

## The many facets of a modern Chief Financial Officer

**Sofia, Bulgaria** - All major corporations and a significant number of small and medium entities have a Chief Financial Officer (CFO – also known as a Financial Director). The CFO is responsible for the company's day-to-day financial accounting and reporting, and the overall strategic direction of its development. The CFO is also the Executive Director's right-hand man, and a key figure on the Board of Directors, as he actively participates in defining the company's long-term strategy, evaluating various risks and business scenarios, and making important decisions.



The selection of a fit and proper CFO has a direct impact on the company's reputation, which is why hiring the right person can bring immediate benefits (and the wrong person serious harm) to the business. But what are the most important criteria for choosing a specialist to fill this very responsible position?

It is difficult to build a universal profile of the ideal CFO candidate, as this will depend on the stage of development of the individual company, its sector, corporate structure and culture, as well as the status of the CFO's financial and accounting team. However, a prospective CFO must fulfill the following five specific requirements:

### # 1 Entrepreneurial vs. administrative and accounting thinking

It is of utmost importance for the CFO to reach beyond the formal financial accounting and auditing framework of his function and explore in detail the employer's business model. Companies are increasingly looking for professionals with entrepreneurial spirit and thinking, and the courage to shift the status quo and make changes. Today's CFO is a business partner who is active and willing to understand what moves the company, where its profits come from and the variables of the business. For example, the CFO of a company that manufactures sophisticated industrial products must know the suppliers and how they can be optimized for better management of cash flow. It is also vital for the CFO to understand the typology of customers; for example, what the risks are of focusing on any specific client, as this directly affects the working capital.

It is worth noting that many CFOs are successful in exploring and understanding the main features of their company's activities, even when their previous experience comes from another industry. For example, I know of a financial professional with extensive heavy industry experience, who successfully transferred to the fast-moving consumer goods sector and is now exploring this industry in detail. But for this to happen, a CFO must realize the need to adapt as an entrepreneur and adjust his thinking on the fly.

### # 2 Social skills and teamwork

The CFO is the face of the company to its partners – auditors, banks, Government institutions – and therefore must have well-developed communication skills, as well as negotiation and conflict resolution skills. It is vital that the process of selection and evaluation must include multiple meetings and the involvement of the direct manager, the Human Resources Director and the Commercial Director.

In order to properly appraise the social skills of the candidate for this responsible position, be sure to gather informal recommendations from people who know his or her previous work and style. Teamwork and

management style are also crucial for success in this position, so we should not underestimate the CFO's relations with people of different hierarchical levels within the company.

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### # 3 Maturity and life experience

Most employers look for CFOs with extensive life experience, based on which they can make a reasonable assessment of risks, scenarios and situations that affect the management team or the company's business directly. However, we must not neglect such qualities as analytical skills, attention to detail, logic and good organization. When seeking a new CFO, companies are starting to place more and more emphasis on skills such as determination, proactive abilities, self-confidence and self-control.

### #4 Ethics and reliability

The CFO will handle a great deal of sensitive and confidential information, so it is important to verify a prospective candidate's general reputation in the market, including thorough references from former employers. A CFO must be able to show unimpeachable professional ethics, and it is important for companies to understand that this attribute should be given even more weight than the CFO's relevant experience and personal qualities.

### # 5 A good fit for the company culture

If you have an applicant with all of the qualities listed above, you can proceed to the final stage. However, before making the job offer, you must remember to consider whether the person will fit the company's culture and environment. If most employees are young people who do their work flawlessly but do not strictly comply with working time, and the applicant expounds on how much he or she prioritizes punctuality, the question arises whether this is truly the best place for him or her.

At this stage, you could employ a selection of tests and assessments, and collect information from previous employers. Of course, practice is the best test for whether the new CFO will integrate well. There is always a chance that the integration will not succeed, but your task in the company is to minimize this risk early on.



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