

Finding the Right CFO Position

The key to success in any job search is finding the right fit between your skills, interests, and personality on the one hand, and the characteristics of the potential organization, role, and leadership team on the other. The search for the right chief financial officer (CFO) role is no exception. In Bridgestar's recent in-depth interviews with CFOs, executive directors (EDs), technical assistance providers and funders about the CFO position¹, we found that finding the right fit is particularly challenging yet critically important for CFO candidates. Prospective CFOs need to be clear about what type of role they want to play in an organization and what types of challenges are the best match for their skills.

Job seekers often make the mistake of assuming that determining whether or not a job is a good fit for them is largely the responsibility of the potential employer. Candidates have an important role in assessing fit, particularly at the executive level. Because the CFO job can be complex and varied, CFO candidates must take a particularly active role in this process. Through our interviews and talent-matching work, we have found some practices that consistently seem to increase the chances of finding the right job.

Know yourself

The starting point is thinking carefully about what you do well, what you find challenging, and what you need to be effective. Do you have the skills and inclination to play a leadership role in finance and accounting alone, or is your strength managing the multiple administrative functions that support the organization? Do you work best with a hands-on supervisor or one who doesn't intervene unless you ask? Are you looking for a turn-around situation or a steady organization? Which of the things that you are looking for in a job are must-haves, and which are negotiable? While it is important to do some serious self-reflection up front, it is natural for issues that come up in the job search process to further push and develop your thinking.

¹ Since January of 2006, Bridgestar has been exploring the CFO role through a series of in-depth interviews and focus groups with 25 nonprofit CFOs and 15 nonprofit technical assistance providers and funders representing a diversity of industry sub-sectors, budget sizes, funding sources, organizational growth stages, geography, and individual backgrounds and tenures.

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Examine the specific CFO opportunities

CFO candidates need to look hard at the specifics of the CFO jobs they are considering. Beyond the basic fit issues any executive would face in considering a new position, the CFO position poses particular challenges because of the level of variation in the role across organizations. In some nonprofits, the CFO role is strictly focused on accounting and finance. In others, it is spread broadly across many areas, including administration, human resources (HR), information technology (IT), real estate, legal, and finance.

In our interviews, we found that larger organizations (those with budgets greater than \$40 million) tended to have CFOs who focused solely on issues relating to the organization's finances. Smaller organizations (those with budgets of \$10 million or less) more often had CFOs who were spread across many areas, acting more like a chief operating officer (COO) or a chief financial and administrative officer (CFAO). For medium-sized organizations (those with budgets between \$10 million and \$40 million), the CFO role varied depending on the complexity of the organization's programs and revenue sources. In organizations that operated revenue-generating enterprises or received government funding in addition to foundation and individual gifts, the CFO focused primarily on financial issues. In organizations that had fewer types of funding sources or simpler programs, the CFO tended to have responsibility for a broader set of issues, just one of which was finance.

Given this diversity of potential CFO roles, it is important to look closely at the organization's specific requirements and expectations to make sure they fit your professional strengths and interests. When Glenda Fishman first saw the CFO job description at the \$14 million Facing History and Ourselves, she knew that she wanted to continue in general financial planning and strategy. "I was happy to know I wouldn't be responsible for facilities, IT, or HR," said Fishman. "I had been responsible for facilities and human resources at my previous job and found that just managing financial issues would easily absorb all of my time." In contrast, Jessica Zander was attracted to The Steppingstone Foundation's director of finance and administration job, which included responsibility for HR, IT, and facilities in addition to finance, "because of the opportunity to have this mixture of responsibilities that I love and to represent a whole organization in this capacity. The variety of activities I'm engaged in keeps it interesting and fresh," explained Zander. "And in a \$4 million organization, you can be involved in all these areas."

Do financial due diligence

To assess a potential CFO position, it is essential to gain as complete an understanding as possible of the organization's financial health. There are a multitude of resources available to help the CFO

candidate research a nonprofit organization's finances. The first stop should be the organization's website, annual report, audit, and management reports. These can all be mined for clues as to the organization's financial strengths and challenges, as well as for opportunities where the CFO can make an impact. Another invaluable resource is the organization's Form 990, which is a complete financial report that nonprofits must file annually with the Internal Revenue Service. The forms include a wealth of data, including sources of revenue, top staff salaries and dollars spent on programs, administration, and fundraising. GuideStar (www.guidestar.org) publishes the Forms 990 of more than 1.5 million nonprofits. Bruce Skyer, CFAO of Nonprofit Finance Fund, described GuideStar as his "bible" during his job search in that he "used it religiously to research organizations." In addition, there are "charity watchdog" groups that evaluate nonprofits and their finances, often through the use of simple ratings and ratios. In using the data provided by these groups, however, it is important to remember that all such information must be viewed in the context of more detailed qualitative and quantitative information to get a balanced picture of an organization's health, effectiveness, and efficiency.

Ask the hard questions

Kathleen Yazbak, a partner with the Bridgespan Group, recommended that candidates "get out of sell mode" as early as possible and ask as many questions as they can about the position and the organization. Many CFOs we interviewed said that managers and board members who interviewed them were surprisingly forthcoming during the interview process, including offering information about what they saw as the challenges they, the organization, and the new CFO would face. When interviewers don't offer all the information a candidate needs, it is the responsibility of the candidate to ask questions.

Some of the most important questions can be sensitive and difficult to ask. For example, organizations often look for a CFO to complement the skills of the ED, COO, and/or controller. To determine whether a job is a good fit, CFO candidates must find out what the strengths and weaknesses are of these various individuals, and how the CFO will be expected to complement them. Getting this kind of information may not be easy, but a number of the CFOs we interviewed reported that their challenging questions were well received during the interview process. Additionally, most CFOs recommended supplementing the information gathered in interviews with additional due diligence performed through personal and professional networks. In the end, you will need to decide which questions to pose directly to the ED, COO, controller, and board members and which to ask in other settings, depending on your own personal style and risk profile.

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The CFOs we interviewed reported that while most CFO positions are challenging in various ways, CFOs who take the time to carefully evaluate their own interests and find the right fit will be well-positioned to be effective—and happy—in their new jobs. Sue Meehan, director of finance, operations, and student services at Year Up, summarized the process by saying, “It’s all about finding a good match and a mission that you’re really going to believe in. You live and breathe that; if you’re not passionate about that, don’t do it.”

Questions all CFO candidates should ask

As discussed above, in some cases you may be able to pose these questions to interviewers directly, while in others you will need to get at these questions in other ways. Which questions are appropriate to a given situation depends on the circumstances and the sensibilities of the individual candidate.

Questions about the organization

- What is the organization hoping to accomplish by hiring a CFO? What, if any, organizational changes are the ED and/or board hoping to make through the CFO position? What obstacles exist to making those changes?
- What other finance staff are or will be part of the team? What are the roles and responsibilities of the current financial management staff? What are their strengths and weaknesses? How are they aligned to help the organization achieve its goals?
- Is there a controller in the organization? If so, what are the current responsibilities of the controller and how will the CFO relate to the controller? What are the dynamics of the current relationship between the controller and other financial staff (if any)? How will the CFO position change these relationships? Is the staff supportive of these changes? Whom will the CFO supervise?
- What is the financial health of the organization? If the organization is in financial distress, what are the plans for turning the situation around? What role is the CFO expected to play?

Questions about the position

- Has the organization had a CFO before? If so, has the position changed and why? If the position is new, why was it created? Who initiated it? Who was resistant?
- How are the position’s responsibilities defined? In addition to finance and accounting, will the position have responsibility for administration, real estate, technology, legal, or other areas? How might the position change in the years to come?
- What skills and qualifications must the CFO have?

- What is the organizational/reporting structure? Does the CFO report directly to the ED or to the COO or some other senior manager? Are there dotted-line/matrix relationships, and if so, how will they be handled?
- What authority will the CFO have? Which decisions can the CFO make alone, which are shared with someone else, and which are out of the CFO's hands?
- What will be the key challenges for the CFO? Key success factors? How do the ED, other members of the leadership team, and the board view these issues?
- What is expected of the CFO on the part of the ED and others? How will the CFO's performance be evaluated? What are the criteria? Who plays a part in the evaluation?
- What resources are available to the CFO? Will the CFO have access to consultants and auditors, and are there adequate funds available to hire them? Are there resources available to invest in improving accounting systems and hiring additional staff if necessary?

Questions about the ED and the ED-CFO relationship

- What kind of a manager is the ED? What qualities does the CFO need to thrive under this ED?
- How does the ED envision the two—and the senior management team as a whole—working together? How will the ED and the CFO work to further define the CFO role and build the ED-CFO relationship? How will communication between them work? (If the organization is hiring a CFO for the first time.)
- How open is the ED to working in partnership with the CFO? To what extent does the ED understand and value the role of a CFO and financial management? What will the CFO need to do to gain the confidence of the ED? Is the ED ready to incorporate the CFO's opinion into decision-making?
- What biases does the ED have around the CFO role (e.g., a fear that the CFO might constrain the ED's vision or that the CFO will create unnecessary financial management systems)?

Questions about the CFO-board of directors relationship

- How is the board engaged in the financial management of the organization?
- Will the CFO present financials at meetings of the full board and/or the finance/audit committee? What will the periodic financial review process look like?
- How will the CFO communicate with the board of directors and finance committee? Will the CFO have direct access to finance committee members? How will the ED be involved, if at all, in these communications?
- Will the board's finance committee chair or members be involved in the CFO's performance review?

Questions about the CFO-controller relationship

- What is the current relationship (communication, dynamics, etc.) between the controller and the ED and the COO? How will the CFO change those relationships and is the controller supportive of these changes? Is the controller supportive of hiring the CFO? What communication has there been with the controller around the hiring process?
- When the CFO is hired, will the controller stay? What will the organization do if the controller leaves?

Questions to ask yourself (as part of the soul-searching process)

- Do you have the necessary skills, experience, and temperament to be a nonprofit CFO generally? To fit with a specific CFO position you are considering? What resources can you access to fill in the gaps (network, mentors, training, etc.)?
- How do you envision yourself working with an ED? What are you looking for in a supervisor? A mentor? A coach? A colleague? How much autonomy do you want and/or expect? Do you work best with a hands-on supervisor or one who doesn't intervene unless you ask? What are your expectations of an ED to whom you report?
- Which of the things you are looking for in a job are must-haves, and which are negotiable?
- What are your future career plans? What do you envision as your timeline in the CFO position(s) you are considering?

Bridgestar (www.bridgestar.org), an initiative of the Bridgespan Group, provides a nonprofit management job board, content, and tools designed to help nonprofit organizations build strong leadership teams and individuals pursue career paths as nonprofit leaders.