



THE CFO NEW JOB START CHECKLIST

The Single, Definitive Checklist for CFOs Starting New Positions



- _____
- _____
- _____
- _____

By  *Jim Hilboki, Interim CFO*

Table of Contents

Background.....	1 - 2
CFO Checklist.....	3
Review Financials.....	4
Review Processes.....	5 - 6
Gain an Understanding of Tech Stack.....	7
Identify Critical Business Needs.....	8
Respect the Culture.....	8
Build Internal & External Relationships.....	8
Consider the Future - Roadmapping.....	9

Background

First, some background...

Most CFOs get started in the accounting & finance side of business because they are “good with numbers”. While that may have been how we initially got here, the journey to becoming an effective CFO requires a wide variety of skills beyond just numbers, and includes things like: leadership, integrity, relationship building, team building, and maintaining a strong, control environment.

Stay Curious!

No CFO can succeed without being naturally curious and always seeking better ways to get things done. More often than not, we read countless articles and books written in the constant search to improve our companies, teams, and ourselves.

We also stay on top of developing trends and technologies to ensure that the companies we work for are properly positioned for the challenges of today, as well as the challenges and transformations they will face in the next 5 years.

As a young auditor at Ernst & Young, my very first client was Pan Am Airways. At one point, it was one of the most recognizable brands in the world, even above Coca Cola. There was a majestic and romantic nature to air travel then that doesn't exist today. The employees I met and the glory days stories they told really influenced me. There are audit procedures we did then that I still remember today. Perhaps, I am the romantic...

OK, so you are probably wondering how this relates to this Checklist. What the heck does Pan Am have to do with THE NEW CFO CHECKLIST?



My 6 Degrees of Kevin Bacon...

In my best six degrees of Kevin Bacon, let me bridge the gap. A few years ago, I picked up a book partially because it had a chapter that focused on airline protocols and given my “romance” with the airline industry, though now as a traveler, I decided to give it a read. Little did I know that this book would become one the most influential books I have ever read.

Even More Background

**The book is
Atul Gawande's
"The Checklist
Manifesto:
How to Get
Things Right".**

One online synopsis of the book reads as follows:

"The modern world has given us stupendous know-how. Yet avoidable failures continue to plague us in health care, government, the law, the financial industry - in almost every realm of organized activity. And the reason is simple: the volume and complexity of knowledge today has exceeded our ability as individuals to properly deliver it to people - consistently, correctly, safely. We train longer, specialize more, use ever-advancing technologies, and still we fail. Atul Gawande makes a compelling argument that we can do better, using the simplest of methods: the checklist..."

How simple is that? Whether it is an ER Doctor evaluating a patient or an airline pilot preparing for takeoff, each follows a well-established and tested checklist to help guide them through complex and sometimes difficult processes.

A good checklist helps you stay organized, maintain consistency, and achieve results.

Having been an operating company CFO & Consultant CFO for almost twenty years across industries as diverse as major label music, food & 3PL distribution, and biomedical component manufacturing, I've had to develop my own checklist that I use when starting a new engagement.



THIS IS MY

New CFO Checklist

- Review Financials
- Review Processes
- Gain an Understanding of the Technology Stack
- Identify Critical Needs
- Respect Culture
- Build relationships
- Consider the future



CHECKLIST ITEM #1

Review Financials

Start by reviewing the audited and internal financial statements.
This is the essential first step for any incoming CFO.

Then ask...

Is the auditor opinion clean?

Do the notes to the financials contain anything that is an issue?

Look at internal financial data are signs of seasonality or one-time or unusual events?

Are there any revenue/cost or customer/vendor concentrations that drive the results?

How did the COVID pandemic affect company operations and what changes have occurred in the business since?

What is the company's cash position and free cash flow?

What drives the company's growth and what is its sales cycle?

If the company is carrying significant debt, understand the cash flow needed to cover the debt and understand the compliance with any covenants. Obtain the DSO on Accounts Receivable and the DPO on Accounts Payable.

And always make sure to analyze internal & external (market) risks and opportunities!

Notes:

CHECKLIST ITEM #2 - Part 1

Review Processes

After reviewing the financials, your key next step is to gain an clear understanding of the company's processes & internal control procedures.

If your company keeps audited financials, there should also be internal control procedures and process memos available to help you gain an overall understanding of the environment.

Review the company's Table of Authority (if a formal one exists). However, the best method to gaining a broader view is by meeting with your finance & accounting teams and possibly even observing financial closes from beginning to end.

It's critical to be a good listener and observer in these early stages, this is where you can uncover some gems. Often the tenured staff will be forthcoming with their concerns, and it can be advantageous to allow them to have their say before offering your view and past experiences.

What ERP systems are being used for the financials?

What does the financial close process look like and what reporting packages are required?

What is automated and what is manual?

Is the company able to leverage its systems or is much of the work in Excel?

Who processes payroll and what system is being used?

Does it integrate with your company systems?

What are the main cost categories and how do vendors get paid?

What is the approval process for costs and what is the process for approvals on new vendors and vendor contracts?

CHECKLIST ITEM #2 - Part 2

Review Processes

What is the process for procuring capital expenditures?

What levels of approval are needed and does each spend require a ROI justification?

What is automated and what is manual?

After you've answered all of those critical questions, you'll want to review the AR Aging to look for customer concentrations, past dues, and the company's general behavior on enforcement of credit terms.

What are the general payment terms for customers and how does that vary from actuals?

Does the company issue its invoices in a timely manner?

How does the DSO compare to the DPO?

In this step, it's important to assess the organizational chart of the finance & accounting team(s) to gain an understanding of the skills & experience that each person brings to the department.

And almost most importantly, are these skills aligned with the company's needs?

Notes:

CHECKLIST ITEM #4

Identify Critical Business Needs

As a CFO completes the first three steps, it's likely that a few issues will arise that need to be addressed with immediacy.

As the CEO's strategic partner, it's up to the CFO to identify the urgency of these issues and provide a hard plan of action for remedy as quickly as possible.

Anything that is clearly broken or on the verge of breaking, which could have a major impact on company operations or its ability to report accurately, would need such a remedy.

You might even consider making a checklist of these items.

CHECKLIST ITEM #5

Respect The Culture

Each industry and company carries its own unique and complex culture.

For a CFO to successfully transition between industries and companies, it's vital that you respect the culture of your new organization. Often, a company's culture is rooted in its path to past successes and the employees thrive as a result of those cultural rocks.

It may come in many forms, such as community involvement, management transparency & accessibility, and environmental values. As a key senior executive, the CFO is looked upon as a leader beyond just the financials, even if you're in a temporary or consulting role.

CHECKLIST ITEM #6

Build Internal & External Relationships

Incoming CFO's need to establish trust across the organization, and especially within leadership and/or the CSuite - this starts with the CEO, the Board, and other senior executives.

It's imperative that they understand the CFO office is a trusted partner with a high level of integrity, and that your organization is there to provide a valuable service across the org.

You will also want to build good working relationships with key vendors, lessors, auditors, and banking partners. Taking meetings with these parties early in your tenure will provide reassurance to them of continuity but will also lay the groundwork for you in future negotiations and problem solving scenarios.

Relationships are key to business success, and there is no difference here.

Notes:

CHECKLIST ITEM #7

**Consider the Future
- Roadmapping**

As you get your footing, it's never too early to think about the future.

The information you've learned by undertaking the 6 previous steps will help you 'roadmap' your first 90-days, first year, and beyond the first year.

In the critical first days, it may be helpful to craft your own list of "first impressions". Put that away and refer to it after your first six months to see how things have evolved (or not), and then adjust as necessary.



CFO'S BAKER'S DOZEN

**Challenge your management team
to create a "Bakers Dozen List":**

- Six Transitional Goals**

- Six Transformational Goals**

- A New Organizational Chart**



The pragmatic use of The New CFO Checklist will help establish an overview of your new company & put you on a path to success

We hope you find it as useful as we have when starting new CFO jobs!

**Let us help you fill
any additional
positional needs**

GET MY FREE ASSESSMENT

