

# Former Snap CFO On How To Build A World-Class Finance Function

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*I write about CFO insights.*

Snap's IPO was big news when it happened in 2017 – one of the largest in history and the first of a string of Silicon Valley “unicorns” that went public over the next couple years. At the center of it was Drew Vollero, Snap's then-CFO. Now the CFO of [Allied Universal](#), a security services company, Vollero spoke to me about his experience taking a high-profile platform public, but also about the core lessons he's learned in a career that has included positions with such iconic companies as Mattel, Taco Bell and Pepsi. These touch on increasingly fundamental issues to the profession: identifying big M&A opportunities, building world-class teams and incorporating productivity-boosting technology into the finance function.



Drew Vollero, CFO of Allied Universal

ALLIED UNIVERSAL

**Jeff Thomson:** You were the CFO when Snap went public with a market capitalization of [\\$33 billion](#), which was one of the largest IPOs in history. How has your experience there translated to your current role at Allied Universal? What has enabled you to fluidly move from a tech company to a security and facilities company?

**Drew Vollero:** On the surface, you would think Snap and [Allied Universal](#) have little in common. No doubt the business roots of Snap are anchored in innovation and communication while Allied Universal relies heavily on execution, staffing and client management. But many of the business fundamentals are more similar than one might initially think. Both companies have a strong growth orientation and an impressive track record for revenue expansion. Both Allied Universal and Snap are founder-led companies with strong entrepreneurial cultures. Additionally, time is the biggest challenge on a day-to-day basis at both companies, and disciplined prioritization is essential with great people/strong teams as the biggest enablers to success against entrenched, well capitalized competition.

Taking Snap public was a unique experience because there was the opportunity to build the finance processes, systems and team from scratch. When I joined the Snap team, the company really didn't have a financial team and wasn't producing financial statements. At a fast moving start up, you're doing everything from scratch, so you effectively own the details of each department and you really learn each function. You need to build each department, find the right leaders, align on the right processes, choose the right systems...you gain an understanding of all aspects of

finance. That approach and knowledge set has transferred well to Allied Universal.

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I viewed my role at each company to be similar: partner with the business to grow revenues, cut costs, improve cash flow, and develop people.

The vision and values we developed for the finance team are similar with both companies. Our goal in finance is to understand the past with clarity and forecast the future with accuracy as we partner with the business to drive thoughtful, value added decisions.

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Values of integrity, teamwork, accountability, being customer and data driven are central to both companies.

As Allied Universal continues to grow, we will consider becoming a public company in the future. We just completed our sale process in late 2019, so it's a bit away, but having the experience of taking a company public would be helpful if Allied Universal decides to go down that path.

**Thomson:** Allied Universal's 2019 partnership with SOS Security® expands your company globally, with 250,000 personnel across five countries. What role did the finance department play in executing this partnership?

**Vollero:** SOS was an important strategic player in the security space who brought to Allied Universal scale, geographic presence, and strategic category expansion. With annualized revenues of over \$500 million, SOS was a good mid-sized target to add, and their presence in strategically important cities such as New York, Chicago and San Francisco improved our position in those key markets. Additionally, SOS has a meaningful presence in Executive Protection, which is one of the highest margin categories in the security business and a growing area for Allied Universal.

We like to think Allied Universal is a world class acquirer, having done over 50+ deals to build the company over the years. We have amazing teams throughout the organization. Allied Universal's dedicated M&A team sources and integrates many of our deals, most of which we buy prior to coming to auction and our sponsors are very supportive with capital and capabilities. In addition, our CEO is very involved in every aspect of the deal. We focus on being a disciplined acquirer: We look to buy the right companies, at the right time, for the right price. The finance and strategy teams work on both the valuation and deal synergies.

**Thomson:** You were recently recognized by the *Orange County Business Journal* as CFO of the Year in part for your ability to build world-class finance teams. What do you look for in potential finance hires? How do you develop talent and build a leadership pipeline within Allied?

**Vollero:** We've always believed a central role of any good leader is to build a great team, and we've spent a great deal of time attracting talent to the

organization. My first job out of business school was working at PepsiCo, which along with GE, was an academy company for financial training. It was there I got to experience what world class teams look like and how they operate. Those great teams had excellent people, processes and systems.

We tend to screen candidates on three dimensions: first, for a strong IQ, since financial concepts can be tricky so it's important to have strong technical skills and knowledge; equally important is *EQ* because it's essential to hire team members with a great bedside manner since finance needs to work across the organization at all times; and third, successful finance professionals need to have the courage to make unpopular decisions (cut overhead, raise prices or margins, etc.) and the persistence to do the right thing and find that balance between customers, employees and the shareholders that others can't see.

My other key staffing philosophy is that it's the strength of the finance team that makes the individuals great, not vice versa. We don't hire "me-first" financial folks. When you grow up playing team sports, you see people tend to hire assistant coaches from winning teams more often than not. It's important that the finance team perform well, which means making our business better. That's our scoreboard.... stock prices, sales, margins, etc. We really stress strong internal finance dynamics and a focus on business improvement rather than individual achievement.

The results we've had finding people have spoken for themselves. At Mattel, our corporate strategy team hired and groomed many of the future leaders for marketing, operations and finance. At Snap, we built our team from five to nearly 100 people in about 18 months, and I interviewed every candidate we hired, even the temps. I was proud when our CEO, Evan Spiegel, told me finance was likely the strongest team in the company.

We've got a really hard-working team here at Allied Universal that has accomplished a tremendous amount in a short amount of time. Their dedication is astounding. They've done a phenomenal job.

**Thomson:** You hold a Master's Degree in Management from Oxford and a BA in Mathematics and Economics from Yale. How do you see your higher education adapting to preparing students for work in a digital economy? What fundamentals do you think students need to know?

**Vollero:** My family prioritized education, and I was fortunate to attend some great schools in my life, no doubt. Honestly, both schools have their foundation in liberal arts, so they teach you more about how to think than *what* to think. You can pick up much of the business-specific knowledge on the job.

Both Yale and Oxford are really focused on business and life fundamentals more than tangible knowledge of the day-to-day business. The greatness of each school was found in the people around you, both students and professors. I try to learn from everyone I meet, and both environments were very fertile ground to do that, as I was surrounded by brilliant, motivated and driven people everywhere I turned. These people make you better just being in that environment if you just watch and are humble enough to learn from peers.

The most fundamental skills I think that are most relevant for today's world are the abilities to effectively prioritize what's important, communicate crisply and connect sincerely. I've often found people care more about *how* you say something than the actual facts of what was said.

Being a financial person, I found my computational course work to be very helpful: accounting, economics, stock market theory, statistics, and mathematics. The worldly perspective from Oxford was very helpful as the world globalizes.

The ability to capture and analyze big data sets is becoming more and more valuable. Courses in engineering, applied math, and statistics to name a few seem even more relevant today.

**Thomson:** People are Allied Universal's greatest asset. In a knowledge economy, built on digital competencies, what state-of-the-art technology do your security professionals employ in their day to day activities? In what ways has technology enhanced security professionals' ability to do their jobs?

**Vollero:** There's no doubt people are the greatest asset for Allied Universal. We have nearly a quarter of a million people who work for the company. We are one of the nation's largest employers. We see over 1 million resumes a year. That's nearly 0.3% of the U.S. population.

We use technology in a number of ways to make our business better, so let me speak to a couple of those areas. We have recently adopted a workload management tool to help us sort through the deluge of candidate resumes and job openings we have. Historically, it was a pretty manual process to review a resume, line up the candidate for a role, schedule an interview, etc. This workload flow tool has really automated that process. Additionally, we are now working on an automated hiring tool that will screen candidates 24/7. The tool uses an AI interface which has been built through thousands of responses from the responses of our most successful security professionals. The tool is ready to interview a candidate any time or anywhere.

The tool serves as a terrific front-line technology that helps us initially screen candidates and deliver a rapid response. Prior to that, in some markets it could take us days to get to review a resume or interview a candidate. A similar tool has been successfully implemented by a handful of leading companies with large employee bases, and while we continue to refine the AI interface, we believe it can help us really differentiate Allied Universal as a nimble hirer of choice.

Another technology we have begun to use in the field is [HELIAUS®](#), which is an internally developed software that is loaded on a smartphone which we use to make our workforce more accessible, knowledgeable and productive. We believe it's the leading software in the security space offering a string of benefits that our customers value. For years the industry has leveraged tools which provided static information to security professionals to support their daily tours and allowed them to document information about security incidents for follow-on reporting.

HELIAUS, on the other hand, is constantly consuming and processing information, and engaging the security professional in real time about his or her environment (location, time, weather, video analytics). It is driven by an artificial intelligence engine which makes real time recommendations for workflows that will drive better security and safety outcomes. An example from the real world is as follows: If HELIAUS identifies a trend of trips and falls in the loading dock area on Friday afternoons, it will recommend a safety focused tour on Friday morning to inspect the loading dock for safety policy violations.



Not only are we driving better outcomes, but the data that we capture allows us to have much more relevant discussions with our clients about the safety of their sites.

*This article has been edited and condensed.*

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I'm president and CEO of IMA (Institute of Management Accountants).

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