible Metrics

- Days Cash on Hand
- Net Operating Margin
- Debt Service Coverage Ratio
- Quick Ratio
- Current Ratio
- Capital Expenditures
- Revenue to Budget
- Operating Revenue YTD
- Operating Margin YTD



# The CFO's Perspective – Right People in the Right Seats



- Board members with strong finance background
- Service recipients on Board – what “hat” are they wearing
- Committee Chair – able to stay on task
- Chair who partners with CFO – doesn’t supervise

# The CFO's Perspective – Board Members in the Weeds

- Discussions with Board CEO/Board Chair
- Clearly defining roles and responsibilities in committee charters



# Back to the Board



# Summary of Tips

- Clear understanding of the playing field
- Collaborate with CEO and Committee Chair to determine what information is reviewed by Committee and summarized for Board
- Consider dashboard indicators
- Partner with Committee Chair to establish culture of governance level work
- Support service recipients on committee to stay in their Board role
- Involvement in Board member orientation and education
- Provide suggestions for potential Board members



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