



A MONOGRAPH ON THE  
PERMANENT JOINT PARTNERSHIP OF  
ING BANK N.V., MANILA BRANCH AND  
FINANCIAL EXECUTIVES INSTITUTE OF THE PHILIPPINES (FINEX)  
IN THE SEARCH FOR  
**CFO OF THE YEAR**

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## **JOINT ING-FINEX SEARCH FOR CFO OF THE YEAR**

As the premier professional organization for finance and financial services executives and decision makers in Philippine business, government, academe, and professional services, FINEX counts amongst its over 700 members the country's top CFOs. The Board of Directors serving in 2006 deem it a privilege to initiate a worthy tradition for FINEX to undertake a search for, and specifically to honor, the ***ING-FINEX CFO of the Year***.

The 2006 and 2007 FINEX Boards believe such honor and prestige is made more momentous and purposeful as it is an award rendered by one's peers in the industry.

It is likewise a fitting partnership to launch the Search with ING Bank N.V., an acknowledged world leader in banking, insurance, and investment management services. Once standing for Internationale Nederlanden Groep and headquartered in Amsterdam, ING covers around 60 million private, corporate, and institutional clients in 50 countries, including the Philippines, and has a workforce of over 115,000 people. In the *2007 Forbes Global 2000*, ING was the 10<sup>th</sup> largest company in the world.

The permanent partnership of ING Bank N.V. Manila Branch and FINEX in the Joint Search for CFO of the Year makes its debut in fitting ceremonies at the Awards Night on November 29<sup>th</sup> 2007. This is the culmination of an extensive nationwide search for the country's outstanding CFO of over seven months scheduled to end on September 15<sup>th</sup> 2007. It is envisaged that this permanent partnership between two major and important institutions shall herald the continuation of a commendable tradition that shall be a legacy to future generations of Philippine financial services leaders.

A positive development giving impetus to the Search is the recent completion by FINEX through its International Relations Committee, of *The Philippine CFO Study*, in close collaboration with the International Association of Financial Executives (IAFEI) based in Vienna, Austria. The IAFEI has earlier undertaken with the German Financial Executives Institute (GEFIU), *The German CFO Study: The Rise, Evolution, and Future Path of the German CFO*. The German Study is an interesting and valuable compendium of perceptions of German CFOs and finance leaders in today's rapidly globalizing economy. Together, the two Survey - Studies aim to provide the user with valuable appreciation and discernment of the challenges facing the 21<sup>st</sup> century CFO in today's rapidly globalizing economies.

It is envisaged that this laudable undertaking of the IAFEI will see fruition in the ***Joint ING-FINEX Search for CFO of the Year***, where the skills, ethics, standards, and norms developed in the two Studies will serve as the fundamentals to be observed in the Search.

## **RATIONALE AND QUALITIES FOR THE AWARD**

Leading a company, whether privately owned or publicly listed, is one of the world's most important jobs. It is already fiendishly difficult, and seems to be getting harder and harder still. Those who make it to the top unfortunately stay for shorter and shorter periods. And there is more competition than there used to be for the talents of top bosses because there are so many contenders – whether found to be of the required caliber or not – for the talents of top bosses, including the CFO. To judge by the huge pay packets offered to the few deemed capable of doing *the* job, there is indeed a dire shortage of people thought to have what it takes.

Based on third-party surveys and studies as well as treatises on the subject, following is a compilation of a possible ten-point checklist of the necessary qualities to be a successful Leader-CFO.

### **TEN COMMANDMENTS FOR SUCCESSFUL CFOs**

1. **A sound ethical compass.** If the CFO's values are undemanding, the company's will also be wobbly. That may not put it out of business, but it means the company will have to pay a premium for talent. Good people do not like working for organizations whose values they mistrust.
2. **The ability to take unpleasant decisions.** Many judgments must be made on the basis of ambiguous information. CFOs often have to deal swiftly with conflicting demands, often without being sure of all the facts. *That* calls for a strong stomach. Those who cannot bear to inflict pain or risk making enemies, or who need cast-iron evidence before making up their minds, should not apply.
3. **Clarity and focus** are essential requirements for making those awkward judgments. Leading a large company, and dealing at speed with a host of complicated and many-sided issues, is an immense intellectual challenge. To extract the crucial point from complexity is essential for devising an effective strategy. In order to survive the clamor for time and attention, a CFO must also be able to screen out unnecessary noise and to focus on what *really* matters.
4. **Ambition.** The best CFOs are empire-builders who want to create something that outlasts them. That is different from ego-boosting personal ambition. It supplies the ruthless drive and the passion with excellence that are essential components of good leadership.
5. **Effective communication skills** is the result of the increasing intrusion of the outside world into the boardroom: media, analysts, shareholders. All require a

corporate leader who can talk convincingly – which is not always the same thing as telling ‘the whole truth.’ Motivating a large workforce requires a gift to present a clear vision persuasively. A CFO who cannot inspire trust and convey reality, genuineness, and authenticity will find the task to lead difficult.

6. **The ability to judge people** is an essential prerequisite, given the importance of human capital. Judging who will work best in which slot is one of the key tasks of leadership. Like so many aspects of the top finance job, it requires intuition as well as experience.
7. **A knack for developing talent** is needed to build a stock of future leaders. People learn far more about the art of leading from a good mentor than from a great book. Effective CFOs need not only spot where the talents of a particular individual might be best deployed; they must also be teachers, conveying their skills to those around them (and encouraging others to teach their colleagues too).
8. **Emotional self-confidence.** Accumulating a pool of talent requires an ability to work with people who may be better at their job than you are at yours, and to guide and motivate them. CFOs who are jealous of their followers do not inspire loyalty. Self-confidence also allows people to admit to weakness and ask for help without feeling defensive or inadequate. Successful leaders need to be able to say, “I don’t know what to do next,” without losing the respect of their colleagues.
9. **Adaptability** will prove invaluable when things go wrong. Surviving a reversal calls for resilience and flexibility. It is one thing to spot a change in the market, or in public attitudes, or in the political climate. It is quite another to quickly devise a completely different approach, even if that means abandoning an idea to which a leader has been passionately committed.
10. **Charm** is not a quality taught on MBA courses, but few get to the top without it. A bit of luck helps too.

#### **IAFEI-GEFIU *THE GERMAN CFO STUDY*: HIGHLIGHTS OF KEY FINDINGS**

According to *The German CFO Study*, the CFO experience has not only expanded in scope, but also in leadership expectations. More and more, CFOs are expected to assume functions that traditionally fall under the purview of the CEO.

The following is a table of the various key findings culled from the German study:

<b>TOPIC</b>	<b>HIGHLIGHTS</b>
<b>Career Progression</b>	CFOs increasingly expect to move to the CEO role in their career progression and feel confident that their CFO role has adequately prepared them for the CEO position.
<b>Evolving Function and Focus</b>	The CFO function has rapidly expanded in the areas of business corporate strategy and M&A transactions and CFOs participate more in business operations. CFOs spend more time in these areas and CFOs expect this trend to continue.
<b>New Priorities</b>	CFOs prioritize two key objectives, contributing to strategic decisions in the company and providing better information to business units.
<b>Evolving Challenges</b>	CFOs say that stakeholders are increasingly expecting them to play leadership roles within the company. They consider meeting these expectations their biggest challenge.
<b>Expanding Skill Set Needs</b>	CFOs perceive a need to have wider non finance skill sets for CFO success, especially in areas of general management, communication with the BOD and marketing and sales.
<b>Transitioning Educational Needs</b>	CFOs are increasingly considering general management education, in addition to finance specialization as important for CFO success.
<b>CFO Accreditation</b>	Almost half of the CFOs say that a Global CFO Accreditation Program is becoming necessary given the unique combination of skills and knowledge that a CFO must possess.

Source: *The German CFO Study: The Rise, Evolution and Future Path of the German CFO.*

### **A CFO'S DIAGRAM OF KNOWLEDGE BASES**

We have prepared a schematic diagram of the various knowledge bases that a CFO needs to be equipped with. "Hands-On" means that these knowledge bases are intrinsic and basic to the reservoir of knowledge and experience required of and acquired by the CFO, whether by way of the academe or on-the-job experience. "Baseline" suggests knowledge considered non-essential but are nevertheless basic to the successful undertaking of the position.

<b>Knowledge</b>	<b>Hands-On</b>	<b>Baseline</b>
Accounting	Yes	
Auditing		Yes
Banking	Yes	
Budgeting and Planning	Yes	
Capital Markets		Yes
Cash Management	Yes	
Compensation		Yes
Compliance	Yes	
Corporate Performance	Yes	
Employee Benefits		Yes
Ethics	Yes	
Facilities	Yes	
Global Business		Yes
Governance	Yes	
Human Capital		Yes
Insurance		Yes
Investor Relations	Yes	
IT	Yes	
Mergers and Acquisitions	Yes	
Procurement	Yes	
Professional Development	Yes	
Project Management		Yes
Real Estate		Yes
Regulatory Compliance	Yes	
Restructuring		Yes
Revenue Management	Yes	
Risk Management	Yes	
Security	Yes	
Software		Yes
Supply Chain	Yes	
Strategy	Yes	
Tax		Yes
Technology		Yes
Treasury	Yes	
Working Capital	Yes	

Source: Various internet sites.

Like so many trends affecting their jobs, CFOs in Asia must grapple with residual effects from upsets in the far-off US market. Financial executives armed with MBAs only and trained as investment bankers became the rage at many US companies in the 1990s, while accounting and controller functions were delegated to CPA subordinates. The

gloss came off this approach after Enron's fall, and the ensuing economic downturn put it distinctly out of fashion. The US Sarbanes-Oxley Act added pressures – and accountability – to companies' CFOs and other senior executives, specifically the finance team. The M&A market went fallow. Now, with growth returning worldwide, the pendulum is easing back to the middle. Companies are looking for CFOs with skills that include a mix of accounting, finance, and strategy.

*The Conference Board* reports that “while the CFO role has become increasingly prominent in the last 10 years, CFOs have an annual average turnover rate of 17%, which is higher than that of CEOs”. Increasingly, whilst CEOs and Boards seem more willing to hold CFOs accountable for poor performance, they are also requiring CFOs to assume non-finance responsibilities once belonging to other senior executives such as the COO, such as IT, procurement, facilities, and strategy.

While CFOs are expanding their role as a member of the senior executive team and being subject to higher performance expectations, many remain handicapped by a lack of experience beyond the finance function and a lack of effective relationships with company executives beyond the corporate nerve center.

By way of the Outstanding CFO Search, ING Bank N.V. Manila Branch and FINEX aim to identify and thrust to prominence among peers the Philippine CFO who possesses the qualities essential to creating wealth in the new economy. The Search shall bring to fore not only the financial strengths critical to the CFO's effectiveness as the most senior finance manager in the organization, but also the ability to:

1. Deliver positive relative shareholder return during tenure as CFO.
2. Possess significant operational experience to be able to be promoted to CEO.
3. Possess ability, through hands-on knowledge of business operations, to effectively influence General Manager decisions.
4. Obtain highest return on executive time by controlling opportunity costs spent on functions that are not revenue generating but are necessary to overall wealth creation, such as administrative functions including compliance, IT, procurement, strategic planning.
5. Devote executive time on performance-driving activities that require CFO leadership and directly contribute to the company's balance sheet.
6. Observe succession requirements by way of a programme of internally grooming CFO internal succession candidates.

## ENTRY, NOMINATION, AND SELECTION CRITERIA

### I. ENTRY AND NOMINATION CRITERIA

- a. The CFO of the Year Award is open to all companies, local or foreign owned, privately held or publicly listed, operating in the Philippines and registered under the laws of the Philippines. Companies may be Philippine owned or the local subsidiary of multinational corporations operating in the Philippines.
- b. FINEX members in good standing are eligible to submit nominations. In addition, the Board of Directors shall also cause to establish a CFO of the Year Search Committee to ensure a wide search for qualified nominees. To preclude any form of pressure during the Search, names and identities of all members, save for the Chairman, of the Search Committee shall be held in the strictest confidence and shall be disclosed only during the Awarding Ceremonies. Both methods are complementary and are neither mutually dependent nor mutually exclusive.
- c. A Nominee need not be a FINEX member.
- d. Nomination shall be by way of a letter signed by a FINEX Member in good standing under his company letterhead. The nomination letter should be signed by at least one responsible officer of the nominating organization, of department head status or above, and accompanied by an updated (latest) version of the curriculum vitae of the Nominee, including references who can provide information or clarification on the Nominee to the Search Committee and/or the Board of Judges, as may be required. (See Appendix: “Nomination Form” and “Key References Confirmation Letter”)
- e. Nominees must be prepared to meet all reasonable requests for additional information from the Search Committee. (See Appendix: “Information Release Form”)
- f. All nominations should be based on events that took place during the financial year ending December 31, 2008 including compliance with BIR and SEC filings on April 15, 2009. **The closing date for nominations, including electronic submissions via Internet, is on Thursday, October 8<sup>th</sup> 2009.**
- g. All Nominations shall be submitted to the FINEX Secretariat who shall stamp “Received” the nomination letter together with the time and date received, including the name of the receiving FINEX personnel. For downloaded nomination forms, the forms provide for validation without

the need of any electronic signature. The Date of Receipt of all Internet submitted forms shall correspond to the date of electronic receipt of completed forms and support documents.

- h. All duly received Nominations shall be promptly endorsed to the responsibility and safekeeping of the Search Committee.
- i. Submission of Nominations constitutes acceptance of the terms and criteria of entry, nomination, evaluation, and selection as discussed herein.

## **II. EVALUATION AND SELECTION CRITERIA**

- a. The evaluation process shall consist of two stages: (a) a *preliminary* evaluation that will result in the preparation of a shortlist of qualified candidates (See Appendix: “Screening Form”); and (b) a *final* evaluation of shortlisted candidates from which a final choice is made of one or more nominees, as may be decided by the Search Committee for deliberation and final deliberation by Board of Judges. (See Appendix: “Evaluation of Shortlisted Candidates” and “Judges’ Rating Form”)
- b. Under strict confidentiality particularly as to venue, time, and participants, the Search Committee shall conduct vetting interviews with short listed candidates as well as qualifying interviews with references.
- c. The Board of Judges shall be convened upon invitation by the 2009 Board of Directors of FINEX based on the recommendation of the Search Committee through its Chairperson. The Board of Judges, as a collegial group, shall have the final decision on the successful awardee.
- d. The Search Committee shall write to the shortlisted candidates to confirm their willingness to participate fully in the evaluation process, to request for any additional information, or to undertake a personal interview with the candidate. (See Appendix: “Shortlisted Nominees’ Contact Sheet”)
- e. Search Committee deliberations shall be kept confidential as to date, venue, and participating members. Immediately thereafter, the Search Committee shall meet with the Board of Judges to declare the successful Awardee. Decision of the Board of Judges shall be final. Thereafter, the name of the successful Awardee is disclosed/announced to the FINEX Board on its immediately following Board meeting.
- f. The principal selection criteria are based on the values of integrity, leadership, effective stewardship based on the highest standards of

business and professional ethics, and specific instances of wealth creation in finance and financial services that are noteworthy of recognition by his peers. The general parameters for naming the CFO of the Year 2009 are:

- d.1 Contribution to the reputation and stature of the CFO role
  - d.2 Contribution to the fulfillment of the strategic objectives of his or her organization.
  - d.3 Excellence in the stewardship of his or her organization.
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- g. To assist Judges in evaluating short listed Nominees, there shall be named an auditor-member of the Search Committee to vet all financial statements, including budgets, and prepare a brief report summary to be signed-off by the Chairman, Search Committee and submitted to the Judges. Information in the auditor-member's report may include, *inter alia*, the number of weeks/months before the [Nominee's] company's financial statements are submitted to the SEC for compliance purposes and to the BIR for payment purposes.
  - h. In the effort to further assist Judges, each Judge may be asked for his Top 3 Choices. A summary shall be made of the Judges' choices for commonality.
  - i. The successful Awardee as approved and endorsed by the Board to the membership shall be presented during a general membership meeting.
  - j. In 2009 the Award shall be formally conferred on the CFO of the Year on the Awards Night of the Joint ING-FINEX Search on Thursday, November 25<sup>th</sup> 2009.

## **TIMETABLE**

The following is a timetable encapsulating the various important activities involved in undertaking the Search, to be formally launched during the April General Membership Meeting of FINEX.

As presented in the following Timetable, the initial (soft) announcement shall be made during the Annual Membership Meeting on the 40<sup>th</sup> FINEX Week in October 2008.

**JOINT ING-FINEX OUTSTANDING CFO SEARCH  
CFO OF THE YEAR AWARD**

**PROPOSED TIMETABLE  
FOR FINEX YEAR 2009**

<b>Inclusive Dates</b>	<b>ACTIVITY</b>
March 16, Monday	Send letter of invitation to Media Partners
Apr 22, Wednesday	Announcement of FINEX CFO Search during April GMM Signing of renewal of MOA with Media Partners and signing with new ones
May 15, Friday	Appointment and Briefing of PR Consultant
May 18, Monday – May 22, Friday	Preparation of Detailed Communications Plan for Print and Media (including communications materials such as presentation folders, streamers, forms, artworks, formal brochure on CFO Award, newspaper supplement, timed ad releases, timed TV-Radio guesting sequences, etc.)
May 19, Tuesday	MOA Signing with AGSB Briefing of Search Committee Appointment of Auditor-Member Appointment of Search (PR) Member
June 23, Tuesday	Briefing of Board of Judges
Oct 8, Thursday	End of Search Period
Oct 9, Friday	Start of Screening and Evaluation Turnover of Nomination Folders Interview Assignments of Search Committee
Oct 12, Monday – Oct 30, Friday	Due Diligence on and Evaluation of Nominees (as to resume and compliance of FS of company represented) Interviews of Nominees Validating Interviews of Respondents and Senior Officers
Nov 4, Wednesday	Search Committee Deliberations Shortlisting of successful nominees
Nov 9, Monday	Election of Chairman, BOJ Search Committee meets with BOJ for joint deliberation Final Selection of CFO Awardee by BOJ
Nov 16, Monday	Announcement by Chairman, Search Committee of name of Awardee to FINEX Board Notice of same to ING Country Managing Director
Nov 17, Tuesday	Congratulatory Letter from ING-FINEX to Awardee
Oct 12, Monday – Nov 24, Tuesday	Finalization of logistics for Awards Night (Emcee, Entertainment, Staging/Décor/Lights, Sounds, etc.) Media Blitz including congratulatory banners in Co-Presenters' campuses; TV interviews, press conference, preparation of AVP, etc.
Nov 25, Wednesday	<b>VIP RECEPTION AND CFO OF THE YEAR AWARDS NIGHT</b> Supplement advert for CFO Awards Post-Award activities for CFO of the Year

## **PERMANENT PARTNER, CO-PRESENTERS, AND MEDIA PARTNERS**

During its November 15<sup>th</sup> 2006 Board Meeting, a resolution was made by the 2006 Board to shortlist, contact, and start negotiations with prospective Sponsor/s, both major and secondary, for the Search and final Awarding in November 2007.

The Board of Directors of FINEX recognized the importance of a permanent partner to conduct the annual search, initiated in 2006 and realized in 2007. The 2007 Board welcomes the joint and permanent partnership between FINEX and ING Bank N.V. Manila Branch to conduct the nationwide search and bring to the partnership their respective institutional strengths.

In addition, the partnership is enhanced in 2007 with the following Co-Presenters and Media Partners:

### **A. Co-Presenters**

1. FINEX Foundation
2. IAFEI
3. AIM-Gov. Jose B. Fernandez, Jr. Centre for Banking & Finance
4. CFA Society of the Philippines

### **B. Media Partners**

1. Philippine Daily Inquirer
2. Philippine Star
3. Business World
4. ABS-CBN News Channel

## **MANUAL OF FORMS**

A total of eight forms have been designed to faithfully document the nomination, selection (short listing), evaluation, and final judging of the successful CFO of the Year Awardee. These are as follows:

Nomination Form to accompany Nomination Letter  
Key References Confirmation Letter  
Information Release Form

Shortlisted Nominees Contact Sheet  
Screening Form  
Evaluation of Short listed Candidates  
Prospective Judges Information Sheet  
Judges' Rating Form

The Appendix of this Monograph contains the complete template for the above forms to be used during Nomination, Search, Evaluation/Screening, and Judging.

The forms are designed in order that they may be completed by accessing the CFO Search Website and submitting the completed forms without the need for an electronic signature to make the submission valid. However, to prevent abuse, hard copies of forms, in lieu of the e-forms, shall be pre-numbered and reconciled with the submitted soft forms via the Internet to achieve a search universe without any duplications and/or erroneous or malicious entries.

A significant feature of the forms is the attestation of the person completing the form as to the veracity of the entries made as well as the undertaking to release data to third parties to facilitate exchange of correct information, including to the media.

To be valid, all nominations via the Internet shall constitute delivery signified by the correct computer date and time that the completed e-forms and support documents are received electronically at the website address (<http://www.finex.org.ph>).

## **THE AWARD**

ING Bank N.V. Manila Branch and FINEX would be jointly honored to initiate the long-lasting tradition for an annual search for ING-FINEX CFO of the Year.

To signify the permanence of the professional partnership of the two institutions in jointly launching the Search, the Trophy shall be equally designed to be “everlasting”; i.e., the same design, size, height, heft, and text (save for the name) shall be preserved through the years. Like a torch of excellence, the Trophy shall be passed every year in fitting ceremonies to the next Awardee. Consequently, the Trophy with the names of Awardees inscribed for posterity, shall be displayed prominently in the current Awardee’s office, given the prominence and respect the Trophy demands. A smaller replica shall be made to be provided the Awardee, for him to keep as his personal token for the Award richly deserved.

In the Asian region, CFO Awards have traditionally been conferred by business publications particularly geared to financial services, corporate finance, and the region's capital markets. For instance, *FinanceAsia* awarded the Best CFO in the Philippines award to Delfin Gonzalez Jr., CFO of Globe Telecom, for two consecutive years. Another publication, *AsiaCFO*, also ran a Best CFO search and awarded the trophy to Tata Motors' CFO. *The Business Times* of Singapore also launched a similar award and granted it to a Singapore national, Chua Sock Keong of Singapore Power. Aside from trade publications and industry journals, conglomerates also launch similar searches within the confines of their group's subsidiaries. Among these are Hutchison Whampoa of HK, EIU, American Express, Virgin Blue, Saudia Arabia and others.

It is thus a fitting tribute to our country's outstanding CFO to be conferred this Award by his peers, under the aegis of the Permanent Partners, Co-Presenters, and Media Partners. It is believed that this worthy tradition started in 2006-2007 shall be observed as an annual rite of recognition by the Philippine financial services industry of the high esteem vested upon the most outstanding of its practitioners. Further, the Annual Search hopes to ensure the legacy of preserving the succession of dynamic, responsible, ethical, and internationally competitive Philippine CFO leaders.

Ends