

December 21, 2015

## International experience gives executives and companies an edge



Carol Banducci, CFO of Iamgold, says it's important to be adaptable in a global environment.  
Photo: Peter J. Thompson/National Post

**By Suzanne Wintrob**  
**Special to Financial Post**

Carol Banducci has spent much of the past two decades traveling the globe for work. As a chief financial officer employed by several multinational companies since the early 1990s, the Toronto native has crisscrossed six continents to get a complete handle on all the financial aspects involved in doing business abroad. It's tiring and challenging, but she wouldn't have it any other way.

“As a CFO, you are playing a leadership role in determining strategy and driving financial objectives across the group, [so] adapting to the changes and challenges of operating in a global environment is important,” says Banducci, executive vice-president and CFO at Toronto-based mid-tier mining company Iamgold Corp. that operates four gold mines in North and South America and West Africa.

Banducci is a big believer in executives earning their international stripes by immersing themselves in the countries they work in. It’s especially important at the CFO level as the role of becomes more complex, she says. Markets are international, access to capital is global and investors are everywhere. Laws, regulations and tax regimes vary from country to country, and stakeholders may interpret the same information in conflicting ways due to local culture and business practices.

All that brings challenges from both the supply chain and sales sides, with the CFO needing the know-how to act swiftly and thoughtfully. Think tax optimization, transfer pricing across business units and global delivery of shared services, whether financial or human resources.

There are issues surrounding mergers and acquisitions, hedging programs, cash and debt management, risk and the list goes on. Sure, it helps to hire trusted locals to run the show overseas or invite them to work at Canadian head office temporarily, but it’s no substitute for the CFO packing a suitcase and hitting the road.

Chicago-based Roger Herod, principal at Mercer Inc., the benefits consulting unit of Marsh & McLennan Cos., agrees. He carries out global mobility consulting for a range of multinational clients in North America and Europe.

“You can’t just sit there in Toronto or the US and read quarterly reports from some of these new ventures and new subsidiaries and assume that everything’s in place and totally under control,” insists Herod. “You really have to get involved very deeply on an international basis.”

## **Cultural differences**

Herod should know, having been the one “cleaning up the mess” alongside CFOs throughout his 25-year-long career. He says the trouble becomes most apparent when companies have operations in developing countries where cultures can be vastly different and “questionable” business practices – even bribes – are routine. That’s why he urges CFOs to be proactive by studying the market and culture, talking to other CFOs “with experience doing business there ethically” to avoid surprises later, and spending time on-site.

“Make sure you’re involved from the very beginning in any startup, potential joint venture, potential merger or acquisition,” he says. “Don’t just leave it to your M&A and business people, because issues like governance and general business practices are not necessarily their concern.”

“You don’t want to find... that the deal’s been struck and you go in two or three months later and sit down with local management and then have a shock because the accounting systems are not where they should be, the business practices are questionable, etcetera,” Herod says.

Given today’s global market, Canadian business schools are putting international management and finance in the spotlight and graduates are increasingly honing their CFO skills at international companies or overseas early in their careers. For example, Western University’s Ivey Business School’s MSc in International Business program teaches the ins and outs of managing a multinational corporation and includes courses on global financial markets and analytics to make would-be CFOs more internationally savvy.

### **Spreading the knowledge**

Andreas Schotter, professor of international business at Ivey in London, Ont., thinks Canadian CFOs have a leg up when it comes to working abroad because of an “eclectic mindset” that’s more tolerant of international culture. Besides visiting often, he urges CFOs to internationalize their team by taking people from key markets to spread the knowledge.

For instance, a company doing business in China would do better bringing someone over from the Chinese operation to work at headquarters temporarily rather than simply hiring a Chinese Canadian. Young CFOs would do well gaining experience in Mexico, the European Union and the 12 countries involved in the Trans-Pacific Partnership, he adds.

But all’s not lost if those international skills aren’t there from the get-go. Eric Lamarre, managing director of McKinsey & Company Canada in Montreal, advocates learning “through the corporate centre lens” rather than going abroad. That’s because the design, execution and management of things like tax optimization, transfer pricing, M&A, hedging programs, cash and debt management, country operations are all conducted at head office, he explains.

“You do learn by being in those other countries, but if it was me I’d prefer to work in the corporate centre of an international company that faces these challenges,” says Lamarre.

### **Going global**

As for Banducci, she travels to Burkina Faso and Suriname twice a year and often to North America and Europe to meet institutional investors and bondholders. She credits her international success to three things: extensive research, strong listening skills and surrounding herself with interpreters and local talent.

She urges her counterparts to be agile so they can adapt to the challenges of operating globally, and she urges companies to develop flexible leaders who can bring the local context and culture into their decisions and relationships.

“A global company must be connected and orchestrated in its work, and it’s more challenging when dealing with different languages and long distances,” says Banducci, a member of Financial Executives International Canada and voted one of Canada’s most powerful women for 2015 by Women’s Executive Network. “As a nation we embrace diversity, which is why I believe Canadians and Canadian companies have been successful abroad.”