

Foresight: The CPA Podcast

Season 2 Episode 4: Roadmap to the Modern CFO Office

David McGuffin: Welcome back to Foresight, The CPA Podcast. I'm your host, David McGuffin. On this podcast, we've talked a lot about the variety of career paths now open to CPAs, from developing AI, to data science, to running an online firm in Canada from Buenos Aires. Newly designated CPAs have a wide range of options ahead of them, but there's no doubt that for many, the ultimate career goal remains the same as it was, 20 to 30 years ago, to become the chief financial officer.

Here's the catch. The CFO position of today is very different from decades past, and nobody knows that better than our first guest. Ross Woledge is Partner at Odgers Berndtson, an international executive search firm. He is head of the firm's CFO practice. This means, when companies are searching for a new CFO, they come to him. Ross, welcome to the podcast.

Ross Woledge: Very good afternoon, David. Nice to be here.

David McGuffin: When a CEO comes to you looking for a new CFO, in broad strokes, what are they asking you for?

Ross Woledge: Yeah. I think as we're looking to recruit a new CFO, I think there's a couple of different layers to that. Initially, I think as we're looking at a CFO, we're hoping someone's spent some time on the technical side, maybe in the corporate controller's office, external reporting, treasury, M&A. Has that breadth of functional expertise, I think is pretty key.

I then think that second layer is, what's the ownership structure. Again, if it's a public company, there's typically the board. The CEO wants someone with a strong public company background. When it's a private equity-owned company, typically seeking someone with prior PE experience, or at least have taken a company through a sale or an IPO. If it's a family company, they take a lot of comfort from someone that's a good experience working within a family office or a family structure.

That helps to drive where we typically look for CFOs. I think beyond that, and really the big shift that we're seeing is this need for someone that can be that strategic partner. That can really be lockstep with the CEO. Be that sort of thought partner as they look at growth and strategy, and where are we going to invest our time and capital.



I think that's a really big leap. I think from my perspective, that's the area that the CFOs really need to be able to speak to, is where have they contributed to strategy. Where have they helped to drive value and demonstrate that strategic acumen.

David McGuffin: How important, then is the CPA designation within that mix?

Ross Woledge: Yeah. I'd say, very important. I think the Canadian CPA designation is pretty key. I think boards take a lot of comfort in that. The CEO takes a lot of comfort in knowing that they've got a designated CFO, or things being equal. If they don't have a designation, but they're very strong in other areas, then that could work. At the same time, I think that the CPA designation in Canada's done a great job in really branding itself more as that business designation.

I think the options open to CPAs, and I don't even think this needs to be finance. I think there's roles outside of finance that can be intentionally opened to them, but there's a lot of value that boards, CEOs, audit chairs place on the CPA designation. Again, I think that you're a CPA in the finance stream, you're in a good spot.

David McGuffin: What degrees do you see competing with CPAs for the CFO role?

Ross Woledge: Yeah. I probably look at it a bit differently. Look, there are certain industries that can attract somebody from, maybe outside the profession. For example, mining. I've seen investment bankers coming in, into a CFO chair. Obviously, there's very big capital requirements, capital-intensive, lots of M&As. Investment banking can come in. Mining, I've seen equity analysts, actually in real estate. I've seen a couple of examples of folks that even come in from an equity analyst position.

My view is that, that is more of a rarity, I think. Sometimes that can be a relationship they've already had with that individual that, gives them the comfort level to make that transition. I think the bigger issue, if I'm a junior finance leader that's targeting a CFO position is, really strategically thinking about how to get there.

It's not easy. You've got to be quite thoughtful around your career path. You've got to be quite thoughtful around the type of organizations that you're joining. Is finance at the table? Does finance have a voice? Is it an organization where finance is really a driver versus being more back office?

I've seen lots of people's careers where they end up in a subject matter expert role. It could be treasury, could be a chief accountant's office. It's hard to break out of that, sometimes when you become known for being very good in that area and it's disruptive to move you out. I would be less inclined to worry about non-CPAs coming in the function.



I'd be very, more focused on what's my next step. What's my next two steps, and what type of CFO do I want to be? Do I want to go the public route? Do I want to go the private equity route? Again, really being able to navigate that path, I think is really what folks should be thinking about, top of mind.

David McGuffin: You mentioned the need for CPAs to go in different areas of companies. Can you give an example of someone, say you placed, or who has followed that route?

Ross Woledge: Yeah. I think there's a couple of different ways companies approach it. I think in some respects you have these larger organizations where you hire in that sort of deputy that comes in under the CFO. Then the expectation is that they'll bridge anything that they're missing and position themselves for that succession piece.

Now as you think about very large organizations, complex organizations. For example, Air Canada was an organization we worked with to place that CFO successor underneath the current CFO. This was a number of years ago, but very large, complex business industry that required aviation experience.

Again, if you're going to go to market with that type of role, it's going to be very challenging to find somebody that has all the experiences that you're looking for. Again, I think there's that, you're hiring for that succession piece in mind.

Then I think it's about, how do you develop that? We've seen examples of Canadian CFOs where they've stepped out of a finance role and they've run a business, again as the Canadian Tire CFO came over to that role from running Canadian Tire Financial Services. Running a P&L, quite a different proposition to a finance role.

Enbridge made, I thought, a pretty interesting announcement last year with the ... Effectively, they took the head of the pipelines group and put them into the CFO role, and the CFO went into the head of the pipelines group. I think in those larger businesses, it's a little bit easier to, maybe step out of finance, run a division, or do something different and then step back in.

I think in the smaller companies, more mid-size company, you don't necessarily have the scale. It's a little bit harder to do. You absolutely need to develop that. You absolutely need to develop that commercial acumen, that strategic acumen. Working closely with the business, focusing on what the strategic objectives are. Looking far out as to where your market position is, where you're going to grow. That's really what the experience is going to set you apart and prepare you for the CFO role.



Absolutely, the technical is absolutely table stakes and you need that. You can't get to the strategic without that, but having that strategic acumen, CEOs are absolutely adamant that, that's what they want.

David McGuffin: I want to get some pearls of wisdom from you because you spend your days interviewing CPAs and others for CFO roles. If someone gets to the stage where they're being interviewed by you, what approach should they take? What are you looking for?

Ross Woledge: I think CFOs, sometimes can rely a little bit too heavily on the technical, and sometimes speak in numbers versus stories. I think stories are really what's going to get us excited as headhunters, and be able to sell you as a candidate. It's really the operations and the commercial side where those stories really come to life.

David McGuffin: Can you think of an example?

Ross Woledge: Yeah. Okay. Again, this is just somebody that I know in the U.S., is the CFO of Iron Mountain. We didn't interview him as a candidate, but just somebody I got to know through sourcing. Again, just a really interesting background, you know? He was the CFO of a company called Tempur Sealy. Saw an opportunity to create a direct-to-customer channel versus just selling through retail.

I mean, this is a pretty big strategic change, but he saw the value in it, built the business case for that. Ended up launching it, rolling it out, building out the store footprint. This is all very non-finance but again, it just shows you, that's really a great story where someone was able to spot a strategic aspect to that and thought, "We can really grow revenue here. We can really grow the business."

For me, that's more appealing than, say somebody who can cut the reporting timelines down, or did something pretty interesting around tax. It's very important, but again, what CEOs are going to really resonate ... What's going to resonate with them is somebody that's going to be able to say, "Have you thought about this?" Be that true sounding board. I think that's really what that CFO at the top level needs to be able to address.

David McGuffin: Yeah. That story, that ability to tell that story is about communication in a big way too, isn't it?

Ross Woledge: Oh, 100%. I think, again, it's, you can be the smartest CFO in the room, in the company and the smartest leader in the company, but if you can't get people to see your point of view or persuade them around to see your direction, that's pretty critical. I think even with respect to the investor relations function, you've got to be able to communicate with investors, a pretty



clear view and a compelling view on where the organization's going. What the strategy is. Is it clear?

Being able to articulate that. Being able to communicate in a pretty compelling way is an underrated, I would say, skill for a CFO. In my mind, the best are the ones that are able to be very crisp, plain, and be able to adjust that messaging to the audience.

David McGuffin: Where do you see the role of CFO heading in the future?

Ross Woledge: Yeah. I truly believe that the age of the CFO is really, now. I think they're establishing themselves as number two within the organization. I think you're seeing more functions being tucked underneath the CFO. It's very common in a small, medium-sized business that the CFO's overseeing more than just finance. They're seeing IT and HR. In some cases, legal.

There's a real broadening of that expertise. I think any time you get exposure to different functions, I think that can be helpful. Any time you can take a CFO role on, that has a broad mix of responsibilities, that can also be helpful. I think the other piece that I would say is, I think, technology, data and analytics. That's all coming to the fore, automation.

I think you need to be technically savvy. I don't think you need to be a technologist, but I think it's common that we're expected to bring CFOs that have led a pretty end-to-end ERP implementation, or starting to really delve into data and analytics, experimenting with AI.

Those are some of the pieces that, I think is where the function is going. I guess as you start to do more of that, what can you do with the actual finance function itself? What can you automate? How do you drive your function to be adding more value versus doing more of the day-to-day tasks?

The other piece that I would say, I think you're going to see, I suspect you'll see more CFOs making CEOs. I think we've already started to see that with some fairly recent examples. There's Sun Life, for example. CFO to CEO. That, I think will be happening more and more. As the CFO's role broadens, does that chief operating officer, do we see that as much anymore? Does that CFO play that number two role? Then does it make sense in the right circumstances for that CFO to make the step up to CEO?

It's breadth. It's that strategic acumen. It's obviously some technology acumen. Obviously, the most important, critical part is in that strategic acumen.

David McGuffin: Yeah. It's a pretty bullish time for CFOs, obviously, and CPAs with the right skillset. Would you say that's fair?



Ross Woledge: Yeah, I absolutely believe that. I think CFOs I speak to, they're getting three, four calls a week, sometimes. You can't take all of them. I just think the demand for really proven, strong CFOs that meet all of what we've discussed, it's a tight market.

The other piece about Canada is its sizeable market, but not compared to the U.S. When you're working in the U.S., and you're working, doing a CFO in packaging, you can go and recruit five or six CFOs in packaging that may be based across the country. Canada, it's some large companies, but a lot of small, medium-sized companies.

They have to think about, creatively, not only pulling from different industries, and we're seeing a little bit more openness to, say recruiting from outside that particular industry. I also think, and this is very encouraging. I mean, 64% of the CFOs in the top 100 companies came internally.

There is a trend that organizations are doing a better job at developing their next CFO in-house. I think the reality is that finance leaders are in demand. I think there's a huge demand for CFOs, and I only see that continuing as it becomes more competitive as we see more retirements.

David McGuffin: Great. Ross Woledge, thank you so much for coming on the podcast.

Ross Woledge: A pleasure to be here. Thank you.

David McGuffin: Ross Woledge is a Partner at Odgers Berndtson, an international executive search firm where he is head of the firm's CFO practice.

Listening in on the conversation with Ross has been Judy Adam. Judy is the CFO of Fire and Flower, a cannabis company with over 100 retail outlets across Canada. I asked her if the conversation with Ross resonates with her own journey to the CFO office.

Judy Adam: It really did resonate very closely to my own journey and my journey to the CFO role started off in a very traditional way. I attained my CA designation from one of the large audit firms out in Vancouver. Right away I jumped into the broadcast media industry starting off first in internal audit and that was great. It was a lot of fun because it meant traveling all across the country, visiting radio stations and television stations, documenting procedures and controls. But it was a great way to learn about the business so I quite enjoyed that.

Then eventually I made my way to Toronto, where I joined Corus Entertainment, which is today one of the largest media and entertainment companies in Canada. But when I joined, it was really just a startup at the time. So I was part of the original management team that started Corus back in 1999 and over my 20 years there, I'd moved into various finance roles and broadened my skills along the way.



Ross talked a lot about the importance of broadening your skillset and I definitely felt like I got that with my experience at Corus. So that was probably why I stayed at Corus for so long is because I was able to continue to broaden my skills. There was just so much opportunity, right, as the company grew. There was lots of opportunities for a finance executive to take on new initiatives and get into the thick of things, so it was all a really good experience.

David McGuffin: At that point, Judy felt ready to take on the CFO role, but she wanted her first step in that direction to be towards something smaller than Corus.

Judy Adam: I felt that moving to a more smaller environment was probably a better fit for me because I really enjoy those early days at Corus. We were growing very rapidly, I was able to roll up my sleeves and also scale for growth so that's what I was looking for. My first CFO role was at MAV Beauty Brands, which was a CPG company in the hair care, personal care industry and had just IPOed on the TSX. You can imagine there's lots of a heavy lift and lots of things to do for a finance executive there. What's quite typical of many small cap companies, a finance leader has to wear many hats and Ross touched on that as well. In addition to finance, I also oversaw IT. And for a period of six to nine months, I even had to step in and oversee operations for a bit of time as we were transitioning in leaders. Again, a really fun experience for me, great way to learn a business. I didn't have CPG in my background before.

David McGuffin: And Judy also didn't have cannabis in her background before she stepped in the CFO role at Fire and Flower. And just as with her first CFO role, she once again found herself in charge of a lot more than just finance.

Judy Adam: My role at Fire and Flower, I oversee all of shared services, not only including finance, but also IT, HR, and most recently I took over overseeing real estate, which as a retailer, you can imagine that's quite important. We have over 100 plus cannabis stores now across Canada.

While my journey to the CFO role was very finance focused, once I got into the role, I realized that the role is so much more than just being a subject matter expert in finance, and frankly that's just table stakes. The role is really about leveraging your financial expertise to be able to drive value within the organization and really being that strategic business partner to the CEO and the leadership team and also to the board. That the CFO is really a key player in driving growth for the organization and in strategic planning and oftentimes leading very transformational initiatives within the organization and frankly, that's what makes the CFO role really super exciting.

David McGuffin: Considering the path Judy's career has followed, it's maybe not too surprising that her key advice to anyone targeting the CFO position is to broaden your skillset.



Judy Adam: Look for those opportunities wherever you are within your organization but also look to volunteer outside of the organization. You have opportunities with CPA Canada or not-for-profits. I've been on several boards of some non-profit organizations and I just learned so much just being on those boards, either as a board member or audit committee chair. They gave me a real great opportunity to focus on setting strategic direction and focusing on managing risks. If you don't have those opportunities for yourself within your own organization, look for those opportunities outside as well. Nonprofit organizations, they're always looking for great finance executives to help out.

One other thing I would say is look for feedback and advice from senior leaders. Again, within your own organization or outside the organization. I've had the privilege of having some amazing mentors in my career who have really guided me and pushed me and encouraged me to take on different roles and continue to broaden my skill set. That was really helpful, I think, as I try to figure out my next step and my path to the CFO role.

David McGuffin: Judy Adam is the CFO of Fire and Flower. That's it for this episode of Foresight. If you're interested in learning more about CPA Canada's Foresight initiative, go to foresight.cpacanada.ca. We'll also have the link in the show notes.

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