

ALL THINGS FINANCIAL MANAGEMENT PODCAST

Leading SDFM through change

With Rich Brady, Chief Executive Officer, Society of Defense Financial Management



Welcome to the All Things Financial Management podcast, presented by Guidehouse and the Society of Defense Financial Management. I'm your host, Ruba Elbasha. Join us as we discuss top-of-mind issues facing defense financial managers.

RUBA ELBASHA: I'm very excited to welcome our guest today, Mr. Rich Brady, the Chief Executive Officer of the Society of Defense Financial Management. Welcome to the podcast, Mr. Brady.

RICH BRADY: Thank you very much, Ruba. I'm glad to be here again.

RUBA ELBASHA: Thank you again for being with us. Having attended some of the recent SDFM events and hearing you speak, I'm really excited to have this conversation with you today about the evolution of SDFM and its role in enabling defense financial managers.

Mr. Brady, you've been overseeing the evolution of SDFM for the last year. Would you mind sharing an update on where the organization is along that journey and what is coming next?

RICH BRADY: Yeah, so that's a great place to start. Thank you again, Ruba. I mean, obviously, there's been a lot going on at SDFM over the last four and a half years now since I've been in the seat as the Chief Executive Officer. We've seen, obviously, the update to the CDFM exams; the introduction of the new CDFM healthcare certification; and we launched a new association management system. And, probably most visible to everybody, we changed our name from the American Society of Military Comptrollers to the Society of Defense Financial Management.

Then about a year ago, as we were moving along with our planned transformation modernization activities, there was some significant changes in the government operating environment that required an immediate cancellation, last year, of our Professional Development Institute, the PDI, as an organization. Frankly, we rely on about 75% of our revenues annually from that event. And, so not being able to conduct it, was a significant impact.

And not only that, we were told by the Department, both the Department of War and the Department of Homeland Security, that they would not be able to support the PDI in its current form in the out years. So, we knew we had to pivot away from that. And so, what we have introduced is a regional event strategy that's focused on four to five annual events throughout the year, with the goal of still touching as many members as we would at a single annual event. So, if we had 5,000 or 6,000 people at an annual event, one single annual event, we could have 1,500 or so at these regional events and still, in a year, provide education, training, certification to roughly 6,000 or so members. And so, that's the most visible change that I think people are seeing going on right now, because we've got our DFMI Orlando, which would've been the PDI Orlando, taking place here at the end of May, on May 27th and 28th.

RUBA ELBASHA: That's very exciting and interesting, and I can imagine it also changes the way that you run SDFM. How have these changes impacted how you manage SDFM day to day?

RICH BRADY: Yeah, so probably less visible to many of our members are some of the changes that are taking place in the business processes of SDFM. In addition to that decision to move to a regional events model last year, we also decided to outsource our staff and decided to sell our headquarters building in Alexandria, VA. On the building sale, we actually just closed on that sale last week. We had been talking about it for some time. It was going to be included in our upcoming strategic plan, but we just decided to accelerate the effort to get rid of, basically, the large risk that we carried with the building. It was an expense on our financial statements. We really didn't earn a lot of revenue from the building. Our members didn't come there. We weren't doing testing there. We didn't have any servers there. And, after the COVID pandemic, most of our employees weren't even coming in every day. We'd have two or three employees coming into a 10,000 square foot building, so it just didn't make sense to hold onto it anymore. So we've sold the building, we've outsourced the staff, again, which is largely transparent to our members, and now we're working largely remotely. I do have a small office space here in the Northern Virginia area, but we've been able to successfully transition to a remote work environment.

RUBA ELBASHA: It's wonderful, Mr. Brady. And having attended some of the recent SDFM events, one would never know that there has been such change. I think everything has gone very seamlessly, so kudos to you and your team for that.

RICH BRADY: Well, thank you. That's the goal, right? Is that it's transparent to the members, transparent to the customers. We want them to see what's outward facing, and that's the events, the education training certification. But what goes on behind the curtain or underneath the hood of SDFM should really be transparent to them.

RUBA ELBASHA: Absolutely. Well, there's also been a profound amount of change happening within the Department of War as well. What do you think are some of the most critical changes happening related to financial management and how can the Department's professionals be prepared to embrace that change?

RICH BRADY: Yeah, so a little over a year ago, as the new administration was coming in, I met with senior officials in the Office of the Secretary of War Comptroller's office to talk to them about priorities. I just wanted to make sure that our priorities, as the professional association, were aligned with the Department's priorities. And I laid out a couple of things. We talked about audit and PPBE reform and financial systems modernization and asked, "Hey, where are the priorities?" And even at that time, they said the number one priority is auditability, achieving that clean audit opinion by 2028, and that hasn't changed. And not only is it the number one priority, it's far above all other priorities. So, first and foremost, it's all about auditability. Second to that was basically what they said was operating more efficiently and effectively, or eliminating fraud, waste, and abuse. And then after that, we have topics like PPBE reform, which is still out there.

The PPBE Reform Commission completed their report about two years ago. That report and recommendations are still relevant today. It's kind of a back-burner issue, but one that I know that the Department still has teams ready to address. We've got a lot of work to be done on financial systems integrations and modernizations, whether they're the actual financial systems or the feeder systems; all of that supports auditability. And then there's a lot of work going into automation. Everybody's talking about AI, right? That's really popular right now, but there's still a lot of opportunity with robotic process automation, machine learning, blockchain, some of these, what I'll call legacy technologies, but legacy only in the sense that they've been around a little bit longer than generative AI.

RUBA ELBASHA: It's certainly an exciting time to be part of the workforce and change seems to be inevitable for the Department's FM workforce. What excites you most about the changes that you've just discussed, and why do you think they will help accelerate success?

RICH BRADY: Yeah, it is an exciting time to be in the workforce. I mean, obviously, there was a lot of change over the last year for the financial management workforce. I think the total force was reduced by about 20 to 25%, by our estimates. We saw somewhat of a commensurate decline in membership at SDFM, so that's how we arrived at that number. So, you've got fewer people, but you still have the work that needs to be done, right? The work of the government always needs to be done. You've got a couple options, and I think this is what the Department's looking at. You can insource the work, meaning you hire civil servants back, and we're seeing some of that in the Office of the Secretary of War Comptroller's office. We're seeing hiring taking place in the Assistant Secretary of the Air Force for Financial Management, Navy for Financial Management, Army—all of them are starting to increase hiring a little bit.

So that's one option. The other is to outsource, to look to the contractor community to support 'em. And the third option is automation. And I think that the going-in proposition with this administration was trying to automate as many tasks. Now, what does that mean for the workforce? It actually frees them up to do, as we like to say, "higher value added activities." For a long time, the financial management community has been moving away from being stewards and operators of resources to being, really, strategists and catalysts for their organization. And they do that by performing and engaging in higher value added activities, like scenario planning, forecasting, and data analytics, instead of just the normal capturing and recording and reporting of financial information. So that's why I think it's an exciting time. It really frees up the defense financial management community to be more creative and come up with creative solutions, help mitigate risks, and create opportunities for their commands.

RUBA ELBASHA: Absolutely. And enable them to truly be enablers of the mission of the agencies that we serve and the overall Department.

RICH BRADY: Absolutely. Instead of always being backward looking, looking in the rear view mirror, as they say, they're much more forward looking. They're working on aligning resources to budgets and coming up with creative financial options and solutions for the commanders and senior leaders to achieve those ultimate military or national security objectives.

RUBA ELBASHA: Change seems to be a theme for both SDFM and the Department as we've just discussed, and inevitably for the next couple of years. What role do you think SDFM will play in the Department's evolution and the future of the FM community?

RICH BRADY: Yeah. Ever since I came to SDFM, I wanted the professional association to be an enabler, a trusted confidant, an enabler of the Department's efforts to advance the field of defense financial management. And so, we did that first with PPBE reform, where the Department was working with the PPBE Reform Commission to come up with a set of detailed recommendations. We created a PPBE Reform task force to parallel that effort, to survey our members, to be advocates for our members. Likewise, about two years ago, as the PPBE Reform Commission was winding down, we stood up an audit task force, and that audit task force, up until about last summer, was focused on audit sustainment. But, talking to the Department, they said, "Hey, we need more work and support in the area of audit remediation and actually achieving the clean audit opinion. We'll figure out audit sustainment once we get the clean audit opinion, but let's look, as they say, left of boom first and support that area."

So our audit task force pivoted to that audit remediation effort in supporting the Department's effort to achieve clean audit opinion by 2028. So that's where I still see our role. Again, paralleling the Department, watching what they're doing, enabling them, giving their senior leaders a platform to talk about issues that are relevant to them, priorities, technology enablement, all of those things that they can then go to the commercial world to find and help resolve. A part of our role as the professional association is being that bridge between government on one side and commercial on the other, and bringing them together. I like to say that SDFM is the market maker in the field of defense financial management.

RUBA ELBASHA: I think you also play a really key role in integrating the ideas and helping move forward what the thought leadership is for the FM community.

RICH BRADY: Absolutely. We try to be agnostic, kind of an honest broker. Don't take sides. We clearly don't engage in politics; we're not lobbyists; we're a professional association. And so we know our niche is focused on, again, that education, training, and certification; advocating for our members; and, really, in the end, helping to drive financial transformation in the defense sector.

RUBA ELBASHA: Mr. Brady, thank you again for carving time out of your busy schedule to share your perspective on some of the most profound changes happening within the department and how our defense FM community will continue to be supported by SDFM.

RICH BRADY: Oh, absolutely. Thank you, Ruba, to you and the team at Guidehouse for continuing to support this podcast and have these important conversations. I really appreciate it.

RUBA ELBASHA: Our pleasure.

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