

## A foundation in accounting

To determine whether there is, indeed, a “classical” path to becoming a CFO, we thought that tracing the career paths of several top finance executives might yield valuable insights for those who aspire to more senior finance opportunities. Our reference group, by definition and necessity, are well-qualified, strong technically and have the personal qualities and ambitions that drive them to achieve. They all are “go-getters” who identify opportunities, take risks and step up to challenges.

Our first observation about this outstanding group of CFOs was the influence of an early career in the accounting profession. All but one of the 12 CFOs participating in our study began their career with a professional accounting firm, whether in Australia or overseas. The size and type of accounting firm appears less important; some of these individuals joined large, globally established firms and the others joined smaller, local accounting firms to gain broader experience. The one CFO who began his career in business later moved from that company into a professional services firm, then back to a commercial role. All considered their accounting experience invaluable for providing them with an unparalleled grounding in the technical aspects of accounting and finance.

The most common starting point within the accounting firm was in the audit practice, with most of the CFOs later moving into different practice areas within the firm. However, our second insight was that, within the professional firms, the group pursued a variety of opportunities. None “stayed put” in a single practice or geographic area. All 12 CFOs took advantage of international opportunities and accepted new or unusual roles within their firms, which gave them a tremendous variety of cultural and global exposure, and diversified their skill base.

## Managing career transitions

We also were interested in the moment at which our respondents decided to make the transition into business. Interestingly, the majority of our respondents remained with their accounting firm until they became a partner. When speaking about their path to becoming a partner, they described the absolute focus and drive that was required, the role of networking and being sponsored, and how they moved up within their organizations. Several were appointed partner at the youngest age in the firm’s history. However, having achieved their goal, some of the CFOs described feeling disenchantment with aspects of a partner’s role, including discomfort with selling and the time demands of the role.

Most of our respondents actively sought to transition their career and move into a commercial role at that point in their professional life. Many took on positions to get their foot in the door of a new organization, even when it meant taking a backward step financially. Only one of our CFO respondents moved straight from a professional firm into a full CFO role.

In most cases, however, their “can-do” attitude and willingness to take on difficult tasks quickly produced new opportunities. The right people noticed their skills. Senior-level jobs came early; several were put into quite senior positions at a young age, for which they were regarded by many of their other colleagues as somewhat green.

We also discovered that once they were moving up in business, there was no prescribed amount of time that they spent in certain roles — some stayed in roles for many years, while others moved as quickly as six months as opportunities arose. A large number of our respondents worked their way up to the CFO position through reasonably predictable steps, such as internal audit, management accounting, financial control, general management and, then, CFO. Few had undertaken a treasury role at the time they were appointed CFO, and most said they considered this a deficiency in their skill-set. However, they were quick to learn and surrounded themselves with talented individuals who could assist them in this technical area.

## The right attitude, rather than a prescribed path

Our greatest insight through our conversations with CFOs was that the career path they chose was less important in achieving success than their attitude and approach to their career. They all volunteered for international positions, accepted troubleshooting and unpopular roles, took risks, sought out positions that added to the diversity of their skill-set and showed a willingness to do whatever was asked of them. As a result, they came to be seen by others as being in the right place at the right time. When roles became available, they were given a “lucky break.” We believe, however, that they made their own luck.

### WHAT CONTRIBUTED TO CFOS’ SUCCESS?

- > Continually diversifying their skills
- > A willingness to take risks
- > Taking on extra responsibilities
- > Getting noticed
- > Being “thrown in at the deep end”
- > Dealing with difficult situations with a “can-do” attitude

We asked our respondents to describe specific lucky breaks and setbacks they experienced during their career. They typically characterised the lucky breaks as unforeseen opportunities that arose and being there to take advantage of them; the result was a string of events that shaped their careers, gave them diverse experience and stretched their skills to the next level. By contrast, most of the setbacks they described were in the form of cultural mismatches, people and leadership issues. However, they viewed even the setbacks as developmental. Each of the CFOs who had experienced perceived setbacks during their career agreed that the experience helped them grow as individuals and leaders.

Australand CFO David Craig recommended that individuals aspiring to senior-level finance positions be flexible and willing to seize opportunities. “Do the tough things and you’ll get noticed. Taking on the tough jobs can be a real making point in a career,” he said. Career setbacks, such as having to prove yourself to a new leader, also can be valuable. “These things can be a healthy thing for you. It’s like being washed off a boat into the sea — you must grab another ladder and climb on, whether onto the same boat or a different one,” he said.

“Nobody gets to the top without some sort of lucky break,” said Peter Scott, CFO of Fosters Group. “Just prepare yourself for the break to occur. Get involved in diverse and strategically important projects, work hard and be aware of opportunities as they arise.” Like Craig, Scott also viewed setbacks as important developmental opportunities. “Everyone faces challenges — I’ve had many challenges over the last 30 years. Work as hard as you can, enjoy what you do and learn from your mistakes. There have been a lot of things that have gone well for me and some that have not, and all these experiences have contributed to where I am today.”

**HOW DID THEY DEVELOP THEIR SKILLS AND KEEP UP WITH THE MARKET?**

- > The best training is on the job and you learn the most under pressure
- > Keep in touch with good people and recruit better people than yourself
- > Diversify and take risks
- > Develop your people skills
- > Participate in company leadership courses
- > Attend executive education programmes
- > Undertake cross-functional study to learn about other parts of the business
- > Read extensively

## Keeping skills current

While some of our respondents attributed a measure of their progress to formal professional and management development courses, the majority said the most effective way to continually develop skills and stay current with the market is to learn under pressure in a real-life situation. They felt that nothing can take the place of hard work, a willingness to take on difficult tasks and risks, and surrounding yourself with good people, including informal role models or talented finance colleagues and direct reports.

Among external executive education programmes, the Harvard Advanced Management Programme was singled out by five of 12 respondents. Others said they kept up to date by taking professional courses in technical areas and emerging topics, including corporate governance and audit. All of the individuals who had the benefit of such training said the combination of formal courses with the opportunity to perform new roles helped diversify their experience.

“I have been very fortunate. I have had terrific experiential training, lots of types of jobs, from which I moved on about every two years,” said Coles Myer CFO Fraser MacKenzie. “The companies I have worked for have been fabulous at training. Pfizer and Smith Kline Beecham, which I joined as an accountant, had strong, continuous programmes of management development, more focused on business and leadership than technical training.”

Scott attributed his professional development to undertaking alternative experiences, such as sitting on a board of directors or teaching a university course. “Sitting on a board and being on the other side of the table gives you a totally different perspective, and I found this extremely useful in my career development,” he said.

Roger Burrows, CFO of Lend Lease Corporation, singled out presentation training as being critical to his development as CFO. “After having been exposed to investor relations work for the first time, I did a lot of work on presentations, including one-on-one coaching on how to prepare and present a speech. Now it’s one of my strengths, and I really enjoy it.”

Anne Matthews Bell, regional finance director of Asia Pacific for Astra Zeneca based in Singapore, said extensive reading has been a critical factor in shaping her career. “I’ve done the standard professional development courses, but nothing stands out in particular. On the other hand, I have always read extensively, professionally, of course, but heavily weighted to leadership, history and biographies. It’s amazing what you can learn by reading about how other people have faced and overcome huge problems. I have found this extremely helpful in formulating my own plans and expectations,” she said.

## Developing a leadership style

As part of our study of CFO career paths, we also wanted to know in what ways CFOs have had to adapt their leadership styles during their careers. Not surprisingly, our respondents had experienced a wide range of leadership issues as they progressed through their careers to date. Throughout their careers, they have had to change their natural leadership approach in some way to be successful in new environments.

Typically, the differences in style were most stark when roles placed them in unfamiliar cultural or geographic situations, new economic environments or in charge of a different sized team. “The leadership style in the United States is different than in Australia and Asia, and you have to adapt to the different styles,” said Perpetual Trustees CFO John Nesbitt. Allison Smith, commercial and planning director of Nike Pacific, added that the style of leadership in a company often is set by the CEO, and that it is important for the CFO to understand that style and be able to work within the system.

Working in a regional or global CFO role that must lead from a distance also presents unique challenges. “Being part of a global network means that you have to lead, influence and persuade, rather than command. Getting things done can’t always be a difficult transaction,”

said Guy Cowan, CFO of Fonterra Cooperative Group. As a regional finance director, Bell believes that it is critical to have the ability to build relationships and influence others without working face-to-face with colleagues and direct reports. This is done by engaging support through channels such as e-mail and phone calls and communicating regularly. “You have to adapt and motivate people when they are not working directly with you every day,” she said.

Australian Paper CFO Tony Schoer stressed the importance of managing both up and down as a CFO. “I suddenly found myself interacting at board and stakeholder levels. I had to adapt my leadership style accordingly and manage both up and down well to make changes and gain respect,” he said.

Managing down requires that the CFO bring the team along by sharing the reasons behind decisions and new approaches. It also may require the CFO to pull back on personal relationships with finance team members. “When I became CFO, I had to be slightly more remote to maintain a balance between leading and maintaining relationships,” one of our respondents said.

SingTel Optus CFO Pat O’Sullivan stressed the importance of leading by example. “In one of my roles, I had to make some people redundant, and there was always the sense that people thought, ‘What does this guy know that we don’t know?’ One night, I had a few of my team members a couple of levels down who were struggling with some work. I told them to go home and I did the work for them. I demonstrated to them that I could do the detailed work, and it also meant that they didn’t spend the whole night doing it themselves. It was a win-win situation. After that, they all accepted that I knew what I was doing.”

Despite adapting leadership approaches and having to be flexible in dealing with people, CFOs recognised that they were expected to achieve results, sometimes requiring them to be ruthless in striving for certain outcomes. However, by and large, the CFOs participating in our study said they achieved the best results by being themselves and standing up for things they believe.

“Over the years, I have looked at role models, usually within my current organization, to try to find someone with the qualities that I wasn’t strong in. Ultimately, I have adapted to be myself. You can’t be all things to all people. If you act with honesty and integrity, treat people well and don’t try to be someone you aren’t, then you will be a successful leader,” Coles Myer’s MacKenzie said.

## Balancing the executive team member role

In light of all the legislative and corporate governance pressures on companies today, we were interested to know what conflicts, if any, had arisen for our CFOs in their role as an executive team member. The majority recognised that, as CFO, their role was to oversee the financial aspects of the company, but also to help the business divisions understand the numbers and

manage their businesses in the context of corporate governance and compliance requirements. Most saw a healthy conflict between the corporate centre and the business divisions, and highlighted the importance of their relationship with the board and shareholders — one that is slightly different than those of the other members of the executive team.

“While the executive team contributes to the overall performance of the company, my role as CFO is gatekeeper, the scorecard keeper and the ethical watch dog,” Smith said. “You aren’t necessarily seen as the person coming up with the bright strategic ideas or delivering good news all the time. The CFO role is a challenging position and needs to be balanced in the right manner.” Scott added: “The biggest challenge with being CFO among the executive team is trying to help drive performance. You must be credible and make operating decisions. You need enough commercial and business experience to allow you to have a credible voice.”

Another CFO echoed this point, commenting that one of his major challenges was convincing his colleagues that he understood their business. “I have sat in many strategic meetings in my day and I had to quickly get over my fear of asking stupid questions among my colleagues,” he said. “There are just a few people in the company who have a full and comprehensive understanding of our global business. Many of our businesses are wide, with huge market capitalisations. The CFO must help them understand what underlies the numbers and, when handling all the information, he or she must be able to prioritise what should be done next.”

One of Nesbitt’s challenges was to balance the need to work as a team with other members of management, while still taking ownership of the financials. He regards the executive team as business partners and views his role as helping them solve their business problems. “You have to build real relationships with the other executives and don’t tolerate bullying of people around the business. Act as a team. This puts real pressure on the finance function, so you must have the right people in the finance roles. Challenge the business units in a beneficial way,” he said.

## The importance of mentoring and coaching

We also were interested to know how big of a role coaching and mentoring had played in helping the CFOs we interviewed get to where they are today. Most of our respondents agreed that mentoring and coaching are critical, but pointed out that they themselves received active mentoring only in their early careers. Most felt that informal mentoring systems are the most effective and sustainable, and said that they are now actively involved in coaching and mentoring others.

“Mentoring is useful, and, for me, informal mentoring can be just as effective. The most influential mentors for me weren’t chosen, they just happened,” said Nicholas Freeman, CFO of General Mills Australia. “In a natural mentoring relationship, the person being mentored is more likely to be honest about their shortcomings and ask for help.”

Bell added: “I hadn’t been the subject of much coaching before starting with Astra Zeneca, but I am an ardent believer in it. At Astra Zeneca, we have well-defined policies around mentoring, coaching and professional development, so there is clarity around what should be done. However, it is not a formal situation; rather, it is encouraged that you help others. I am passionate about seeing people from different cultures succeed.”

Most of the CFOs said individuals must identify their own role models, seek their advice frequently and surround themselves with talented and motivated people. They also recommend turning to an external person for career advice and to act as a sounding board. Many had long-term associations with an executive search firm or consultant with whom they were able to discuss career options, gain advice about people issues or assist with recruiting for and managing their own finance teams.

“I have four mentors — and they probably would not even know that they are my mentors! One is a former boss, two are peers and one, a subordinate. They all gave me good advice along the way, and some still do. I used them very much as a sounding board to get their views on whether ideas I was considering were good or bad,” O’Sullivan said. Nesbitt agreed, adding: “When you are in an awkward situation, having a mentor with whom you can discuss challenges gives you an edge. You can work through the issues and gain confidence. At Lend Lease, it was part of the culture. Hunt down those individuals you want to work with, especially the people who can make things happen. Also, coach yourself about what’s important to others and what you need to do to make them successful.”

Mentoring is particularly important for individuals starting out in their career, Scott said. “As a young professional, you must identify someone you want to emulate, being cognizant of different styles of leadership. Decide what you are like,” he said.

## Personal interests which contributed to career choices

We also wondered in what ways their careers support the CFOs’ ability to pursue personal interests. One long-held interest for many of the respondents — travelling and a desire to explore new cultures — fits in well with a career in finance, many said. “From when I was a small child, I was fascinated by other countries, particularly in Asia. Now, my goal is to work out how to adapt to different regional cultures in order to get results within those environments,” Bell said. Cowan had similar influences. He was brought up learning three languages and had three passports, contributing to his love of travel. “In business, I always had an interest in managing people and teams cross-culturally,” he said.

Another common interest was the desire to gain commercial experience, rather than just “being an accountant.” Echoing the comments of many of the CFOs, Shoer said, “I knew from an early age that, to be successful, I would need to gain some good operational and commercial experience.”

Finally, family considerations were of paramount importance in making career decisions, our respondents said. All agreed that, while their career often was put on a pedestal, they would not accept positions that did not suit the family's aspirations or circumstances.

## A “perfect” career path to becoming CFO?

Not surprisingly, our respondents concluded that there is no perfect career path to becoming a CFO. While acknowledging differences in the skill-sets required for a public company CFO versus a private company CFO, the majority of our respondents rated strong technical knowledge, strategic orientation, good management and a breadth of experience in business and finance issues as the key factors in achieving success as a CFO. Taking risks, working with good people and being willing to do whatever is required produce new opportunities and “lucky breaks.” Gaining experience in different industries, companies and ways of doing things, and being exposed to operating successes and failures also produced more well-rounded finance executives.

“The core training must include finance training. Beyond that, get as broad a range of business skills as you can, and develop them as much as possible,” Craig said. “Grab the opportunities. A good CFO has not just done finance. In a big public company, the CFO also needs to be somewhat of a salesman. In many ways, the CFO skill-set is one of the most transferable of all skill-sets to other industries because most businesses are facing the same problems.”

Most of the individuals we spoke with said they overcame gaps in their experience by ensuring that they had strong technical support on their team and by seeking out allies and mentors in the organization who could act as guides and sounding boards. “The days of the hard-hitting numbers guy are long gone. You must have the basic accounting and technical skills, but also a breadth of commercial knowledge is important. You must make sure you have the right people and have leadership, managerial experience and good common sense. With the team, it's all in the way you motivate and energize them. In any business role, if you have good people, then it's pretty straightforward,” MacKenzie said.

So, what would our CFOs look for in their own replacements? The CFOs of large, publicly listed companies were more likely to identify personal qualities, rather than specific technical skills, as the most important ingredients for their successors. Intellectual capacity, energy and values such as honesty and integrity were considered highly important characteristics for effective finance leaders.

“Also important is the ability to recruit good people and build them into effective teams,” said MacKenzie. “You must have presence, a passion for excellence and be able to lead people to achieve challenging goals.” Added Cowan: “I would look at their level of experience and what they have accomplished in their career to date. I would look for decisiveness and the ability to think quickly and clearly. They have to be a leader and be able to demonstrate courage. They must have an appreciation of commerciality and risk, and the linkage between the two.

They must have an ability to coach and possess a broad and mature perspective about nurturing people who may be better than themselves.”

To aspiring CFOs, our respondents advised approaching each position they have with passion and a desire to learn all they can about the business. “Figure out how you can make a difference and focus on those areas. It’s not enough to produce good numbers. You have to distinguish yourself by talking about the wider issues and the challenges facing the business,” said Bell. Added Schoer: “Really know the business. The only way that you can convince people to make changes is by looking at the numbers and interpreting them to help grow and improve the business.”

Most of our respondents also highlighted the importance to their careers of continually diversifying skills and building a broad foundation of skills and experience, and not having too narrow a focus. Flexibility in taking on tasks was another contributing factor to the development of their careers. They took on roles that established their reputations as “can-do” people. “Be flexible on the way through. If things don’t work out, don’t let it distract you from your goals. And don’t be too impatient to get there!” Burrows said. Another CFO advised: “Take on more work and get exposure to senior management, but don’t be political. Look for more responsibility — make the person ahead of you redundant.”

All of the respondents said reaching the CFO role requires courage, integrity, honesty and basic hard work. Said Cowan: “Have the courage of your convictions. Always stand up for yourself and state your views clearly. Never compromise on integrity. Be very consistent and operate in a totally principled way.” Nesbitt reinforced that notion, saying: “Have a view on what you want, and drive toward it. Be politically aware, but not political. Maintain transparency; that means no secrets and deal with all issues.”

### **CARPE DIEM: A CHECKLIST FOR THE ASPIRING CFO**

- > Obtain professional accounting training to gain a foundation in the basics
- > Take on difficult tasks with a “can-do” attitude
- > Gain a diversity and breadth of experience
- > Identify mentors and coaches; and go out of your way to learn from others
- > Take advantage of opportunities and be flexible
- > Recruit a fantastic team around you and mentor and coach others
- > Know yourself and always maintain strong personal values, in particular, honesty and integrity
- > Enjoy the journey along the way

## Where to go from here

Despite the ongoing debate about how prepared CFOs are to move into a CEO role, surprisingly few of our respondents expressed an aspiration to undertake the top job. Many said that, while they would like to think that they had the capacity to perform as CEO, they were comfortable with their career path in finance. All of the CFOs we interviewed said they continued to be invigorated by the level of challenges in their current roles and felt they had a lot left to achieve. A few felt that they had not yet made their mark.

In addition, most of our respondents hoped to one day become a non-executive director and felt that they could make a significant contribution to boards. Their finance background and experience working with the audit committee, they believe, has provided valuable expertise in the context of the legislative and corporate governance demands being placed on companies in the current commercial environment.

### WHERE DO THEY SEE THEMSELVES NEXT?

- > Staying put
- > Possible CEO role
- > CFO role at a larger organisation
- > A regional or global role
- > General management position
- > Non-executive directorship
- > Something completely different (e.g., a nonprofit organisation)

## Conclusion

When embarking on this study of CFO careers, we hoped and expected that our research might reveal a series of common steps that aspiring CFOs could take to reach the top. What we discovered, however, is that there is no precise road map to follow to reach the CFO's office today. Instead, our research indicates that, combined with a superior grounding in accounting and finance, qualities such as personal drive and a willingness to accept unpopular and difficult assignments that build skills and provide exposure to new aspects of the business are key to the success of finance executives. Tapping the experience and wisdom of mentors and coaches and recruiting exceptional team members also are critical to success.

The role of the CFO only will become more complex, as the demands of intense global competition and governance reform place new responsibilities and pressure on the senior finance officer. But by following the example of these 12 CFOs — by working hard, seizing opportunities, taking on difficult tasks and gaining a breadth of business and finance experience — individuals who aspire to the top job will be well prepared to step into the CFO role.