

Wanted: finance superstars

How companies can refigure the talent equation to stay on top in Silicon Valley

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By Stephen Ambler

RoseRyan director

Finding and keeping top finance talent is a perennial challenge in Silicon Valley, where demand often outstrips supply and companies want strategic thinkers, not bean counters. In 20 years of finance and accounting engagements with Bay Area businesses, we've learned a lot about what it takes to attract and retain the best. It all boils down to deftly managing a complex, dynamic mix of recruiting, culture, and business strategy.

Want a strategic finance team? Prepare to compete

Attracting top finance talent is more important than ever—and the market is almost as competitive as we've seen it in our 20 years in Silicon Valley.

Companies increasingly expect CFOs to add strategic planning, resource allocation, and capital structure management to their traditional accounting, compliance, and governance portfolio and to newer responsibilities like IT, HR, and legal management. To do that, they have to delegate—which means they need finance teams equipped to make real contributions to business decisions. Business cycles are shrinking, so fast thinking and adaptability are key. And who has time for training? In short, everyone wants finance rock stars.

Our tracking of national data suggests just how in demand these kinds of professionals are. At the same time, our under-the-finance-hood experience has given us unique insights into the qualities companies should *really* focus on when evaluating finance pros, and what can keep stars from moving to a competitor. (*Hint: generous compensation isn't necessarily the most important part of the equation.*)

Who's hot and who's not

WANTED: Business-savvy finance pro who lives and dreams strategic and tactical financial planning, statistical analysis, M&A due diligence, debt and equity accounting, and much more. Must be attuned to risks and opportunities, be a good communicator, and enable CEO to conquer the world.

That describes one of the most sought after professionals in Silicon Valley—and this dream hire isn't the CFO.

Financial planning and analysis (FP&A) staffers account for the bulk of new finance hires nationwide, according to CFO Publishing's 2012 *Great Ideas: Strategies for Better Leadership* report. The hottest finance talent? CPAs with MBAs.

What's true nationally is especially true in Silicon Valley. Below the CFO level, the talent shortage is acute. Finance pros like the one described above are getting snapped up regardless of experience in the hirer's sector (something Valley companies usually put a premium on). Salaries are rising, too. Some companies are even paying signing bonuses—a lure we haven't seen in years.

The driving force behind this talent competition is a need for business savvy throughout the finance organization. In the best-run companies, the finance organization has operational insight and contributes to business strategy. (See our [Strategic Finance in Action](#) report for more on this.)

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A crack finance team is able to:

- Help raise money, identify strategic partnerships, and plan for growth.
- Calculate potential risks and rewards in product development strategies, assess markets, and establish cost structures for pursuing the most promising approach.
- Manage risk by establishing basic internal controls (approval levels for certain transactions and product decisions, for example), maximizing investments, deciding whether to hedge currency transactions, determining how to deploy spare cash, figuring out how much inventory to hold, and counseling management on whether to offshore business.

To handle these tasks, finance pros must possess not only technical expertise such as statistical analysis—a huge and growing need—but also a keen sense of the operational side of the business. Those who have it are likely to draw (generous) offers aplenty for some time to come, given Valley companies' ever-shortening business development cycle and need to shift strategy on a dime.

Who's not so hot (at least in the eyes of the current market)? Technical accountants, per the *Great Ideas* report, aren't getting a lot of long-ing looks. But companies still need their expertise, and we, along with some of the experts in the report, think the emphasis on FP&A is obscuring the importance of accounting chops that can meet the challenges of new and pending regulation from the Dodd-Frank Act, international financial reporting standards, major tax law changes, and the impacts of globalization—not to mention all the significant changes to operating lease accounting and revenue recognition rules that loom on the horizon.

And when it comes to CFOs, however, it's a buyers' market in Silicon Valley. Companies can be choosy about their top finance exec, and they're fixating on experience in their industry sector. From our perspective on the inside of finance organizations, those chops are often not the most relevant factor in success.

Why a versatile, broadly experienced CFO matters

The role of the finance organization has evolved significantly in just the last few years—and we anticipate more of the same needs over the next several years: team members with increasingly specialized expertise and CFOs who know how to delegate tasks to them while providing effective leadership and exhibiting a well-rounded understanding of the company's finances. CFOs who don't possess these abilities are at risk of failing in their primary responsibility: protecting the organization's financial integrity.

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We've seen CFOs of public companies jeopardize their company's success by focusing too much on investor relations and mismanaging their finance teams. Without effective CFO leadership, the cost of finance functions rises, and organizational weaknesses in the finance team affect strategic initiatives on the operations side. That can affect your stock price: analysts look for CFOs who understand not only their organization's financing needs, but also the company accounts and accounting practices. We've all seen what can happen when CFOs let accounting "details" slide—witness Groupon's embarrassing and costly restatements after going public. So while they're negotiating contracts, assessing business risk, identifying and executing priorities, spotting and solving problems that threaten performance, and capitalizing on opportunities, CFOs still have to maintain oversight of traditional functions and the finance team.

Weak CFO leadership can be an expensive problem for private companies, too. Last year we winced at the car crash that ensued when the CFO of a local company, who had devoted all her energy to financing the business, entered an M&A deal. The CFO's grasp of the company's accounting was weak, the due diligence process was difficult, and the acquirer questioned the quality of the accounts under her management—and ultimately the company's valuation. The CFO didn't last past the point of acquisition.

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From our vantage point inside dozens of Silicon Valley companies, the ability to strategically guide the company's financial future and promote the best exit strategy ranks right up there with analytical ability and leadership skills among the key qualities of a top-notch CFO. The CFO is instrumental in identifying and performing due diligence on prospective merger partners or buyers, assessing the implications of a proposed deal, and ensuring that equity, stock rewards, revenue recognition, cash flow, and other accounting matters are handled properly.

Experience counts in all this. That's not necessarily the way many in the Valley think, though. Experience in the company's industry sector is nice to have—it can be helpful from company valuation and credibility perspectives—but it shouldn't trump experience at the appropriate responsibility level. A public company CFO needs at least controller or comparable experience in a public company. That background provides an understanding of the regulations, especially disclosure rules, that affect public companies, along with the confidence to initiate strategic partnerships.

We've seen what can happen when a public company hires a CFO without public company experience. At one tech company we worked with, the sales team ran rings around one CFO whose private company experience didn't give him the background (or backbone) to say no to deals that should never have been approved. The CEO, who came from sales, also failed to understand that many of the deal terms were bad for the company. The upshot? The company's value fell when the market clued in.

What it takes to keep top finance talent

The competitive market for finance pros means you can't afford to get complacent once you have your dream team in place. A work culture that makes them happy is key to keeping their eyes from wandering.

Finding and retaining top finance talent is what butters RoseRyan's bread, so we pay close attention to research, analyze the information we get from interviews with finance pros, and regularly survey our consultants about what makes them happy at work.

Money is important—but it's not enough. Sure, options and signing bonuses will earn you a second look, but manager quality, career opportunities, and senior leadership reputation are the leading drivers of retention, according to Corporate Executive Board research on high-performing finance staffers. In Silicon Valley, the cachet of working for a hot company can motivate finance pros to stay put—but it shouldn't overshadow the importance of excellent internal management.

Use your "soft" skills. Listen when your pros offer solutions, ask for input or resources to pull off a tricky task, or request assignments that offer learning opportunities. Ignoring these communications only gives them an excuse to shop for better management—maybe with a competitor.

Respect differences—and use them to your advantage. Different generations have different drivers of engagement. But more than that, finance pros have different work styles and career interests. It pays to translate that knowledge into tailored growth and leadership opportunities. And don't overlook the power of mentorship. Pros who know their manager is looking after their career path will see their success and the company's success as linked.

Reduce the chances that top talents see you as just a short-term gig. We've attracted top-tier expertise by embracing the reality that exceptional talents no longer look for jobs they can fit into but instead consider how a particular gig could shape their careers and lives. Leaders can watch this happen, says *Reframing the Talent Agenda*, a 2013 report published by Deloitte University Press, or "they can design roles and work environments that make a company an attractive proposition for the networked and continually developing worker who might otherwise view the company as a transitory place en route to the next great thing."

Use their skills—and encourage growth. The most successful finance execs treat their finance pros as peers, giving them work that complements their strengths but allows them to expand their expertise. Don't waste high-level skills on a job that doesn't require them, and do introduce variety with special assignments that build on individual strengths.

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Not enough candidates in your pool? Get a bigger pool

It may be a relief to know that when the competition for top talent gets too intense, you can always opt out: look to your wider network of outsourcing and strategic partners to get the expertise that you may have trouble hiring outright.

And when you need specialists right now, RoseRyan can help. You know those technical accountants who don't seem super appealing right now? You'll *really* want them someday soon, for dealing with business expansion, new regulations, crunch-time compliance, sticky due diligence issues, and so on. We have those people. If you're still seeking that FP&A pro, there's no need to settle for second best: we can provide top talent until you land the ideal hire. And even superior teams benefit from additional expert hands when major projects get piled on the daily work. Take raising capital. We've helped companies prepare for first audits and handled their GAAP financials—we've even crafted their fund-raising pitch. For companies dreaming of an IPO, we've set up public company-level controls.

Contact Maureen Ryan at mryan@roseryan.com to find out more about how RoseRyan can help.

About Stephen Ambler: Stephen Ambler manages the team that matches RoseRyan gurus with clients. He acquired his wide-ranging expertise, including financial and operational management, fund-raising, SEC reporting, and budgeting and planning, through 30-plus years of accounting and business experience on both sides of the Atlantic.