

# What it takes to make the successful transition from CFO to CEO

According to research by Odgers Berndtson sub-Saharan Africa, approximately 21% of chief executive officers (CEOs) of the JSE's top 140 companies previously held roles as chief financial officers (CFOs). Not surprising if you consider that CFOs generally have a strong relationship with the board and deep, structured understanding of the company's financials.



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However, once promoted, a CFO's success in the top job is often dependent on the individual's ability to transition from the black and white world of numbers to the grey one of people, marketing, branding and innovation.

Chania Stempowski, joint managing director of Odgers Berndtson sub-Saharan Africa, says CFOs are often part of the succession plan. "They're the CEO's right-hand person and a trusted advisor with excellent technical knowledge about the organisation. But there is a steep learning curve in the new role and a fundamental shift in the way they view the organisation."

Stempowski says arguably the biggest learning for CFOs is how to conceptualise and articulate a strategy and vision, "This is the big one. You need to understand the big picture – the 'end-to-end' in order to think strategically. You must have a vision you're able to articulate, allow others to add to and get all stakeholders to believe in. This takes foresight, charisma, conviction and a high degree of emotional intelligence."

Another big area for growth is around the human element. "CFO's need to deliberately prepare for the role by working on their softer skills, including self-awareness, empathy and the ability to motivate."

Stempowski recently sat down with several leading CFO-turned-CEOs to gauge their experience of moving into the top job, noting, "There were many similarities in all their experiences and learnings."

Here, Stempowski shares some of the key findings in terms of skills acquisition to facilitate the transition.

1. **Curiosity is critical:** It's pivotal you're always asking why and seeking connections. You need to be interested in what other people in the organisation are doing. 'Lift your head', 'walk the floor', 'visit the stores', broaden your organisational exposure in order to understand the relationship between all the parts of the 'workplace machine, plus a business' relationship with the world at large.
2. **People, people, people:** the-now-CEO-of-SAPPI, Steve Binnie said, "The biggest change is people management. People are not your main area of focus as CFO. You play 'bad cop' – you look at the numbers and ask, 'Why are you not doing this and that?' After making the move, you need to be sensitive to morale and people issues; motivating others and succession planning becomes integral to your role. Self-awareness is key to this."
3. **Technical prowess:** This knowledge must go beyond numbers. Binnie said a large part of his business is technical engineering, so he had a sharp learning curve on the technical side. Gaynor Poretti, managing director of National Brand Limited said it's also important to respect and honour other people's technical competence, "You need the ability to learn to trust. Unlock the potential of the clever people you employ and make sure they deliver optimal results for the business in totality."
4. **Get more operational exposure:** All the CEOs agreed that exposure to the operations side is critical to understanding the business at a granular level and garnering the operations teams' support.
5. **Develop the softer side:** Binnie said that in hindsight, he wishes he'd spent more time on soft skills, "A CFO role is by nature number-focused. There's significantly less focus on soft skills. I think this is an area to concentrate on more in the earlier days." Poretti adds that relationship- and corporate-brand building are essential.
6. **Mentorship matters:** Mentorship was not always a formal process and comes from being open to learn from those around you and role models. Imraan Soomra, CEO of Oceana said that if you enter a formal mentorship process, to make sure that the mentor is not in Finance. Poretti said, "Find someone who you trust to give you on-the-job feedback that is in your best interests, and with no agenda."
7. **Understand it's lonely at the top:** One CEO, who chose anonymity, said it's vital you talk to your family and friends in order to recharge. But never base your decision-making on the views of your friends. "As a leader, you need to be brave and have courage in your convictions. You need to be able to make the tough decisions that may not be popular."

Aspirant CFOs will need to start the learning process far in advance. This takes smart succession planning so the existing CEO has time to mentor the CFO into the role and the CFO can mentor or find a replacement. Talent management strategies must anticipate when a new CEO might be required so prospective candidates can be identified. Finding the right person – be it the CFO or someone else – is key. To do that, you need to know what kind of direction you want the business to be steered in.

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