

# CSMFO

## MAGAZINE

MARCH | 2019 | ISSUE 25 | SPRING EDITION

## What They Don't Teach in School: Six Essential Proficiencies for Finance Directors

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What does it take to be an effective city finance director in today's complicated and crazy world of municipal finance? Unfortunately, it is not a question that is adequately addressed in our business schools, or even in our public policy schools.

According to the latest data of the Census Bureau's Annual Survey of Public Employment and Payroll, municipal finance employees are the fastest growing segment of the local government workforce. These staffers who will grow into a city finance director role must assume a broader, more non-traditional role than in the past. While it is crucial to possess core financial and budgeting knowledge, it's important to have other "softer" skills to truly achieve success. So... what are some essential skills you don't necessarily learn in business/public policy school?

**1. Understand it all – or mostly all.** While the core focus on budgeting, reporting and financial stewardship is still central, finance directors today must have a solid understanding of the entire operation of their city. The intricate connections between departments mean that any one activity can have a financial ripple effect across the government, so finance must be aware of the potential interactions and outcomes. For example, directors need to understand the impacts of water/sewer infrastructure upgrades to know how these changes might affect related revenues or labor costs. Or they need to grasp the nuances of labor negotiations to inform decision makers of any related financial analysis. Ask questions of your department director peers and learn about their operations.

**2. Build relationships and communicate clearly.** Finance directors have to connect with more than just the direct reports in their department. Today they find themselves serving a lead role on the city's executive team. Providing financial oversight means having trust-based relationships among the city's leaders. Part of this requires knowing how to communicate with the CEO/City Manager, including how to say "no" and divulge negative information in a way that does not create a bad relationship.





As the face of the city's fiscal picture, directors also must be able to communicate complex data to a variety of audiences so that everyone understands. This is harder than it sounds. If the city manager, other department directors, elected officials and the public fully understand a fiscal issue, they can make decisions with confidence because the supporting information and data were communicated well.

**3. Be in the know.** Know the current trends, legislation, and political landscape. Just like there are many inputs in the budgeting process, there are numerous influences that affect government projects and programs. Finance directors must be in tune to these and be prepared with some what-if scenarios so that city initiatives have the best chance for success. Having this awareness of relevant issues increases your credibility.

Also it's important to understand the politics and tenure of the voting community. A finance director has to either start the ballot process for increased revenue or must be a key player in the decision of whether or not to take a revenue increase measure to the voters. In order to be as accurate as possible in that decision-making, the finance director must know the politics, be able to read the tolerance of the voters, and clearly communicate the supporting data and potential consequences in an unbiased manner.

**4. Stay Neutral and Be Truthful.** As stewards of the public treasury, finance directors are often associated with the words integrity and trust. Well, they should be! Finance directors not only protect and strive to improve a city's financial stature, but they represent the city to the public and elected officials. This requires honesty and the ability to often say "no" to funding requests with an unemotional rationale for the answer. Any social or political commentary complicates this. The end result is a hard-fought reputation and it ultimately means positive working relationships with other department directors, city council and the public.

**5. Embrace and Practice the Full Role.** A municipal finance director is not just a keeper of numbers and accounts. This professional is the city's budget officer, controller, and Chief Financial Officer. Responsibilities include mentoring a full team, serving as a member of the city's executive team, and participating on the city's legal team. It helps to understand and embrace each of these roles early to minimize the chances of undesirable public and/or personal consequences.

**6. Stay Current and Get Involved.** Local government organizations such as the California Society of Municipal Finance Officers and the League of California Cities give finance directors the opportunity to be among the best practitioners of government administration. They place finance directors in the direct flow of information about legislation, regulation and other information that affects operations. If there's a question that needs answering, these organizations provide the network of peers that can provide an answer or thoughtful discussion and alternatives.



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