



What Corporate Finance Recruiters Look for in a CFO by Eric Krell

Leading executive search consultants say that their clients want finance-executive candidates to possess an ever-expanding set of strategic skills. Technology and global competition have transformed the finance function at most large enterprises from a transactional factory to a strategic partner. Mid-sized companies are following suit at a slower pace. This article examines that transition while identifying what corporate finance recruiters look for and how finance executives should respond when headhunters call.

What do finance executives need to make the leap to a higher-paying job, a larger company or a more prestigious position? In a word, everything. "They are looking for it all right now," says Gary Kaplan, whose executive search firm Gary Kaplan & Associates places CFOs, CEOs and other C-level executives at top companies. "We continue to find that CEOs are looking for a true partner in the CFO position."

According to recruiters at top search firms such as Spencer Stuart, Russell Reynolds and Robert Half International, leading companies want CFOs who are:

- Equipped to serve as the CEO's trusted advisor;
- Steeped in accounting principles;
- Experienced deal-makers with sharp valuation and analytical skills;
- Comfortable conversing with analysts and the investment community;
- Able to implement sophisticated budgeting, forecasting and reporting processes and technology;
- Expert at interacting with senior management on a strategic basis;
- Skilled at reducing operating expenses and boosting productivity; and
- Well-schooled in the intricacies of the Sarbanes-Oxley Act other regulatory matters.

Large enterprises searching for CFOs and other top finance executives are "looking for everything," agrees a Spencer Stuart consultant who specializes in CFO searches. "Their expectation is much higher, the decision process is much more careful and, of course, everybody wants someone who is absolutely without blemish."

Mid-sized companies are growing equally exacting in their quest for new finance blood, as evidenced by a new Harvard Business School program "Strategic Finance for Smaller Businesses." The program offering is based on the premise that a well-crafted financial strategy leads to strong earnings and long-term profitability – regardless of company size.

Technology Shrinks the World

Globalization and technology have fueled the demand for do-it-all finance executives. The rapid opening of new global markets has given rise to new opportunities and new competition. Companies of all sizes now need to closely monitor a wider range of geographies, customers, competitors, external activities,



indicators and risks. The responsibility for collecting, analyzing and distributing that information rests with corporate finance, which has a unique line of sight into all company functions and operations.

Leading companies use technology to reduce costs while freeing their finance managers from time-consuming manual transaction processing to perform higher-value forecasting and strategic planning. "I do not remember in corporate America a time that requires more focus by a senior financial executive on business performance management as today," reports Paul McDonald, executive director of Robert Half Management Resources.

Technological advancements in the past two decades have produced applications, systems and other tools that can greatly enhance corporate finance's ability to more quickly synthesize and analyze massive amounts of financial, operational and market data. Companies that invested in that technology have reaped its benefits while greatly lowering the costs associated with manually intensive processes. The Hackett Group, which maintains a massive best-practices database, reports that finance costs as a percent of revenue have declined significantly in the past 12 years. The business advisory firm cites the shift from mainframe to client-server computing, ERP implementations, increased use of data warehousing and heightened focus on budgeting as key drivers in lowering corporate finance costs.

How World-Class Companies Utilize Technology

The "world-class" companies in The Hackett Group's database spend only .74 percent of their revenue on corporate finance. The median companies in the same database spend roughly 30 percent more, nearly 1.1 percent of revenue, on corporate finance.

Perhaps the most glaring difference between median and world-class companies, according to Hackett's research, involves technology. Median companies dedicate 75 full-time employees to transaction processing for every \$1 billion they generate in revenue. World-class companies assign only 35 employees to transaction processing for every \$1 billion in revenue. Yet world-class companies spend roughly 23 percent more on technology per full-time finance employee (FTE) than median companies: \$17,564 per FTE vs. \$13,438 per finance FTE. As The Hackett Group has pointed out, "World-class companies have successfully swapped labor for technology."

Business performance management (BPM) processes and technology increasingly represent a dividing line between top corporate finance functions and the rest of the herd. Budgeting, forecasting, analysis and financial reporting are crucial to strategic decisions and regulatory compliance.

Finance executives who take advantage of BPM technology and processes can dedicate more time and energy to fulfilling their role as the CEO's trusted advisor – and fielding better offers.



How to Handle the Call

Finance executives contacted by recruiters can expect the courting process to move through three phases:

1. **Initial contact:** Companies and recruiters identify industries and companies in which they're likely to find candidates. Recruiters call potential candidates to assess their interest in a specific position. Often, recruiters do not name the company during that initial contact. Finance executives who field a call should respond with questions about the position and the recruiter: Why did the recruiter take on the client? What is the recruiter's strategy? Answers to those questions will shed light on the client company.
2. **Meeting the intermediary:** If the initial conversation proves promising, the recruiter schedules a more in-depth interview, usually in person if geography permits. At this point, the recruiter wants to flush out the candidate's true intentions: Does the finance executive really want to move on, or is he simply testing the market? Is the finance executive truly interested in the position, or is she more attracted to the company, and possibly another position in the organization? After the interview, recruiters conduct thorough reference checks.
3. **Connecting with the company:** Once the candidate passes muster with the recruiter, a meeting with the CEO, other key senior managers and, sometimes, directors is arranged. At this stage, candidates need to learn as much as possible about their future bosses. If the company has a board of directors, the candidate should talk with at least one director – ideally, the one who leads the finance committee. That way, the candidate can get a feel for the relationship between the outside directors and the CEO. Finance executive should also talk with the company's senior external audit partner and key bankers, and discover why the incumbent is leaving the organization.

More and more finance executives will be encouraged to leave their companies in the coming years. Whether or not they possess the depth and breadth of skills desired by leading companies will determine if they are nudged out the door or lured away by more enticing offers.

About the Author

For the past seven years, Eric Krell has covered the BPM space for Business Finance magazine and several other business publications. He regularly interviews leading CFOs, Finance Directors, Controllers, Analysts and Consultants about BPM best practices.