

BE THE BOSS

What does it take for today's treasurer to become tomorrow's CFO? Sally Percy reports

➤ The CFO's job might not be one that every treasurer hankers after, but it's hard to deny the fact that a seat at the board table does have a certain allure. For starters, it comes with the thrill of helping to decide the organisation's strategy and involvement in incredibly important decisions. Then there is the prestige of heading a large finance function, the chance to liaise with investors and analysts, potentially eye-watering financial rewards and last, but maybe not least, being ensconced in a very comfortable corner office in the executive suite. And while making CFO would undoubtedly be many treasurers' career highlight, it even comes with the added bonus that once they've had enough of it, they can look forward to supplementing their retirement with a string of lucrative non-executive positions.

All of this could be yours provided you are willing to accept the long hours, pressure, stress, reputational risk and team management headaches that come with being CFO. And it's a move that many treasurers have successfully made over the years. A recent high-profile example in the UK is Adrian Marsh, previously treasury director of supermarket giant Tesco, who was appointed FD of packaging company DS Smith in June. (For an interview with Marsh, see page 24 of *The Treasurer*, December 2012/January 2013.) Meanwhile, Stora Enso's group treasurer, Jyrki Tammivuori, has been acting CFO of the Finnish paper producer since July. We highlight a few others in 'The ones who made it' box, on page 20.

The opportunity

It is widely accepted that treasury has enjoyed greater prominence in the wake of the financial

crisis, due to organisations' increased focus on cash, liquidity management and risk. So has this translated into more treasurers being appointed CFO? Karen Young, a director with recruiter Hays, believes that there may have been a "very marginal" uplift in the number of treasurers making it to CFO since the crisis, but she expects this to increase further over the next 12-36 months. Treasurers are reaping the benefits of their greater visibility within their organisations, she says. "It's enabling them to work more closely with the CFO and because of their increased visibility, they are able to build a personal brand." Meanwhile, employers seem to increasingly prize CFOs with treasury skills, especially if they are smaller companies that do not have their own dedicated treasurer.

Stephen Pugh FCT, an ACT council member and the FD of brewer Adnams, says that while it's still relatively rare for treasurers to make CFO, there is much they can bring to the role. "Treasury is a forward-looking activity," he says. "Treasurers are looking into the future to manage risks. That's an extremely important aspect of their job and the CFO's job."

"Treasurers are good at meeting deadlines and managing conflicting priorities," observes Dominic Jaques, a former FD and now MD of treasury services provider Tresauris. "They have a good depth of knowledge of the financial markets and risk management. They understand the essentials of how to run the business – the basics of cash management, and paying staff and suppliers. And they have lots of expertise in terms of IT, reporting and systems knowledge, which can be a key part of a CFO's role in terms of managing the business."



SIX WAYS TO REACH THE C-SUITE

■ HAVE A PLAN

Write down your career plan at an early date and identify the skills and experience that you will need to reach your end goal.

■ BUILD UP YOUR MANAGEMENT EXPERIENCE

Get broader line management experience by participating in an internal rotation programme or volunteering to lead a cross-departmental project team.

■ BE A BUSINESS PARTNER

Stay close to the operational side of the business, learn the language used by other functions, and show how what you do benefits the organisation as a whole.

■ HONE YOUR COMMUNICATION SKILLS

CFOs need to relate to a range of stakeholders, so you must be able to engage with others and explain financial matters in straightforward terms.

■ GET AN ACCOUNTANCY QUALIFICATION

If you don't already have an accountancy qualification, think about studying for one in addition to your treasury qualification. It's another string to your bow.

■ BRUSH UP ON YOUR TAX

You don't have to be a tax guru; you just need to know the right questions to ask.



Meanwhile, Keith Nichols, the CFO of Dutch paint maker AkzoNobel, believes that the appointment of treasurers to the top finance job may be more widespread than we realise. "I don't think it's as unusual as some people think," he says, pointing out that CFOs in multinationals will normally have experienced group financial controllers or group treasurers to support them in areas that they are not specialised in.

If you do have your sights set on making CFO, then Young recommends writing down your career plan at an early date and listing the skills and experience you will need to reach your end goal. She advises "looking two jobs ahead" and studying job descriptions on recruiters' websites. "Say to yourself: they're the skill sets I need. What do I have of them now and how do I get to a point where I have 80% of them?"

The obstacles

It would, however, be disingenuous to suggest that the jump from group treasurer to CFO is easy to make. "When the chairman or CEO recruits, they inevitably want someone who can hit the ground running," explains Young. "It's tough to move from a treasurer role to CFO."

"If treasury alone is your background in finance, then there are some major parts of a CFO's role that you haven't got experience of," concurs Pugh, citing audit, business support, financial control and management accounting as examples. "A lot of treasurers will have some of that from their previous

background. But if you have only done treasury, then you have to broaden that out. Otherwise you won't be seen as the person with the breadth of experience to take on the CFO role."

Although female CFOs of listed companies remain few in number, meaning female treasurers have few role models to aspire to, there are some promising figures in the up-and-coming generation, including GlaxoSmithKline group treasurer Sarah-Jane Chilver-Stainer and Centrica group treasurer Katherine Horrell, both of whom have been profiled by *The Treasurer* over the past year (see page 26 of the September 2012 issue, and page 24 of the June 2013 issue).

> The industry you work in can also make a difference to your prospects of becoming CFO. For example, treasurers who work in the financial services sector may seem well suited to their boss's job since management of assets and liabilities is an essential part of what financial companies do. But consumer-focused businesses tend to seek CFOs with general management competencies, including >

THE ONES WHO MADE IT

NICK LUFF, CENTRICA

Nick Luff qualified as an accountant with KPMG before joining shipping company P&O as a corporate finance manager in 1991. He worked his way up the ranks, serving as group treasurer, head of corporate finance and FD until he became the group's CFO in 2003. Four years later, he joined FTSE 100-listed energy company Centrica as group FD. Luff is MCT-qualified.



MARK MORRIS, ROLLS-ROYCE

Mark Morris has worked for Rolls-Royce ever since he joined the FTSE 100 manufacturing company as an aeronautical engineering graduate in 1986. He has held treasury roles for most of his career, including a decade-long stint as the company's group treasurer before he was promoted to the CFO role in January 2012. Morris is a member of the ACT's advisory board.



KEITH NICHOLS, AKZONOBEL

Keith Nichols FCT has been the CFO of Fortune 500 company AkzoNobel since 2008 and played a key role in the Dutch paint maker's acquisition of chemical manufacturer ICI. Prior to that, he was group treasurer at steel company Corus and he has also held FD roles at TNT Post Group as well as the job of director of treasury and investor relations at services conglomerate BET. His career in treasury began when he left the world of banking to join retailer Storehouse, seeing it as a "fantastic opportunity to understand cash and liquidity in businesses".



DOMINIC JAQUES

Dominic Jaques' remarkable career has spanned being a navigator on a nuclear submarine, group finance positions at fast-moving consumer goods giant Procter & Gamble and FD roles at the UK start-up of Krispy Kreme Doughnuts and infrastructure company John Laing. A chartered management accountant and a fellow of the ACT, Jaques added the title 'entrepreneur' to his CV when he founded treasury services consultancy Tresauris in 2012.



the ability to influence salespeople and run cost-reduction programmes. On the other hand, these sorts of companies often run good internal rotation schemes – they exist at Ford, PepsiCo and Tesco, for example – so treasurers can use them to broaden their management experience.

Arguably, internal promotion presents the best opportunity for ambitious treasurers to land the top finance job since they will have an established track record within their own organisation. Young advises treasurers to broaden their knowledge base as much as they can by gaining experience of different functions through company rotation programmes. "If that's not possible, put your hand up and ask to lead treasury or finance in cross-functional projects," she recommends. "And try to spot an opportunity where you can get experience of managing external relationships, for example, with auditors, analysts, bankers, customers, investors, regulators, suppliers and even the media."

So, now for the million-dollar question: is a treasury qualification enough or do you also need an accountancy qualification to land the top finance job? Many treasurers will have previously qualified as accountants, but are those who didn't at a disadvantage? "A lot of CFOs trained and qualified in public practice before they moved into industry," notes Young. "Like it or not, CEOs still put a lot of weight on that background. They have peace of mind that someone is a qualified chartered accountant and they see them as a trusted adviser. That can be quite hard to replicate for a treasurer, but post-2008, what business wants and needs is changing and the door is just a little more open than it was before the crisis."

The AMCT qualification is "very rigorous", according to Pugh, and tests plenty of finance skills.

"A lot of CFOs trained and qualified in public practice before they moved into industry. Like it or not, CEOs still put a lot of weight on that background. They have peace of mind that someone is a qualified chartered accountant and they see them as a trusted adviser"

Nevertheless, he acknowledges: “Many boards will say: ‘This is the senior finance person and we think it’s right that they have an accounting qualification.’”

Jaques – who is an accountant himself – disagrees with this stance. “An accountancy qualification makes life easier, but it’s not essential,” he says. “You just need to understand the broader finance remit. People are chosen for the top job on a whole range of different criteria and I’m not sure that treasury is any better or worse than any other. You need to have all-round skills.”

Indeed, as the career of AkzoNobel’s Nichols proves, it is entirely possible to become the CFO of a Fortune 500 company without having an accountancy qualification. Nichols started out in banking, then moved into corporate treasury, carving out a career at retailer Storehouse, services conglomerate BET, TNT Post Group, steel manufacturer Corus and then finally AkzoNobel. Although he did not start out with a clear ambition of becoming CFO – “that happened along the way” – he consciously chose to gain broad mainstream finance experience and keep close to the operational side of the businesses that he worked in. “As a treasurer, you’re only effective in terms of the cash, liquidity and risk that you’re managing if you really understand the business,” he says. “I always insisted on being close to the business, which then pulls you close to the accounting because that’s what you’re reporting externally.”

Unhappy surprises

OK, so you’ve done it. You’ve landed that seat at the board table. Your bank relationship manager has invited you to Wimbledon to celebrate. The kids’ photos are adorning your large walnut desk in the plush corner office. And your spouse has booked a skiing holiday to Klosters for Christmas. It all seems too good to be true. So, what now?

Firstly, you’re going to have to become comfortable with making major decisions. “The buck stops with you,” says Nichols. “You’ve got a big responsibility to continue driving the organisation forward in a successful way – engaging people, motivating people, but still making the right returns.”

Meanwhile, Jaques highlights the pressure of dealing with ‘unknowns’ as a challenge for treasurers who make it to the board table. “Treasurers often deal with uncertainty, but there is usually a number of tools with which to manage it,” he explains. “At board level, there are more unknowns than uncertainties. When you’re dealing with unknowns, there are far fewer tools to manage them.”

Leading a large team – potentially of several hundred people – could also come as a shock if you’re used to heading a niche treasury function. Then there are the issues of keeping investors happy, negotiating interdepartmental politics and engaging with the full gamut of stakeholders from customers through to the board. And, of course, the role and responsibilities of the CFO can vary widely from organisation to organisation, so you may find unfamiliar functions, such as IT, fall within your remit.

Something else that treasurers have to get used to if they make it to board level is speaking up on topics that they may not feel knowledgeable about, such as marketing or sales. “Having the confidence and ability to speak your mind and stick to your principles when you are under pressure from a team of senior people sitting round the table is not easy to start with,” observes Jaques.

Making CEO

Of course, if treasurers can make capable CFOs, there is no reason why they can’t also go on to become good CEOs. Keith Williams, the CEO of British Airways, was the airline’s group treasurer and head of tax before he was promoted to CFO and, ultimately, the top job. In 2012, research by recruiter Robert Half found that more than half (51%) of FTSE 100 CEOs came from a finance background. “It comes down to the ambition to want to do something,” says Pugh. “It’s about personality and drive, and being interested to expand into other areas.”

Jaques, who founded his own business, is particularly well placed to comment. “Talented treasurers are just as suitable to run a business as anyone else. But what it does require is confidence and self-belief, and the willingness to learn new skills. If you’d asked me 10 years ago where I would be today, I would have underestimated what it is possible to achieve.”

Many treasurers admit that they fell into their career by accident – perhaps through a placement on a graduate finance scheme. But after finding treasury, they often don’t want to leave it and return to the dry world of debits and credits. So could becoming CFO, or even CEO, be something of a let-down after all the excitement of treasury? Nichols, for one, has no regrets. “I don’t miss it,” he says. “I enjoy what I do. It has huge breadth.” Nevertheless, he’s clear that his qualifications and experience have stood him in very good stead in his career to date. “It’s invaluable to have a really good understanding of treasury.”

What do
you think about
treasurers as CFOs?
Email editor@
treasurers.org



Sally Percy is editor
of *The Treasurer*