

How do you make the leap from CFO to CEO?

TIMES THREE

CRAIG RICHARDSON • AILEEN CULL • MICHAEL KEEVY

Stepping up

Being good with numbers isn't enough to make the jump to CEO. For a start, you'll need commercial acumen and strong people skills. Cameron Cooper reports.

YOU ARE A CFO and can see yourself taking on the top job of CEO. It is a scenario that is becoming increasingly common. In July the CFO of German engineering giant Siemens, Joe Kaeser, took over as CEO after a series of profit warnings saw the chief executive, Peter Loescher, dumped.

Kaeser has spent 33 years with the company and his experience means some view the change favourably. Others aren't so sure. A similar event took place recently at Duke Energy in the US, where the CFO became president. Closer to home, a survey of Australian ASX 100 companies revealed that 16 per cent of CEOs were formerly CFOs.

But is taking over as CEO a simple and natural transition for those with financial acumen? Or are there other things you need to know about positioning yourself for the biggest role in the company?

INTHEBLACK speaks to three experts who have seen these transitions at close range, or done it themselves, to gain their insights on taking the big leap.

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Early in his business career, Craig Richardson knew he wanted to be a CEO and others encouraged him to pursue the goal. So he set about preparing for it by taking general manager jobs, getting into the right head space for leadership positions and improving his technical and soft skills. “Really, everything I did in the five years leading up to that was trying to gain as much experience as a CEO-designate as you could,” Richardson says.

The preparation paid off and he successfully transitioned to high-profile CFO and leadership appointments. Now boss at technology innovator Wynyard Group, he acknowledges that training and learning phase gave him a broad knowledge across different sectors – fast-moving consumer goods sales and marketing at Coca-Cola Amatil; manufacturing and design at BlueScope Steel; and technology at Vodafone and Singtel Optus. “Without sounding arrogant, I had a reasonable understanding of the functional requirements that a CEO has to have,” Richardson says.

Successful and inclusive CEOs with whom he worked helped him develop the right resume and skills as he watched carefully how they aggregated people's ideas and orchestrated their strategies.

Richardson says his CPA qualification also helped him develop a global network and hone his business acumen. “It's not rocket science [to be a CEO], but you have to have enough knowledge about the markets and the organisation and the objectives – then clearly having a CFO background helps you [determine] how you are going to pay for it.”

Richardson says he has never found it tough to deal with people, but he believes it is important for CFOs to understand that as CEO you become “the salesperson for the company” – managing media, customer problems and much more. “That's not something all CFOs are comfortable doing and if you are not up to it, then you probably shouldn't take on the role.”

The highest hurdle in the leap to CEO, he says, is the pressure that the top role and its long hours can place on family life. “You have to have the family support to be successful. It makes a huge difference.”

Richardson says there is one thing, however, that bosses cannot avoid – the fact that as CEO you must make the big decisions, and live or die by them. “Once you are the CEO, all those decisions sit with you,” he says.

This includes making complicated judgment calls, even when there is a lack of data. “You have to have a high level of confidence that you can live by the decisions that you make.” That is especially true in the aftermath of the global financial crisis, Richardson says, when being bullish and a risk-taker are good traits in the top job.

“What you don't want at the moment is to have highly conservative, low-risk CFOs running a business because a huge number of opportunities have emerged from the GFC.”

■ Craig Richardson is managing director of Wynyard Group, an international technology company that protects companies and countries from threat, crime and corruption. He is former CEO of Jade Software in New Zealand, former CFO of Coca-Cola Amatil's Pacific operations and former vice-president finance for BlueScope Steel for the region. >

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Aileen Cull knows better than most the changes that confront executives moving from CFO to CEO. Having held both positions at Queensland Country Credit Union, a Townsville-based financial institution with 23 branches across Queensland, she says becoming CEO requires a new focus and sense of responsibility. "It is a very definite change," Cull says.

She equipped herself for the challenge by drawing on the confidence she gained through the training and qualifications required to be a CFO, but she says the big-picture CEO role requires other strengths and skills. "You go from a situation where you know what you know and you've got a lot of confidence in what is happening around you and feel as though you are in control," she says. "When you make the transition and have broader responsibilities across areas where you don't have that level of knowledge, it's a huge challenge."

No-one can be an expert in all aspects of a business, and Cull says it is important for CEOs to recognise their limitations. "You need to know where that line is ... and building a strong team around you is essential, particularly when you are taking on that broader responsibility."

It is also critical to create time and opportunities to strengthen your skills when moving from CFO to CEO through training and mentoring programs. In her own case, Cull admits she went from a "low-key" CFO role to a more high-profile position internally and externally. The shift was something she had to get comfortable with over time. "Personally that was a challenge for me," she admits.

Today, Cull leads a team of 280 people working across Queensland. An important part of her role is to clearly communicate and articulate an organisational vision – a job made simpler, she says, thanks to a strong culture built on the caring, community focus of credit unions. "That's just made it so much easier. People are very supportive and they want us to continue to be successful, so there's a lot of cooperation and goodwill," she says.

Cull says it is easy to underestimate what finance or accounting qualifications can bring to the role of chief executive. Finance employees have the great advantage of understanding what makes the business work at a financial level. Her own path saw her study for a diploma of accounting part-time over six years at night school before completing her CPA designation after leaving university. She has been with the credit union for 20 years and CEO for five.

"It's about taking the opportunities in front of you," Cull says – but it is also important to bring your own personality to the top job. "The personal characteristics are really important. You can't just try to emulate somebody else and their personality. That is never going to work."

Even though she finds the responsibility of having to make the final business decisions daunting at times, once she makes a ruling "I don't sweat on it too much". Her advice is to live with the consequences and adjust as you go. "Getting to that point can be a bit lonely at times, but at the end of the day, you're the one who makes the call," she says.

Overall, Cull remains enamoured with the role she holds and the credit union industry in which she works – one she says is truly about giving back and making a difference to communities. "I'm blown away by the privilege of being CEO."

■ Aileen Cull is the chief executive officer of Queensland Country Credit Union and Queensland Country Health Fund. She previously worked at the Bank of America in Melbourne and Sydney. Cull has been a director of Indue Ltd since 2009 and is a member of the Australian Mutuals Institute and the Australian Institute of Company Directors.

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Michael Keevy believes CFOs are very well placed to run organisations. Their exposure to all components of a business is an advantage, along with the privilege of direct interaction with the likes of board members, shareholders and financiers.

"If we add that all up, the CFO is almost in a unique position to meet and deal with them all," Keevy says.

He admits the image of CFOs as bean counters can still be accurate, but CFOs who want to become the boss must "try to combine that technical prowess with understanding people and how to deal with them with commercial and strategic acumen".

This well-rounded type of CFO has become especially important since the global financial crisis. Before that, accountants were "keeping score", but now capital is much tighter and CFOs are custodians of balance sheets. "The world has moved on a great deal since then and a pure bean counter will, frankly, stay a bean counter," Keevy says. "They won't become a value-add CFO with a shot at the CEO job."

Beyond technical skills, Keevy stresses that the right personality, communications skills, commercial savvy and operating style are essential. For CEO wannabes, he advocates not spending too long in one finance role – instead, they should broaden their experience

KEY TAKEAWAYS

- Understanding people is a skill CFOs should add to their strong technical abilities.
- Those looking to become CEOs must test themselves, gaining experience in other roles and divisions.
- The path to CEO can be challenging – particularly for family life.
- Making final decisions as a CEO is not something everyone can handle.

by stepping away from head office and getting into an organisation's divisions, so they can learn about people and what makes the business tick. "That's where the action really happens."

CFOs with their eye on a CEO role need to test themselves in unfamiliar environments, according to Keevy. They should also be aware that most companies searching for a CEO want all-rounders who have proven themselves in the divisions. "They want to see that this person can operate on a collegial basis across the various departments."

Even experience in one division of one company may not be enough. Keevy advocates taking roles in several companies, and possibly international positions, to build up cross-cultural knowledge, soft skills and emotional intelligence. "That distinguishes the good CFO and good CEO from the bad one," he says.

Other advice he gives CFOs looking to become CEOs (or even people looking to reach CFO level) is to make themselves available to opportunities for training or mentoring programs; hone their communication and messaging skills; and be bold and "actively manage their career". A mindset change may also be required.

"They have to teach themselves to step away from the detail and start thinking macro," Keevy says.

One crucial point to remember is that not every CFO is suited to being a CEO, and the top job comes with many pressures. "You've got to want to be CEO because it's a very demanding job," Keevy says.

Indeed, there is no disgrace in saying the CEO role is not for you, and it is better in that case to enjoy the role you have and not set yourself up to fail by pursuing something you do not want and are not suited to. "That's a big decision – and it's probably one of the most valuable decisions you can make."

■ Michael Keevy is a client partner based in the Sydney office of executive search firm Korn/Ferry International and leads the CFO practice. He has worked on a broad variety of senior executive roles in the banking, insurance, asset management, property, infrastructure and industrial sectors. These include CEO, CFO and general counsel roles. Originally from South Africa, Keevy completed the Program for Management Development at Harvard Business School.



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