



The Road to CFO

A solid grounding in finance and accounting never gets old for future finance chiefs. But these days, those hoping to become CFOs also need a dollop of charm and a global perspective.

Alan Rappeport, CFO.com | US

January 24, 2008

Corporate recruiters know better than anyone what it takes to reach the ultimate prize of a finance career: the CFO slot. But well before that final interview, they say, young finance professionals make a series of crucial career choices. And while taking the road less traveled may make for nice poetry, choosing certain well-traveled roads makes all the difference for someone with their eye on the CFO's office.

"The Big Four sells well," says Chuck Eldridge, managing director of the financial-officers practice at Korn/Ferry International. Nothing beats the training or credibility gained by doing time at one of the big accounting firms, he says.

Not only does the "Big Four" hone one's accounting chops, but starting a career with such a firm typically puts a young accounting professional face-to-face with top executives in client companies. "As they develop and get more responsibility and bigger clients, there's the chance to face off with a client company's CFO," Eldridge says. Such experiences, he says, are essentially *de facto* interviews — indeed, they often lead to a CFO-track job at a client company.

Beyond the Big Four, there are still many different paths among which a CFO-hopeful can choose. For someone jumping straight into a finance career, Eldridge suggests trying to get some variety between working in financial analysis at corporate headquarters and moving to different business units. Being "right there on the shop floor," he says, gives someone with a finance background the crucial business experience they will later need to prove they understand how companies, not just numbers, actually run. Of course, he adds, it's important not to go *too* native in a business unit. An eventual return to the finance department mother-ship is still essential to keep one's career moving in the direction of the CFO's office.

Of course, while work experience is vital, credentials matter too, and Eldridge is clear about where he stands in a long-running debate: For the future CFO, an MBA is good, but a CPA is gold. "That's the capstone credential," Eldridge says. "A lot of companies want to see that box checked." Even with formal training in accounting, he says, the lack of a CPA seems like a sign of unfinished business.

Still, an MBA (particularly when coupled with a CPA) has its merits, especially given growing range of abilities that CFOs now require. "You're getting a breadth of management education" from an MBA, says Chip Clothier, of HFC executive search. "It allows you more familiarity beyond the numbers and gives you an appreciation of what a company is trying to do."

And certainly, a CFO candidate must be able to demonstrate an appreciation of the big-picture appreciation that goes well beyond number-crunching, recruiters say. Like Eldridge, Clothier suggests working in a number of different finance areas, joining a task force or special project committee, and even doing stints overseas. Seeking a mentor within the company is also a good move, he says — everyone needs an experienced guide to help them navigate through the corporate culture.

Sometimes, too, making the right moves is a matter of avoiding the wrong ones. Bill Behn, senior vice president of national staffing services at Solomon Edwards Group, a national CFO services firm, says that one mistake young finance professionals make early in their careers is

putting too much emphasis on salary, commute, and benefits. Finding the best opportunity for growth and exposure is more important, he says. Other perks can be made up later.

Perhaps the hardest area for future CFOs to master is the so-called "soft skills." As the face of the company in front of Wall Street, and as a proxy for the CEO in many situations, CFOs must be comfortable speaking in public and interacting with company stakeholders, including its board. Here again, an MBA, or some other experience beyond hard numbers, can be helpful. "Accountants don't work on people skills, networking skills, social skills," says Behn. "A lot of them don't know how to interact at a lunch or a cocktail party."

If you think that's an unfair stereotype, fine. But keep your ego in check if you set out to disprove it. "Don't come out of the Big Four after three years and think you're ready to be a controller," says Behn. "You could fail and lose credibility." Finance is still a slow-and-steady culture, and excelling at a series of manageable positions is the best way to move up, he says.

Timing those moves is also important. Job-hopping or languishing in one place for too long are both warning signs to potential employers. "You've got to stay two years wherever you go," Behn says. "Three years is better." Moving too much shows a lack of loyalty and bad decision-making skills — a common complaint that sitting CFOs aim at the next generation of finance professionals. At the same time, says Behn, staying put too long is just as bad. "You don't move up as quickly moving within an organization as you do when changing organizations."

Still, for all that, the road less traveled can still wind up in the CFO's office. Victoria Harker, CFO of global power company AES Corporation, does not have a CPA and did not work at a Big Four accounting firm. She studied economics and English in college and got an MBA. After working as a financial manager at a law firm, she joined MCI, where she worked her way up to acting CFO before moving on to AES. "Mine was more on the job training," Harker says.

Harker rotated through several positions at MCI, then a unit of World Com, doing time as treasurer and also overseeing information technology and operations. That range of experience made her more ready for today's CFO role, she says. "From a personality perspective, I enjoy the operational aspects of running a business," Harker says. "More and more CFO positions are less about reporting and the rear view mirror and more about bringing strategic insight into how the company should be running."