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So, What if You're Hit by a Bus?

Finance departments aren't very good at finding CFO successors—and they face very different challenges depending on company size.

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CFO.com

October 10, 2007

With a steady stream of deadlines bearing down on them, CFOs rarely have time to think about the critical question of who should fill their shoes when they leave the job. Succession planning can also raise difficult personal questions that many executives would rather ignore.

Indeed, most do ignore it. Studies show a majority of finance execs haven't identified a successor. Ask a CFO why, and you're likely to hear that it's an uncomfortable topic. "It gets you thinking about what happens if you're hit by a bus," is a typical response.

In some cases, of course — and especially in smaller companies — the choice of a successor is made privately by the existing CEO and/or the finance chief on their own. But where a real succession-planning system is employed, as experts roundly agree should be the case, the nature of the obstacles faced often reflects unique characteristics related to the size of the company looking for the successor.

At large companies, which may have thousands of people in the finance organization, high-potential employees simply can get lost unless there is a rigorous talent-tracking process in place. "Sometimes people just naturally bubble up through the organization," says Sharon Allen, chairman of Deloitte & Touche USA. "But I think more often than not there really needs to be a conscious effort to look, to evaluate, and to continue to challenge your own thinking about who those potential candidates might be."

Says Tom Gimbel, CEO of the recruiting firm the LaSalle Network, "Large companies have a larger candidate pool from which to choose, and more replacements if their final choice doesn't work out. But larger companies also tend to delegate development to human resources rather than focus on how to develop their people within finance itself."

Smaller companies, though, may face even more difficulties. Many are unable to structure the rotation programs that large companies maintain to help give top employees the chance to test their abilities. These companies often can't afford to take star performers away from their existing duties. "When you pull a potential successor off their day-to-day work in a smaller organization, you run the risk of stressing them out and overworking them," says Heather Ishikawa, an organizational consultant with the workforce development firm CPP. "Finance departments run so lean that pulling someone out of their job tends to have a big impact." Smaller companies also often lack the budget to provide other career development opportunities like continuing education or executive coaching.

Despite the challenges, succession planning is a crucial task for CFOs, with today’s heated competition for talent in finance driving turnover throughout the finance organization. Gimbel says CFOs should be spending a significant amount of their time assessing possible changes in the finance department and looking for staff that has the potential to take on more responsibility. "Don’t wait for successors to show up," he says. "Create them."

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