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Three Trends Reshaping CFO Recruitment

In today's high-interest rate environment, many companies are shifting its focus from financial engineering to value creation, says Dan Ellis, a managing director at executive search firm Townsend Search Group, in an opinion piece in *CFO*. "We see this shift playing out and influencing decision making for many of our clients, particularly at private equity-sponsored companies. For example, according to Bain & Company's private equity 2024_midyear report, the 25 largest private equity funds are holding twice as many portfolio companies as they did a decade ago, largely due to fewer exit opportunities resulting from a slowdown in M&A and IPOs. This places a premium on CFOs who can drive operational improvements and sustainable growth — in other words, organic value creation."

Value creation, he adds, "involves a wide range of strategies aimed at enhancing a company's long-term operational performance, competitive positioning and growth prospects, rather than focusing merely on short-term profit boosts. This might include streamlining operations, expanding into new markets, or developing innovative products and services that require investment and typically pay off over longer timescales."

For CFOs at portfolio companies, Ellis points out, this means going beyond traditional financial management. Companies are now seeking finance leaders who can:

1. Identify opportunities for operational efficiency and cost optimization without compromising long-term growth.
2. Develop data-driven strategies for entering new markets or customer segments.
3. Collaborate with other departments to drive innovation and diversify revenue streams.
4. Navigate complex business environments and make informed decisions in the face of uncertainty.

Ellis notes, however, that finding CFOs with this skill set presents a challenge. "According to a recent BDO report, 47% of CFOs at portfolio companies reported understaffing in critical roles. This talent shortage has intensified the competition for finance leaders and implementers who can effectively drive value-creation initiatives."

For CFOs looking to position themselves for success in today's market, he adds, "this trend underscores the importance of developing a broad skill set that goes beyond financial acumen. Experience in operations, strategy, and change management enhances a candidate's appeal for value-creation-focused companies."

1. The tech-savvy CFO: As technology continues to revolutionize the finance function, portfolio companies are increasingly seeking CFOs who can drive technological innovation within their departments. In our experience, this trend is particularly evident in the growing demand for CFOs with experience in implementing or overhauling Enterprise Resource Planning (ERP) systems and, in some cases, integrating artificial intelligence, for greater efficiency.

2. CFO as M&A specialist: In the private equity landscape, CFOs play a crucial role in driving value creation through mergers and acquisitions. This includes both the acquisition of

complementary businesses to build enterprise value (i.e., buy and build) and, ultimately, positioning the company for a successful sale.

“While the CEO may be the face of the business,” says Ellis, “the CFO is often the linchpin in M&A transactions. They hold the detailed financial knowledge that buyers scrutinize and are instrumental in structuring deals to maximize value. Demonstrating expertise in both buy-side and sell-side M&A, and showcasing successful transaction experiences — particularly in meeting or exceeding sponsor timelines and value expectations — is a powerful difference maker.”

3. Balancing priorities: The myth of the “do-it-all” CFO: Without a doubt, every CFO needs a solid financial base of skills and knowledge. But, notes Ellis, “beyond that, companies are identifying its pressing needs and finding someone who can tackle those head-on — often with the help of others. For instance, a tech-savvy controller or CIO can support a CFO who excels in strategic financial planning but lacks deep technological expertise. Rather than looking for someone who can do it all (and the truth is, no one can), companies are focusing on finding a CFO who excels at building relationships across departments to leverage the expertise of others, such as IT for technology initiatives or operations for value creation strategies.”

For considerably more, check out [3 trends reshaping CFO recruitment | CFO](#).