



Ira Apfel

Alternative PERSPECTIVE

To better understand finance,
CFO Rod Ancrum had to leave it

It's no secret that the Canadian economy and the Canadian banking sector fared better during the 2008 recession than their American counterparts. Canada's banks avoided many of the woes that plagued American financial institutions, which in part helped cushion Canadian businesses against the worst of the global recession.

However, credit unions—nonprofit, member-run financial institutions—felt more economic pressure in Canada than banks. Exchange magazine recently spoke with Rod Ancrum, chief financial officer of Credential Financial in Vancouver, British Columbia, to get his perspective on the financial crisis. Ancrum started at Credential Financial in January 2009 just as the global economy bottomed out. He helped steer his firm—which provides wealth management offerings and services to Canada's 225 credit unions—back to health and to strong growth.

Exchange: Tell me a little about your organization and its services and its clients.

Rod Ancrum: Credential recently celebrated its 20th anniversary. Recently, about a year ago, we started to diversify our business and opened up a new platform which we called Credential Correspondent Partners and this offers custodial services to Canada's portfolio managers. In terms of how big we are, we administer \$18 billion in assets. We've actually been on a fairly strong growth trajectory of late and are significantly outpacing general industry growth averages. We partner with 225 credit unions and other firms, which have over 1,300 investment advisors working with them and working with us as well. We are a national firm and we have 250 staff. We're headquartered in Vancouver and with offices in Toronto, Montreal and regional offices in other areas of the country.

Exchange: What are your responsibilities as the CFO?

Rod Ancrum: My role evolved over the time that I've been here. When I started as the CFO and my sole responsibility was finance and over the last five years my mandate has increased, so it's now finance and I'm also responsible for human resources, technology, the project management office and I play a significant role in the development of our strategic plan.

Exchange: That sounds like a lot of AFP members, where they started off in a traditional finance role or treasury role and over the years they've accumulated HR, accounting, IT, and the like. So I'm wondering, does that make things more challenging for you? Do you relish picking up these other departments that may not necessarily fit into the traditional finance box?

Rod Ancrum: It's more challenging definitely but at the same time I relish it. It's an opportunity for personal growth. It's also an opportunity to challenge myself and expand my skillset and my horizons and as well my ability to help the organization move forward to achieve its vision and goals.

Exchange: Walk me through how you learned the ropes of one of these new departments. A lot of our members are facing the same challenge. They come in as a CFO or a treasurer and suddenly they're handed the IT department, for example. How do you learn something that you're not quite familiar with from the ground up?

Rod Ancrum: To answer that, I'd like to go back a little bit in my history. Most of my early roles were in really traditional finance roles so I worked in the corporate reporting department. After a few years and expanding roles, from being an analyst to a manager to a CFO, I had the opportunity that was just kind of presented to me basically out of the blue to try something new and to go into another part of the business; to leave my comfort zone and to get in there and to try something new.

So, I left finance and I took responsibility for the contacts ventures for Royal Bank's online brokerage. I went from managing a team of 10 with a very focused mandate to managing a team of 225 people across three locations in Canada. For the first time in my life I was actually dealing directly with clients day in and day out as opposed to dealing with spreadsheets and just speaking to internal people.

As I started to do that, I learned that to be successful in my chosen career in finance, the ability to have a much broader perspective and understanding of business and actually of a client and what their needs and desires are, just started to prepare me and allow me to grow so that when it came time for this opportunity—the opportunity for my role to expand—I felt that I was ready. I felt that my experiences in those early days had laid enough ground work that while I'd never run an HR department or never been a part of technology, I had touched these things and that gave me the confidence to at least to jump in and say, "I can do this."

Exchange: How did you apply these lessons?

Rod Ancrum: So what I did in each case is I immersed myself, understand what drives their respective business or their department, what are their strategies. The other key thing that I did was engage a leader in each of those groups and recognized them so that they understood that they were the key person in the group and that I will be relying on them to run the group and that I will be there to support them, help them clear a path, help them achieve their goal.

Exchange: What do you think is the biggest challenge that you faced as Credential CFO in your five years as CFO?

Rod Ancrum: The biggest challenges were in the early days. When I joined the firm we had been without a CFO for several months. We had a new executive team come in and basically the new executive team all started within two weeks of each other. And it was January 2009, so we were right in the middle of the financial crisis.

So the challenge of those first two years was working with the CEO and the other members of the executive team to bring stability to the finance team. I needed to re-staff the team, bring in the right skillsets to help us not only to survive the day but to move forward into the future. We needed to deal with the realities of the marketplace at that time which was an extremely volatile stock market with obviously negative momentum, interest rates that were falling at a very rapid rate and resulting just in a loss of investor confidence. So every possible driver in our business at that time was negative—the business had been slow to react to what was going on in the marketplace.

Exchange: You said earlier that you're diversifying, so I guess that's a top priority on your plate right now.

Rod Ancrum: That is very much one of our top priorities. We needed to protect ourselves and one of our strategic goals is to ensure that we're a strong, sustainable and profitable company, which sounds obvious in many respects, but when you're coming through the crisis that we did in 2008 and 2009 and into 2010, it is actually something that you need to strive for.

As went through that analysis we determined that there was a need to diversify our client base, diversify our business. And what we did—so that's where this Credential Correspondent Partner business model came into play. But we didn't just branch into brand new stuff, we built on our strength. And our strengths were always the business-to-business relationship which was Credential with our credit unions.

Exchange: Many AFP members in Canada do a lot of business with the United States. What sort of relationship does Credential with the U.S.?

Rod Ancrum: Our business is 100 percent Canadian focused.

Exchange: Does that present a challenge because you can't go global like so many other companies?

Rod Ancrum: No, I think we don't see that as a problem. We're not a multinational company like one of the large banks. We're really a niche player focused on a very specific market. The credit union market in Canada is for us large enough and there are sufficient opportunities for growth for our business and for the credit union business. And as we broaden our perspective into a portfolio manager based on our Credential Correspondent Partners business, we see significant growth opportunities in the Canadian marketplace.

Exchange: What keeps you up at night?

Rod Ancrum: The thing that keeps me up at night is in our environment it's tougher and tougher each year to make a dollar because of increased regulatory pressures and increasingly large infrastructures that you need. The margins that are available on products are declining. The low-interest rate environment has a significant impact on our business, again, compressing our margins.

Exchange: What is the most valuable lesson that you've learned in your career?

Rod Ancrum: I think that goes back to that story that I was talking about earlier: The best thing I ever did was leave finance. I let it go. And it just gave me a different perspective and when I ultimately came back to finance I had a much better understanding of business in general. It seems strange but the first 15 years of my work life I didn't talk to clients so I never really had their perspective. And when I started to understand their perspective and how they think and what's important to them, it really helped me do a better job. And even in a finance role that is important because when you're doing analysis work and you're working on spreadsheets, you're making recommendations, those recommendations and the implications of them directly impact your client. And if you can't appreciate or relate to the client then your recommendation's probably is going to be different.