



Twists and Turns in recruiting a great CFO

One of the least understood and most underutilized positions is that of the chief financial officer. Far too many CEOs and boards focus on recruiting a CFO who is a technical whiz in accounting and finance, while overlooking the role the most effective CFOs play as business partner at the general management table. One of the wisest and most effective CEOs and board members I've ever known talked about hiring a CFO in the same manner a president would think about selecting a vice presidential running mate. It was his view that ideally, his CFO should be able to fill his seat in the event something happened to him. I'm not sure that every CFO needs to be an heir apparent to the CEO, but it does put the importance of this search in the proper perspective.

In any given company, regardless of its size, there are a finite number of seats in the executive committee room. It is critically important that each player in the room add significant value to the overall enterprise.

Today the most effective CFOs are business partners to the CEO. They are strategic thinkers who actually help manage the business, complement their skills and offer leadership; on top of their financial expertise. The ability to influence and collaborate with the CEO emerges as a primary skill for any CFO. To serve as an effective business partner, the CFO needs to be a strong strategic thinker. Experience in business units outside headquarters or the "ivory tower" is often the best way for aspiring CFOs to sharpen their leadership and strategic skills.

To enjoy real influence with the CEO, the CFO also requires credibility both inside and outside the company. This involves building strong relationships with investors and opinion-leaders, as well as the CEO's other direct reports internally. The most effective CFOs think outside the box, outside the industry and certainly outside the departments for which they are personally responsible.

Great CFOs also understand the concept of relationship capital within their own organizations. Often viewed as the top corporate cop, along with the Chief Counsel and CHRO, CFOs must have the ability to form solid working and synergistic relationships with department heads throughout the organization. They must be viewed as partners with operations, R&D, marketing, sales, supply chain and human resources to name a few so that when they do have to use their veto power, they are not viewed as an impediment to driving revenues or improving business processes.

Despite this network of close relations, objectivity and independence remain core values for senior financial leaders. CFOs are the guardians of good business practices and controls. It is also their job to troubleshoot and manage the risks inherent in corporate strategies, but guard against the tendency to use their veto power to kill off initiatives just because they are risky. Achieving the right degree of independence and collaboration is a tough balancing act, which is why some of the most successful CFOs have experience in line and staff roles, enabling them to perfect both sets of skills.

The ability to deliver business results is a critical competence for top CFOs. Such leaders have a careful but entrepreneurial approach to risk. They can also talk about business models, rather than financial statements, and support their views with value indicators. And it cannot be all about the money. The most effective CFOs, while executing flawlessly on the accounting, financial controls and modeling side of the equation, are equally supportive of corporate initiatives that build goodwill with all stakeholders and fall under the category of just doing the right thing. Far too many financial officers have difficulty seeing the “dollars and cents” value in investing in long term initiatives such as education, training, systems and philanthropy.

Passion is an often overlooked attribute of outstanding financial officers. Because the CFO role demands a healthy dose of objectivity and scrutiny, it might seem like passion is an unlikely trait of these important players. Still, the most effective of CFOs have a love and a passion for their profession, their companies and their industries. I am not advocating that a CFO must have in-depth knowledge of a particular industry sector when entering a company. I am saying that in order to achieve maximum effectiveness, the CFO must have a clear understanding and appreciation of the business in which they operate. They should find the business interesting and understand what critical success factors drive the enterprise.

Outstanding CFOs with all of these skills and the right personal chemistry with their CEO have the ability to become his/her right-hand person. Ultimately, such CFOs become agents of change, creating smarter work patterns throughout their organization with insights that drive performance and help achieve better results. However, only the most talented financial executives can succeed in such a demanding role. It may seem like a daunting task since financial leaders with these capabilities are in short supply. For those companies who want to harness the power of a strong CEO/CFO partnership, developing or finding such talent will be well worth the effort.