



Preparing for a CFO Role

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How does an accountant become a Chief Financial Officer (CFO)? While there is no single route to a “C-suite” job, this article will provide insights that could significantly increase your chances of making the leap to CFO.

According to an article in CFO magazine¹, majoring in accounting or becoming a CPA has not historically been the best route to becoming CFO. The article reveals that prior to the Sarbanes-Oxley Act, only 26% of all Fortune 1000 CFOs were CPAs. Most CFOs came from treasury, securities or banking backgrounds, not from accounting. Only after Sarbanes-Oxley has the percentage of CFOs who are CPAs risen to 45%. The same article also revealed that broad experience outside of accounting was a key common denominator among CFOs.

What can you do to increase your chances of rising to CFO? Passing the CPA exam is a great start. However, you should view it as the beginning of your journey, not a guaranteed ticket of success. The knowledge a CFO needs is much broader than

¹ The Top Spot: Why More Companies are tapping their Finance Chiefs for CEO.
[Don Durfee](#), CFO Magazine, October 1, 2005

what you learned in preparing for the CPA exam. Further education, formal and informal, is required to be an effective CFO.

A good way to continue developing your skills is to enroll in an MBA program. The difference in the quality of programs is immense. Top MBA programs focus on turning out top-level executives. Stretch yourself and try to attend the highest rated program that you can.

To get your CPA, you studied financial accounting, taxation and business law. You probably will not need any more exposure to these topics in an MBA program. Study banking, cost accounting, finance, human resources, information systems, organizational behavior and operations management instead. Sitting for the Certified Management Accountant (CMA) or Certificate in Financial Management (CFM) examinations will solidify and document your skills in many of these areas².

Your chances of obtaining the top financial spot are obviously much higher if you go to work for a smaller organization than for a Fortune 1000 company. A smaller company accountant probably has much broader experiences than someone would in a large organization. If you do cash management for a Fortune 1000 company, you probably know your area very well, but not much about financial issues in other areas of the company. However, a small company financial manager may have experience in every financial area.

My own resume, at the time I got my first “Only Financial Officer³” (OFO) job, typifies the broad backgrounds many CFOs have. That resume showed a science undergrad degree, a year working in quality control, an MBA with an accounting major and finance minor, five years experience at two major accounting firms consisting of a little auditing experience, and a feasibility study for a public bond

² In the United States, the Institute of Management Accountants (IMA) administers the CMA and CFM programs. CMA-Canada offers a similar, but perhaps more rigorous, CMA certification. Twenty-four Canadian universities offer joint MBA/CMA programs.

³ Executive Education, Inc. offers a popular one-day *Only Financial Officer* seminar, through many accounting associations.

offering, but mostly IT consulting. I had also passed the professional exams that allowed me to put CPA, CMA and CPIM⁴ after my name.

When I took that small company CFO job, I had never closed a set of books in the real world. However, my knowledge of corporate strategy allowed me to contribute to a major company change in direction in my first six months. This change led to a six-fold increase in the company's size over the next ten years and eventually I was a large company CFO, with other financial professionals working for me.

What is your current level of learning toward CFO level skills? There is a lot more to know to be an effective CFO than most accountants imagine. Anyone aspiring for a high-level job of any type should embark on a personal mission of lifelong learning.

A statistic sometimes cited in Institute of Management Accountants (IMA) publications is that people who read seven non-fiction books a year earn more than twice as much money as people who read only one. Non-fiction includes biography, history, self-help or business books. If you ask accountants who they know who reads that much non-fiction, the answer will often be the CFO or the CEO. If you want to rise in the corporate world, you should be reading too.

I realize that it might be unrealistic to ask everyone who aspires to be CFO to read seven non-fiction books a year. Instead, I will ask you to set a personal goal of reading four good business books in the next year. It will help your career. I guarantee it.



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⁴ The American Production and Inventory Society administers the Certified Production and Inventory Manager examination.

