

# How to Become the Next CFO

A practical guide for finance professionals positioning for career growth





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## The Emerging CFO Opportunity

If you're a finance professional with ambitions to move to the C-suite, your timing couldn't be better. The demand for CFOs is at an all-time high, and that upward trajectory is expected to continue in the coming years.<sup>1</sup>

A number of factors are driving this trend.

In larger organizations, much of the existing CFO population is nearing retirement age – often without a well-defined succession plan in place.<sup>2</sup> At the same time, fueled by a growing global marketplace and infusions of venture capital, many midsize companies are expanding and actively seeking the strategic financial oversight they need to stay competitive, profitable, and compliant.

With all these opportunities on the horizon, how can today's finance director or VP get ready for that next career move? What does it take to become an effective CFO? What skills do you need to develop? And just as important, how do you gain the visibility to ensure you'll be considered when that seat at the table needs to be filled?

We sought out insights from successful CFOs, executive recruiters, and industry experts to find out.

The result is this e-book, which is packed with practical advice, tips, and tools to help finance professionals gain the skills and credibility they need to become a viable CFO candidate.

<sup>1</sup>High Demand for CFOs Creates Career Opportunities, CFO, 2019.

<sup>2</sup>High Demand for CFOs Creates Career Opportunities, CFO, 2019.





**Reality Check**

# Fundamentals of the CFO Role



# Fundamentals of the CFO role

Although the responsibilities of a CFO may seem intuitive, the role is often misunderstood. While it's true that the CFO is charged with optimizing the company's financial performance – from reporting and liquidity to return on investment – the duties of this job extend well beyond that of the stereotypical bean counter.

## A high-level view of the job

Although every company is a little different, most CFO job descriptions, like [this example from Robert Half](#)<sup>3</sup>, include these fundamentals:

- » Providing leadership, direction, and management of the finance and accounting teams
- » Providing strategic recommendations to the CEO/president and executive management team
- » Managing the processes for financial forecasting and budgets, while advising and overseeing the preparation of all long-term financial planning and reporting
- » Establishing and developing relations with senior management and external partners and stakeholders
- » Reviewing all formal finance, HR, and IT procedures

Typically, **a CFO candidate needs 10 to 15 years of viable experience** to even get on a recruiter's radar – and they must have the right combination of proven financial, business, and technological skills to get the job done.

<sup>3</sup>CFO job description guide, Robert Half.



“Ten or 15 years ago, I had a very different picture of what a CFO did. I don't think most people realize that the scope of the role is as broad as it is. As CFO, you have to stay immersed in all aspects of the business. That's the only way to build a holistic picture of the health of that business, its challenges, and the opportunities.”

– Chris Arendale, CFO, SAP Concur



## 4 Common Myths About the CFO Role Debunked

1

**A CFO's main job is cutting costs.**

**Reality:** A CFO's focus is growing revenue and increasing profits. The "budget slasher" perception comes from the fact that the CFO is often the only person in the room advocating for the bottom line, thus weighing risks and costs.

3

**Being a CFO primarily involves number-crunching and spreadsheets.**

**Reality:** The CFO is a key member of the executive team. As such, they spend the bulk of their time interacting with non-finance counterparts.

2

**If you're good at finance, you'll make an excellent CFO.**

**Reality:** The job isn't just money management. It also focuses on cross-functional strategic planning, performance monitoring, and financial oversight.

4

**CFO is a 9–5 job.**

**Reality:** CFOs are on call 24-7. Issues can – and do – pop up at any moment, and include things from customer negotiations and shareholder matters to acquisition opportunities.





## The CFO Position

# Financial and Professional Skills Required

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## Finance fundamentals

Although the position has rapidly evolved from transactional to highly analytical, it still requires demonstrated hands-on experience with:

- » Budgeting
- » Capital planning
- » Cash-flow management
- » Compliance
- » Expense management
- » Forecasting
- » Financial analysis
- » Mergers and acquisitions
- » Risk management
- » Reporting
- » Strategic investing
- » Strategic planning
- » Tax strategies

At the same time, the CFO has to stay on top of regulatory compliance, changing trade agreements, and evolving international tax laws – and gauge the potential impact of each on the supply chain and overall business strategy. For even the most skilled finance professional, there's a lot to learn.



## The CFO Career Path

In addition to a master's degree and CPA license, most finance executives have previous experience as:

- » Comptroller
- » Treasury executive
- » Divisional finance VP or division CFO
- » Member of one of the "Big Four" accounting firms

Fifty-one percent of CFOs appointed in the last three years also held significant general management experience, and 43 percent had experience working internationally.<sup>4</sup>

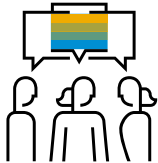
<sup>4</sup>Where Do CFOs Come From?, Russell Reynolds Associates, 2012.



# Financial and Professional Skills Required

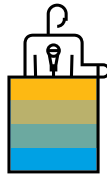
## Business fundamentals

As counterintuitive as it may sound, no one becomes a CFO based on financial knowledge alone. These business skills are just as important to the job as financial acumen:



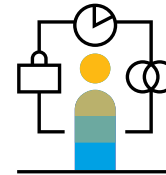
### Communication

You'll need to boil down complex financial topics into simple messages that non-finance experts can understand, without talking down to them. That's a talent that separates a CFO from all other finance executives.



### Presentation

CFOs have to present to the board of directors, investors, analysts, and when appropriate, the media. If you're camera-shy or would rather sit behind a computer screen than take the stage, start tackling this challenge now.



### Decision-making and leadership

In many meetings, everyone is waiting for the CFO to make a decision. The ability to assimilate information quickly, weigh the options, and take responsibility for the inevitable bad call are all key.



**The CFO Position**

# Technological Skills Required

## Technological Skills Required

**Today's CFOs have moved from simply using the technology they're given to becoming champions for digital change.** An article from Accenture explains this changing role:

*The CFO of the future is not a technical architect, but rather a leader in linking digital technologies to ROI – spearheading digital finance.<sup>5</sup>*

If your current technological knowledge is limited to spreadsheet software and your company's ERP, our experts recommend taking the steps on the following pages.

<sup>5</sup>[CFOs Are the New Digital Apostles](#), Accenture, 2017.





# Technological Skills Required



## 1. Fine-tune your data and analytics skills

With access to real-time data analytics and near-real-time reporting on key performance metrics, finance executives can better plan, manage allocations, and get a centralized view of the business – without the blind spots. But you have to know what you have, what you need, and what you want to see.

Consider taking a class or attending a seminar on how to use data analytics in finance, write queries, or manage databases to improve your knowledge, and potentially advance your career.



## 2. Identify where technology could improve company processes

Dissect your department's operations to identify where technology or automation could reduce steps, improve accuracy, or decrease costs for the company. Calculate the potential ROI, impacts, and process changes – both within the department as well as downstream and upstream.

It's a good way to uncover operational inefficiencies and start exploring potential solutions, their costs, and their value.





## Technological Skills Required



### 3. Stay on top of emerging technologies, trends, and developments

The ability to adopt technology in finance operations, as well as understand how it can enable other areas of the company to improve time to market, increase profitability, or support revenue growth is key for any CFO.

“We’re at the bottom of the mountain in terms of how artificial intelligence will impact departmental structures, processes, and how companies conduct business. You don’t have to learn to write code, for example, but you do need to have a thorough understanding of technological trends, process automation, and cybersecurity.” – Chris Arendale, CFO, SAP Concur



### 4. Build relationships with IT leadership

Now is the time to build a relationship with IT if you haven’t already. The more that IT leadership understands about your role and needs, the better they can work with you and recommend the right solutions.

The reality is that adaptive technologies will change what “business as usual” looks like for nearly every aspect of finance and financial management. Anyone preparing to become a CFO has to stretch beyond their accounting roots and become an advocate for technological change.





## 5 Technology Trends CFOs Should Watch

### 1

Predictive analytics and data will continue to drive business decisions.

### 3

The next generation of cloud computing will spark the explosion of connected devices and more real-time user interfaces.

### 5

Technology and flexible analysis will play greater roles in the budgeting process.

### 2

Robotics will take over more back-office operations, like accounts payable and accounts receivable.

### 4

Cybersecurity will remain a hot topic, as CFOs will increasingly become responsible for risk management.







**Self-Marketing**

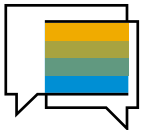
# **Gain Visibility Within Your Company and Business Community**



## Gain Visibility Within Your Company and Business Community

Even if you develop the right skill sets, advancing your career takes active self-promotion, relationship building, and industry involvement.

Here's what our experts recommend:



### Make your intentions known

No one ever made it to executive management by patiently waiting on the sidelines. Talk to your manager about your career ambitions. Ask for advice and periodically report on your progress. It's likely that your boss will even become your advocate, and give you opportunities to work on projects to further grow your skills.



### Volunteer to take on a big project

A great strategy for gaining visibility is to volunteer to solve your boss's most pressing challenge. Doing this shows the executive team that you're a problem-solver, a leader, and someone who can make a positive impact on the company. At the very least, your accomplishment will be an excellent addition to your résumé.



### Participate in industry panels and conferences

Instead of just joining finance associations, be an active participant. Volunteer to head membership or run an event. If there's an opportunity to sit on a panel at a conference or speak on a topic that showcases your expertise, don't hesitate.

## Network, Network, Network

"If you're introverted, you're going to have to work at networking, because it won't come naturally to you. But it's something that absolutely pays off. I can't count how many times I've met someone, built a relationship, and months or years later, leveraged that relationship to solve a problem, learn something new, or give a member of my staff an opportunity."

– Chris Arendale, CFO, SAP Concur



## Action Plan

# Getting from Where You Are to Where You Want to Be

## Getting from Where You Are to Where You Want to Be

Now is the time to start taking incremental steps to fill the gaps in your experience or knowledge base. Although the process takes time, the important thing is that you commit to consistently doing something every quarter that moves you closer to your ultimate career goal.

Here's a quarterly action plan template to get you started.

Goals	Action steps	Possible resources	Target date	Actual date
Finance-related goal:          (e.g., Earn CPA)	1.  2.  3.  4.   (e.g., Check the requirements for a CPA license in my state; Identify any additional coursework I need; Research online classes to complete the required coursework)	          (e.g., My boss, my neighbor who has a CPA license)		
Business-related goal:          (e.g., Improve my public speaking skills)	1.  2.  3.  4.   (e.g., Research Toastmasters and similar organizations)	          (e.g., Dale Carnegie books, Ted Talks)		



## Getting from Where You Are to Where You Want to Be

Goals	Action steps	Possible resources	Target date	Actual date
Technology-related goal:          (e.g., Get a better understanding of data and analytics)	1.  2.  3.  4.   (e.g., Begin to understand all the company's data sources and how data is collected and used)	          (e.g., Head of IT, vendor Webinars)		
Networking goal:          (e.g., Make five new external contacts)	1.  2.  3.  4.   (e.g., Attend the monthly meeting of the local finance association; Attend one seminar)	          (e.g., Recommendations from my mentor)		



## Next Steps

# The Future Is Up to You

As the role of CFO continues to expand and evolve, dedicated finance leaders will have the opportunity to move from where they are today to the C-suite. With an honest self-assessment, a strong network, and a commitment to proactively fill knowledge gaps, you can give yourself a competitive advantage in the job market when the time is right.

The future is up to you.

**For more information on SAP Concur, or to access additional resources about financial tools, technology, and best practices for managing expenses and vendor invoices, as well as other relevant topics, check out the [SAP Concur Resource Center](#).**



## Learn more at [concur.com](https://concur.com)

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