

# Fort Worth Business Press

## CFO roles shifting in economic downturn

**BY LESLIE WIMMER**

June 01, 2009

As the economy changes, the roles chief financial officers play in companies also change.

Since early 2008, when the economic downturn began to snowball, chief financial officers at companies in the U.S. have seen a shift in both the duties they perform and the way their roles are scrutinized. But the changes in job pressure may have begun as early as 2000, area management and business experts say.

The most basic job function chief financial officers perform is to be responsible for all things financial, both internal to the company and external.

Internally, chief financial officers deal in corporate strategies, monitoring company financials and looking for long-term impacts, said Mel Fugate, an associate professor of management and organizations at the Cox School of Business at Southern Methodist University.

Externally, chief financial officers often work in concert with chief executive officers to represent a company to investment communities or to Wall Street, Fugate said.

But, when the economy went into recession, the position these executives fill began to shift, sometimes considerably depending on the industry, to become a more public role with tighter regulations and rules, and more scrutiny.

“For some industries and companies, the CFO role has changed dramatically,” Fugate said. “What’s different about this downturn is that financial pressures and financial challenges are being felt for the first time in a very different way, or in a more extreme way, than ever before. So, as a result, because of the financial consequences, there’s an increased emphasis on the CFO and all the things he or she did before.”

Along with the increase in attention, chief financial officers also are experiencing a change in their day-to-day duties, Fugate said.

In instances where CFOs may have held onto the majority of their duties, they are now more often being pressured to delegate more to other employees than they would have in the past.

“With the last spat of scandals in 2000, 2001 and 2002, with Enron, WorldCom and the regulations that were put forth, quite literally and technically the liability for implementing the CFO role has increased greatly,” Fugate said. Chief financial officers “are personally

responsible in that they have to sign off on everything, and can't say 'oh, I didn't know that,' or 'That wasn't my job.'”

James Campbell Quick, an organizational behavior professor at the University of Texas at Arlington, said in a downturn, good CFOs will start to look out for dangers to the company, but also opportunities.

“What you're looking for in a down economy is what the real dangers are for the firm, and what also the potential for benefiting from the downturn is,” Quick said. “In every crisis there is both danger and opportunity.”

As the pressures of CFO positions have increased, so have turnover rates, said Rich D'Amoro, chairman and CEO of Tatum LLC, an executive services firm, in Dallas.

On average, every 26 months to 30 months a company experiences a CFO turnover, D'Amoro said.

Chief financial officer turnovers “are pervasive now,” D'Amoro said. “It's a very complicated job, it's not a one-person job. Banks, shareholders, public markets, bond holders, and others get really annoyed and impatient when numbers are wrong or are sliding. You're always the messenger, as the CFO of an organization, you get to deliver the good news, but you also have to deliver the bad news” about finances.

In response to the growing CFO turnover rate, D'Amoro and Les Ward, the managing partner for Tatum's Dallas-Fort Worth marketplace, have launched Tatum Encompass, a CFO service to search for and fill vacant CFO positions at area companies.

When a CFO leaves a company, the role can be left vacant for months at a time, Ward said, and the Encompass program works to use Tatum's network of CFOs to fill vacancies in days or weeks.

“Over the last four years we have quadrupled in growth, and our competencies associated with recruiting talent and deploying talent are allowing us to be a market leader in these services,” D'Amoro said. “Last year we placed five full-time CFOs. We have great recruitment capability, we know how to put the right person in the right place at the right time, using the 15,000 names in our database.”

Encompass uses what D'Amoro and Ward call a CFO roadmap, which aims to provide the best match for a company based on several aspects, including skills, education, experience and expertise.

The Encompass roadmap also adds in another factor, which is company culture, D'Amoro said. By rounding out the job specifications to include a company's culture, companies

searching for CFOs are more likely to find a solid job match quickly.

“We give a CFO a better chance of succeeding when they can hit the ground running,”  
D’Amoro said.

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