

HOW TO HIRE A CFO

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Rankin McKenzie is pleased to offer this complimentary guide to aid you during the crucial process of hiring a Chief Financial Officer (CFO).

Selecting a CFO requires a meticulous evaluation of candidates' expertise, strategic alignment, and leadership skills. It is also essential to consider the compatibility of working styles and personality fit with the existing leadership team to ensure seamless integration and effective collaboration.

This guide provides an overview of things to consider along with sample interview questions to aid in your search and hiring process.

TABLE OF CONTENTS

Things to Consider When Hiring a CFO	3
Can Your Company Attract and Afford a Great CFO?	5
Sample Interview Questions	7



Rankin McKenzie has over 30 CFOs serving clients in a wide array of industries.



Things to Consider When Hiring a CFO

Define the Role and Expectations

The CFO is responsible for overseeing financial operations, managing risks, engaging in strategic planning, and reporting to stakeholders, aligning their responsibilities with the strategic goals of the company. A well-defined job description is crucial as it ensures candidates are aware of the role's demands and helps align their expertise with the company's expectations.

Identify Key Qualifications

Essential qualifications for the CFO include a CPA and/or MBA, extensive experience in finance or a related field, and a proven track record of leadership and strategic contributions. High standards in the selection process ensure that candidates have the necessary skills and experience to effectively drive the financial strategy of the company.

Cultural Fit and Leadership Style

It is vital to assess candidates' capability to integrate into the company culture and their leadership style to ensure compatibility with the existing team. A CFO who aligns with the company's values and demonstrates effective leadership will promote a positive work environment and lead the finance team successfully.

Technical and Analytical Skills

Candidates should be proficient in financial software, data analysis, and regulatory compliance, with an understanding of industry-specific financial challenges. Technical skills are essential for accurate financial management and effective strategic decision-making.

Strategic Thinking and Vision

The role requires strategic thinking, the ability to forecast financial trends, and experience in areas like fundraising, mergers, acquisitions, or expansions. A forward-thinking CFO will recognize growth opportunities and navigate the company through financial complexities.

Networking and Negotiation Skills

The ability to negotiate effectively and maintain beneficial relationships with banks, investors, and other financial institutions is crucial. Strong networking and negotiation skills enable the CFO to secure favorable terms, enhancing the financial stability of the company.

Experience and Track Record

Priority should be given to candidates with a proven track record of enhancing financial performance and contributing to business growth, particularly in similar or related industries. Such experience ensures the CFO is well-equipped to handle the specific challenges and opportunities faced by the company.

Recruitment Process

A structured interview process involving key stakeholders is recommended. Engaging an executive search firm can provide access to a broader talent pool. A rigorous selection process, potentially enhanced by professional recruiters, ensures a thorough evaluation of candidates' skills, experience, and compatibility. See [page #5](#) to determine if your company can reasonably attract a top-tier CFO.

Reference and Background Checks

Thorough reference and background checks are essential to verify candidates' qualifications, achievements, and integrity. This due diligence is critical to protect the company from potential risks associated with executive appointments.

Offer and Onboarding

A competitive offer should include an attractive salary, benefits, and possibly equity. A comprehensive onboarding plan is necessary to integrate the CFO smoothly into the team and align them with the strategic objectives of the company. This approach not only attracts top talent but also ensures their successful transition and alignment with company goals. See [page #6](#) to determine if you can afford a top-tier CFO.



Can Your Company Attract and Afford a Great CFO?

Can my business *attract* a great CFO?

While companies with substantial revenue can offer competitive cash compensation to attract a top CFO, they might still face challenges due to perceived career risks associated with the position. High-level executives like CFOs weigh various factors beyond compensation, including the potential career risks of joining a smaller or less established company compared to a more prominent or stable firm.

Factors contributing to career risk for CFOs include the stability of the company, its market position, and its growth prospects. For a CFO, the risk of joining a smaller or mid-sized company might involve concerns about the company's ability to sustain growth, manage financial challenges, or navigate market uncertainties. These risks can deter top talent despite attractive financial offers, as the professional stakes are high—especially in roles accountable for the company's financial health and strategic direction.

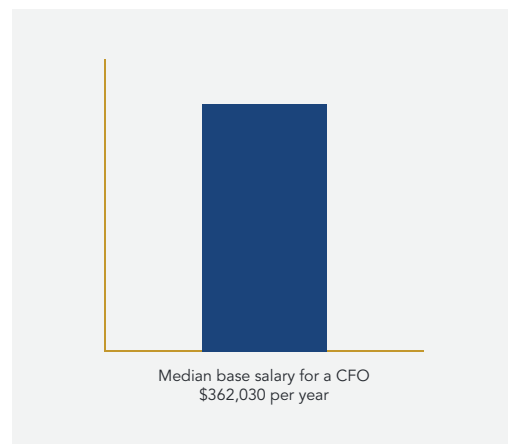
Moreover, CFOs often consider the impact of their career moves on their long-term professional trajectory. Joining a smaller company might limit exposure to certain broad-scale operations and strategic experiences offered by larger, more diverse corporations. Therefore, even if a company can afford the salary and equity demands of a top CFO, it must also convincingly address these career risk concerns by demonstrating stability, growth potential, and strategic vision.

Can my business *afford* a great CFO?

To attract and pay a top Chief Financial Officer (CFO), the revenue of your company plays a significant role in determining the feasible compensation package. For companies with annual revenues less than \$50 million, the salary for a CFO typically ranges lower than those in higher revenue brackets. Companies with revenues exceeding \$50 million can offer more competitive salaries and total compensation packages.



The average base salary for CFOs in the U.S. varies significantly based on the size of the company and its revenue. According to Salary.com, the median base salary for a CFO is approximately \$362,030 per year. **In our experience, this is true for companies generating north of \$50 million in revenue. Companies in the \$10-50 million range can expect to pay \$250,000 - \$275,000 for top talent.**

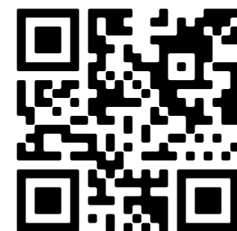


Remember, for top earners, these figures can rise substantially, especially when factoring in bonuses, equity, and other expected benefits.

In addition to cash compensation, equity grants are a common part of compensation for CFOs, especially in startups and companies approaching public offering stages. Equity can range from a small percentage up to significant shares in the company, depending on the stage of the company and the strategic importance of the CFO.

Therefore, to attract a top CFO, especially if aiming for candidates accustomed to managing large-scale operations, your company should ideally be generating substantial revenue, potentially in the higher tens or hundreds of millions, to support a competitive total compensation package that combines salary, bonuses, and equity.

If you aren't sure your company can attract or afford a top-tier CFO, you may want to explore if hiring a fractional CFO is a better option for you. **Schedule a call with Beth Mullaney at Rankin McKenzie** to learn more about the benefits of fractional financial leadership: RankinMcKenzie.com/contact





Sample Interview Questions

Scenario-based questions in interviews are valuable because they assess a candidate's real-world problem-solving abilities and reveal behavioral insights that indicate their fit within a company's culture. These questions also validate a candidate's experience and communication skills, crucial for roles that require complex decision-making and effective team leadership.

Here is a series of sample scenario-based questions categorized by key skills and attributes relevant to a CFO position:



Cultural Fit and Leadership Style

You are leading a team that resists a new financial policy you believe will benefit the company. How do you handle the situation?

Describe how you would integrate your personal management style into our existing corporate culture, which emphasizes transparency and open communication.



Technical and Analytical Skills

Our company faces a sudden cash flow crisis. Walk us through your analytical process and the steps you would take to address this issue.

Imagine you're reviewing our company's financial reporting system and you identify potential areas for improvement. How would you prioritize these changes, and what metrics would you use to evaluate their impact?



Strategic Thinking

The company is considering expansion into a new market, but the financial risks are considerable. How would you approach the decision-making process?

You have multiple potential projects, but limited resources. How would you assess which projects to pursue from a financial perspective?



Risk Management

You suspect a profitable investment might carry hidden risks not apparent in the financial data. How do you proceed?

The regulatory environment is shifting in a way that could impact our industry significantly. How would you prepare the company financially?



Networking and Negotiation Skills

Describe a situation where you successfully used your network to resolve a company issue or improve financial outcomes.

How would you negotiate a better deal from a stubborn vendor who is critical to our supply chain?



Communication and Influence

How would you explain a complex financial strategy to stakeholders who are not financially savvy?

Imagine you need to convince the board to make a significant investment in technology to improve financial operations. What approach would you take?

These questions are designed to evaluate a candidate's ability to handle complex financial situations, lead under pressure, adapt to corporate culture, and drive strategic decisions, ensuring a comprehensive assessment of potential CFO candidates.

