

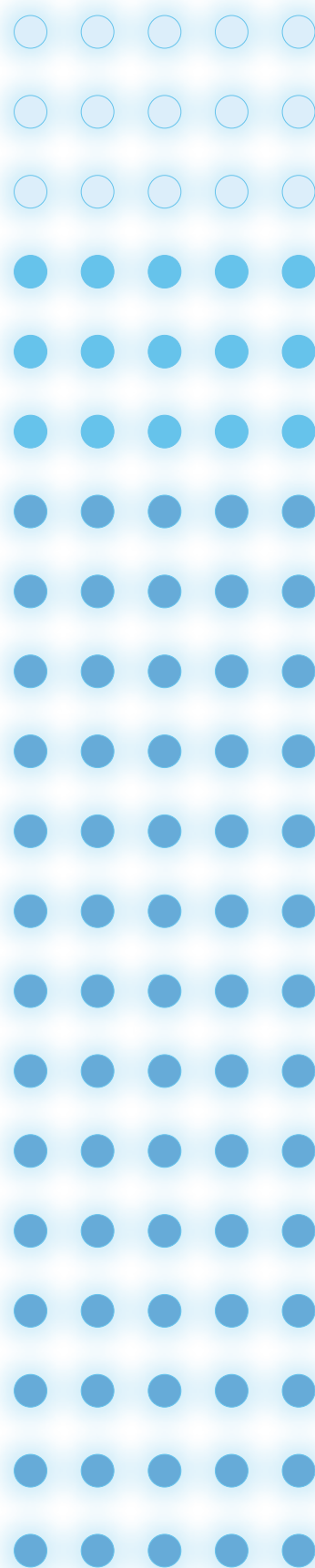
FIRST 100 DAYS

by **Suzzane Wood**

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The first 100 days of any job are tough, but for top-level CFOs, the challenges are particularly acute. CEO tenure shrinks each year: in 2007 the average job span for CEOs in the Fortune 100 was six years, in the FTSE 100 it was just 4.8 years¹.

¹ *Route to the Top: a Transatlantic Comparison of Top Business Leaders*,
Dr Elisabeth Marx, Heidrick & Struggles, London, 2008



A similar trend is evident within the CFO community. 40% of CFOs will leave with eighteen months of taking up their position and many of these individuals will have been set up to fail within fifteen days of their appointment².

Today's CFOs carry a huge burden not just in terms of compliance – where failure can place the entire business in jeopardy – but also with performance management. CFOs must grasp the parameters of a new role immediately. Anything less can create serious doubts in the minds of fellow board members, staff and shareholders; doubts that can be impossible to shake off over time.

So, what are the particular challenges facing the CFO? Using research from the CFO Executive Board we found that two-thirds of CFOs believed that unrealistic expectations and the Corporate Governance burden posed the key reasons for failure (figure 1).

figure 1

How do new CFOs perceive the challenges they face?

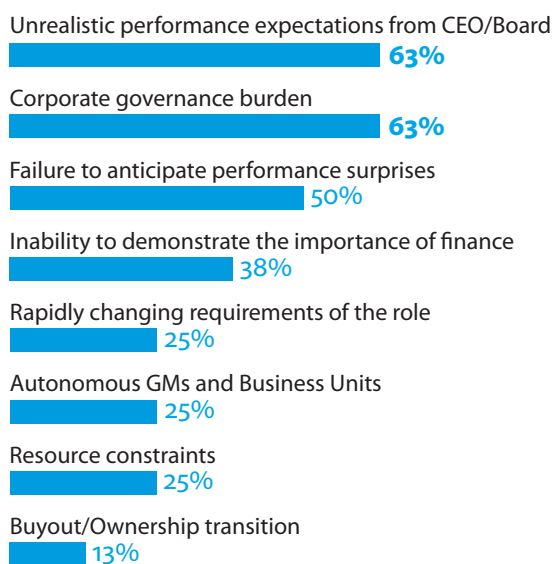


figure 2

Does a CFO orientation programme exist in your company?



It is also the case that only one in ten companies will deliver a complete onboarding programme for the CFO³ (figure 2). This means as the candidate, you will need to get to know the CEO and the company by yourself. Any piece of information which helps you understand the behaviour and habits of the CEO will help. I know one CFO who asked his CEO to describe what they are like when they are angry. Others watch webcasts and compile a file of press clippings. You are looking for anything that can help you understand how to establish a good working relationship straight away.

It is a familiar piece of advice but worth repeating – use the time before your arrival to ask lots and lots of questions. Meet as many people as you can to test the strategic direction of the organisation you are joining. If you cannot see how they plan to execute the strategy they keep referring to, then at least you know what you are going to be up against before you arrive.

It is wise to make a mental transition to the new business during a notice period – this means the first day will be less of a shock. It is worth noting that many experienced CFOs tend to avoid a formal handover period; avoiding any potential ‘contamination’ of their approach.

² CFO Executive Board, survey of 519 Chief Financial Officers, June 2007

³ CFO Executive Board, survey of 519 Chief Financial Officers, June 2007

Inside any plan for the first 100 days there should be a clear path through the first 30 days. If there is a honeymoon period at all – and there might not be – it probably will not last beyond the first month. That first month is all about eyes and ears, about using the due diligence you have built up before joining the firm to test your assumptions and confirm what your next actions should be.

A key task is to assess the finance function team both in terms of its processes and the senior reports. Experienced CFOs always make changes to their teams quickly. They know they need people they can trust if they are going to deliver their own vision for the finance function. We often see CFOs bring in former colleagues who understand their mindset.

You must also show a firm grip on the operational side of the business. It is easier to develop a partnership with the CEO if you use your initiative and go out to operating sites and spend time with customers in your first couple of weeks.

As a new CFO you will typically have at least 25% less face-to-face time with your CEO⁴ and when you do spend time together, research shows that little of that will be spent discussing strategy and performance. Only by quickly showing how deeply you understand the business and its key drivers will you move out of the process-driven arena and start to make more meaningful contributions to strategic debates. While the chairman might expect you to balance out and even challenge the CEO, it is crucial that you do not undermine them.

The truth is that many CFOs struggle to make an impact outside finance. 31% of executive vice-presidents surveyed by Deloitte Consulting⁵ thought

the CFO was 'effective' or 'very effective' at driving operations strategy – the rest were neutral at best. This response may be due in part to the fact that so few CFOs prioritise time with general managers (just 34% of CFOs placed it in their top three time commitments)⁶.

As a rough guide you should spend about a third of your time with your direct reports; a third with general managers in the business; and a third with the board. That balance should offer the best opportunities to shape your functional effectiveness, your knowledge of the business and your relationships with your peers. The complication is that you also need to spend time with investors: a new CFO must win over the markets and you are likely to need to spend 60% more time meeting potential and current shareholders as a new CFO than as someone who is established in the post.

The first 100 days will be over before you know it. To help ensure maximum effectiveness we advise engaging an executive coach to help guide you. This individual will help you establish timelines and clear goals; with all the new information and relationships you will be tackling, it pays to have someone neutral to turn to, outside of the company.

This approach to the first 100 days should help you secure broad exposure to the business, persuading all your observers that you really can make a difference, and live up to the expectations placed upon you. By the end of the first 100 days, you need to have communicated your credibility, your vision, and your understanding of the business. Do all of this and you have the chance of swimming against the current trend of short CFO tenure. ■

⁴ *CFO Executive Board*, survey of 519 Chief Financial Officers, June 2007

⁵ *Empowering the CFO*, Deloitte Consulting, 7 March 2003

⁶ *Business Leadership Forum: 2004 Personal Effectiveness Survey*

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