

## ARTICLE

# First-time CFO guide: Advice from US CFOs

As part of our global series of CFO conversations, we spoke to nine current and former chief financial officers across the United States to ask for their advice to the next generation on what it takes to succeed in the role.



Seventy-two percent of current Fortune 100 CFOs were appointed to their current roles as first-time CFOs. That can be daunting under normal circumstances but is especially so as the expectations and requirements of the job are evolving.

Becoming a chief financial officer is more than just climbing to the next rung on the career ladder. The role represents a step change—one that comes with a steep learning curve, especially in today's uncertain environment.

Over the past several years, the CFO role has been shifting from the "chief of budgets" to the right hand of the CEO. While some traditional requirements of the CFO profile remain foundational to being successful in the role today—including financial planning and analysis and an understanding of capital markets and investor relations—some newer skill sets are also becoming table stakes for the current and next generation of CFOs. Those include understanding technological advancements; environmental, social, and governance (ESG) expectations; volatility in the economic and fiscal environment; regulatory changes; and an accelerating pace of change—all of which are contributing to this shift.

This shift is also happening at a time when the vast majority of CFOs are new to the job: 72% of current Fortune 100 CFOs were appointed to their current roles as first-time CFOs, with no prior CFO experience.<sup>1</sup> That can be daunting under normal circumstances but is especially so as the expectations and requirements of the job are evolving.

We spoke with 63 current and former CFOs across companies of different sizes and sectors and across geographies to understand how new and potential future CFOs should prepare for the job and what some of the essential factors for success are today. Following are the key themes from the interviews conducted in the United States.

---

## Laying the groundwork: Considerations before taking the job

People who are interested in becoming a CFO should lay some essential groundwork early in their careers. "Look for complexity early in your career, as the CFO role will require cutting through complexity," suggested one current CFO. Aspiring CFOs should also be intentional about bolstering their skill set and track record to set them up for the CFO role. "Consider the main blocks a CFO oversees and make sure you have an understanding of each," said one current CFO. Another recommended going even further: "I encourage people who are either at the one-yard line of being a CFO or early in their career to take roles outside finance to build up other business muscles and skills." For example, "I did a rotation in investor relations that was really valuable," said one CFO. "This experience gives you credibility internally and externally, and you gain a deep appreciation for how investors view a business and value."

Later on, when considering actually taking the job, future CFOs should consider the trade-offs and sacrifices they're willing to make and ensure they really want the role and all it entails today. That requires truly understanding what's going to be involved and what the CEO's specific expectations are. Current CFOs recommended talking to the CEO outside the interview process, if possible, to get an even crisper view of the scope of the role as the CEO sees it and what they expect of the relationship. "Sit down with the CEO and ask what else you can do for them beyond just closing the books, keeping the house clean, and making sure they never run out of cash," one CFO recommended.

<sup>1</sup> Heidrick & Struggles' analysis of Fortune 100 companies, 2023.

## Seven factors that contribute to a CFO's success today

Once in the role, current CFOs point to seven critical factors that contribute to a CFO's success. These are a mix of evergreen and emerging areas where CFOs can have a real impact.

### 1. Understanding the business in depth

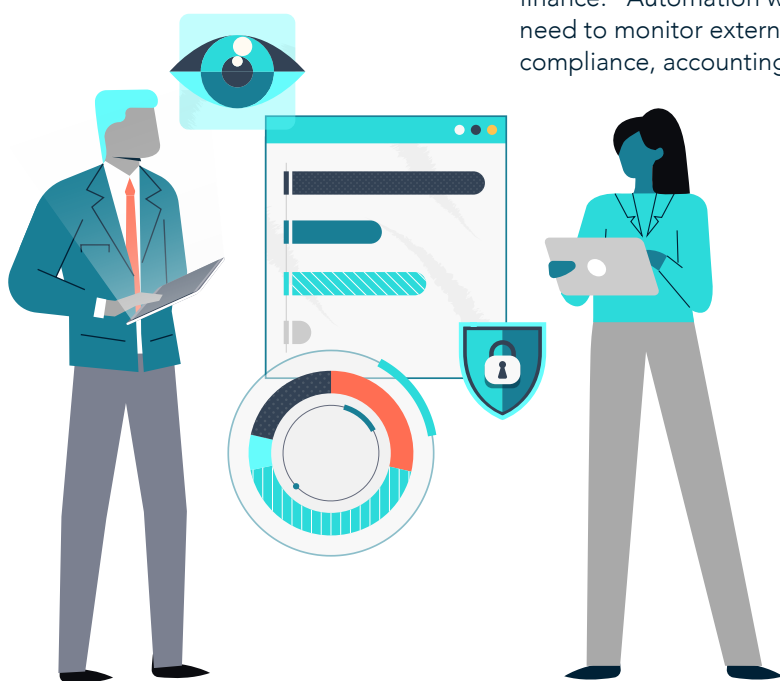
"Nothing touches everything in the organization in the way the finance department does—from what people get paid to strategic decisions," said one current CFO. Because of that, successful CFOs really understand the business—not just its finances—and ask a lot of questions. "It's critical to have intellectual curiosity and be willing to learn and ask questions," said one CFO. "You're not expected to be the expert in all facets of the business, but you should be a partner who's willing to lean in and learn and knows when to ask for more information."

Industry experience can only help, according to current CFOs. "As the CFO, you're evaluating the likelihood of projects and initiatives coming in on time and on budget and what the opportunities are worth. Being able to understand some of the inherent risks or the residual risk is super important, so it really helps to have more granular knowledge of the subject matter." But current CFOs were also careful to note that lack of industry experience shouldn't preclude anyone from the opportunity—as long as they're willing to ask questions and learn.

### 2. Understanding the impact and potential of technology

All businesses are adapting as technological advancements challenge the ways leaders operate and think. Because digitization and cybersecurity are so central to what companies now do—and they're investing so much in them—they're necessarily an important part of the CFO role. There's also, as one CFO pointed out, a potentially significant cost to getting this wrong. "I don't think a CFO can avoid diving in," another current CFO told us. "I've gone to the extent of finding a consultant who helps me stay up to speed with the evolving needs of companies in this regard so that when I'm working with my chief information officer, I'm not unarmed by my lack of a tech background."

In particular, current CFOs note that there's a lot of momentum around productivity and using data-driven analysis to make better decisions. "To make timely, good decisions, you need the data," one CFO said. Another went on, "That is a big piece of my role: driving that transformation within finance." Automation will also increasingly affect the CFO's job: "CFOs will need to monitor external tools and provide insights, in addition to rudimentary compliance, accounting, and investor relations functions," said one CFO.



### 3. Nurturing strong relationships with the CEO, board, and executive team

CFOs need to have strong relationships with the CEO, executive committee, and the board, as well as across the whole business.

To build these relationships, a few qualities are key, among them clarity, honesty, and transparency. “Have a command of the data,” said one CFO. “Be transparent and clear and go the extra mile in terms of making the board comfortable—never surprise the board.” Sometimes transparency requires a little courage, especially when a CFO has news that will come as a surprise or is difficult. In these instances, current CFOs recommend being constructive and solution-oriented. Ask, “What can we do about this?” Current CFOs also drive home the importance of just simply being likeable. “Your opinion matters to the extent that other people are willing to listen to it,” said one current CFO. “So being likeable is an important factor for if you’ll be able to influence people and achieve your goals.”

The relationship with the CEO is especially crucial. “With the CEO, be a valuable expander,” said one CFO. “Show that you can roll up your sleeves and you’re not just snorkeling at a high level.” This means having foresight and thinking more strategically than CFOs may have done in the past. “A lot of what the CFO does is help guide the company through challenging times,” one CFO noted, “including the recent interconnected volatilities around commodity prices, interest rates, inflation, and supply chain.” These challenges are giving CFOs a higher profile and putting them closer than ever to CEOs, making a strong relationship paramount.

As for the board, current CFOs recommend getting off on the right foot by identifying the board members who are more financially oriented and reaching out to them ahead of the first meeting. “Make sure you cover the topics that they think should be front and center,” said one current CFO.

And, for all relationships across the organization, current CFOs note the importance of simply making time for people and listening well. As the finance function touches every aspect of business, the CFO should build their relationships with their colleagues in the executive teams and the heads of functions and divisions. In particular, they recommend keeping in mind that different people have different preferred engagement methods. Try to meet them where they are most comfortable.

### 4. Building high-performing teams

CFOs will want to build teams that complement their strengths and weaknesses. “You don’t need to be the person who knows everything. You need to be the person who leads a really good team,” said one current CFO. From there, consider anyone’s success the success of the team: “If you don’t care about who gets the credit, a lot can be accomplished.”

Current CFOs recommend developing people internally but also bringing in external talent as needed with a goal of keeping ideas fresh and ensuring the company is benchmarking with the market. “Be thoughtful about the expertise and experience you bring into the company, building your team so it can survive the test of time as technologies continue to roll out,” said one CFO. “The people you bring in need to be flexible and able to reinvent themselves.” And when someone on the team isn’t the right fit, move quickly to get the right team in place. “These can be difficult decisions, but ultimately you’re the head coach.”

“A lot of what the CFO does is help guide the company through challenging times, including the recent interconnected volatilities around commodity prices, interest rates, inflation, and supply chain.”

## 5. Embracing and owning ESG

ESG has increasingly become a crucial part of the CFO role. “It used to be more of a communications issue, but now it’s cost of and access to capital issue,” said one CFO. As such, “The CFO has to be a leader on the ESG evolution within the company.”

Current US CFOs expect that CFOs of the future are going to be called upon even more when it comes to carbon compliance and reporting. “There are two elements of ESG: one is driving the programs and the second is driving the reporting and the metrics. At a minimum, the CFO needs to be front and center for the second,” said one CFO. The requirements around reporting are increasingly stringent. “The commentary around greenwashing is raising the bar for organizations in terms of reporting efficacy and the diligence around their metrics,” said one CFO. There are also new risks, particularly as the requirements continue to shift, making it critical for the CFO to be involved. “As SEC reporting rules are continuing to change, you just can’t outsource something that important,” said one current CFO. “But you also can’t be the subject matter expert in it. So, like everything else, it’s about building the right team.”

Indeed, current CFOs stress the importance of ESG data and holding it to the same or similar standards as the data they’ve historically reported on. “It falls to the CFO to set the plumbing for this reporting, as it can be seen as an extension of the plumbing setup for reporting cadences around financial and operating metrics,” said one CFO.

## 6. Establishing a support network

CFOs will want to find the mentors and coaches who can help support them and act as a sounding board. “If you don’t have access to the right people, it’s an overwhelming job,” said one current CFO. “You need people you can call who can help you cut through and get to a decision.”

Current and former CFOs are a particularly good resource. “You’ll be surprised at how similar the challenges are that all CFOs face,” said one current CFO. “Meet other CFOs, both in and outside your industry, and share notes on challenges, what works, what doesn’t, what the CEO wants, what the board wants. You can make each other better and your lives easier.”

## 7. Mastering stakeholder management

Managing stakeholders, and in particular working with investors, is a big part of the CFO job. One newer element of managing investors is tracking and communicating ESG efforts. “ESG has become more and more important to our investors, so the CFO needs to drive a lot of it,” said one current CFO. This only underscores the importance of the CFO being fluent in the ESG data.

More generally, in managing diverse groups of stakeholders, storytelling and communication skills are key. As one current CFO put it, “the most underappreciated part of a CFO role is you’re also a salesperson for the company.” Another went on: “Investors want long numbers and a short story. If you can deliver on what you say you’re going to deliver on, you don’t need to say that much.” Here again, it is important for CFOs today to have a grasp on the data, filtering it to present it in a way that people will understand and that will spur action.

As the world changes, CFOs’ remits are widening. It’s not entirely new. “The type of core functionality you need isn’t necessarily changing,” noted one current CFO. But some of the supporting elements for the core are expanding and changing. It’s an exciting time for current and upcoming CFOs, who have an opportunity to not just own the budgets but to be a leader in other areas, such as ESG and technology, that are increasingly central to the business’s overall health and success.

“If you don’t have access to the right people, it’s an overwhelming job. You need people you can call who can help you cut through and get to a decision.”

## A CFO's first 90 days in the role

Current CFOs point to a few critical focus areas for incoming CFOs in their first 90 days.

**Listen:** Before taking action, CFOs must take time to listen—listen to their team, listen to the executive team, listen to their board, investors and customers. The first 90 days require a lot of information gathering. From there, CFOs can build a plan and begin to execute.

**Figure out the vision and investment thesis of the company:** Part of what CFOs should be listening for in their early days is the vision and investment thesis of the company. “Get a true understanding of the deep strategy and the financial drivers to pull in order to execute on that mission. Then, build your systems, tools, and talent around those drivers,” said one current CFO. To determine the long-term vision for the company, current CFOs recommend casting a wide net: “Talk to the key players like the chief product officer, the engineering team and the chief technology officer. You have to go deep in the company to really understand the business.”

**Identify blind spots:** No matter how thoroughly an incoming CFO prepares for the role, there's a limit to what they can learn before they actually step in the door—especially in terms of what the company's big challenges are. One CFO explained: “I think the first thing you need to ask yourself is whether you can guide the business, if you understand your product and its road maps or the street expectations about the rollout and the internal incentives to launch the product on time. That was critical for me to be exposed to because I didn't know all that.” New CFOs need to commit to figuring out where the mismatch is between goals and resources.

**Extract yourself from delivery:** Many new CFOs will be surprised at how hard it can be to not get consumed in the delivery of a strategy, but it's critical to their success. “You are an orchestrator and quality control person, but you probably need 50% of your time to independently assess and formulate strategy,” said one current CFO.

## About the author

### Alyse Bodine

is the global managing partner of the Financial Officers Practice and the regional managing partner of the Corporate Officers Practice for the Americas; she is based in Heidrick & Struggles' Philadelphia office.

[abodine@heidrick.com](mailto:abodine@heidrick.com)

## Acknowledgments

The author wishes to thank the following executives for sharing their insights. Their views are personal and do not necessarily represent those of the companies they are affiliated with.

### Bill Blackledge

CFO  
Cytovale

### Eric Branderiz

Former CFO  
Enphase

### Frank Burkhartsmeier

CFO  
NWN Holdings

### Rob Habura

Former CFO  
Alliance Laundry Systems

### Patrick Hallinan

CFO  
Stanley Black & Decker

### Lori Koch

CFO  
DuPont

### Sudhanshu Priyadarshi

CFO  
Keurig Dr Pepper

### Manavendra Sial

CFO  
Fluence Energy

### Patrick Weinberg

CFO  
ILC Dover

The author would also like to thank the following Heidrick & Struggles colleagues for their contributions to the article: Sam John, Henry Bartlett, Clayton Sears, Jill Blackburn, Jessica Gentile, and Ian Doty.

# Financial Officers Practice

**Heidrick & Struggles' Financial Officers Practice helps clients navigate an increasingly complex and competitive talent landscape to build great finance teams and position them for success within the organization and the marketplace.**

Our practice experts around the globe have been at the forefront of the trends that shape this critical function for nearly two decades. We have an astute understanding of the complex demands and multiple roles that today's senior financial officers must possess and what boards and CEOs need from their finance leaders.

Our CFO executive search team focuses on C-level leadership, and our expertise spans all core areas of finance leadership: corporate and divisional CFO, full finance team build-outs, controllership and accounting, audit, treasury, tax, corporate development, M&A, risk management, investor relations, financial planning and analysis, and shared services.

## Leaders of Heidrick & Struggles' Financial Officers Practice

### Global

Alyse Bodine  
Philadelphia  
abodine@heidrick.com

### Americas

Alyse Bodine  
Philadelphia  
abodine@heidrick.com

### Asia Pacific

Christoffer Black  
Tokyo  
cblack@heidrick.com

### Europe & Africa

Susie Clements  
London  
sclements@heidrick.com

WE HELP OUR CLIENTS CHANGE THE WORLD,  
ONE LEADERSHIP TEAM AT A TIME®

Copyright © 2023 Heidrick & Struggles International, Inc.  
All rights reserved. Reproduction without permission is  
prohibited. Trademarks and logos are copyrights of their  
respective owners.