

# Entrepreneur

## I'm Outta Here

With shrinking teams and growing responsibilities, CFOs have it tough these days. What can you do to keep yours from jumping ship?

By C.J. Prince  
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If you thought your job was thankless, consider the plight of the company CFO. More and more of them, fatigued with the intensifying pressure and widening scope of their positions, are exiting stage left--and small companies are suffering disproportionately from the turnover, according to Liberum Research, an independent research firm focused on management intelligence. During the first half of the year, Liberum notes, 193 CFOs at small- and micro-cap public companies either resigned or retired, compared with only 26 CFOs at mid- and large-cap companies.

But why are CFOs leaving? In January 2007, Tatum, an Atlanta-based executive services firm, surveyed its finance-chief temps and found compliance and governance issues, including pressures related to Sarbanes-Oxley mandates, to be the biggest headache for sitting CFOs, followed closely by unreasonable demands and expectations set by boards and other stakeholders.

That's true for companies of all sizes in today's climate, but small-cap CFOs have it particularly tough, says Cynthia Jamison, partner and national director of Tatum's CFO Services. "They have all the same [responsibilities], but with fewer heads and hands, and fewer resources," she notes. Since smaller companies tend to be short-staffed, the CFO winds up with more responsibility. Jamison, 48, served as CFO at two such companies, and the HR, IT and legal departments all reported to her. "And I can barely turn on my computer," she says. "So to have IT reporting to me is just crazy. There are a lot of things that get swept under the CFO's role that take them outside their comfort zone."

**Add to that the time CFOs must spend on compliance and administrative issues, and contributing to the strategic direction of the company--which is arguably the fun part of the job--becomes almost impossible, says Ed Baumstein, CEO of SolomonEdwardsGroup, a national CFO services firm. "The biggest factor in anybody's career satisfaction is their ability to have an impact and to make a difference," says Baumstein. "So when CFOs are put into extremely high-pressure positions and they're not able to have an impact as an executive, it becomes very frustrating."**

Jennifer Good, president and CEO of Penwest Pharmaceuticals in Danbury, Connecticut, knows that well. Before ascending to the presidency last year, Good served as her company's CFO for eight years. Since taking the helm, she has made it a priority to have

a close, honest and complementary relationship with her finance chief, Benjamin Palleiko. "It's hugely incumbent on the CEO to create an environment where you are regularly keeping the CFO informed," says Good, 42, adding that the two talk at least once a day and have adjoining offices. "He and I have certain liabilities and obligations in this business that are unique to our positions, and I want to make sure I've done everything I can to ensure we're interacting on a daily basis."

While CEOs can't eliminate the regulatory burdens on their CFOs, they can give them adequate support to ease the pain. If the budget won't allow hiring higher-level experts, consider adding a support staff--an excellent controller, for example--so the CFO can spend a little less time bean counting and a little more time on strategic, growth-oriented issues. Implementing better systems internally by upgrading technology can also ease the administrative burden on your CFO. Jamison advises doing an analysis of your IT systems to eliminate redundancies between incompatible systems, which might be slowing things down. "You may not have that much to invest in IT," says Jamison, "but just looking at how you spend your IT dollars can make a big difference."

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