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Your CEO Flew the Coop. Now What?

CFOs are well positioned to provide needed leadership and support to company stakeholders in the wake of a chief executive's departure.

Bud Kulesza

Steve Jobs’s recent announcement of his departure as CEO of Apple got me thinking about some of my past experiences with turnover at the top. When the CEO leaves, it affects the CFO more than other C-suiters. The finance chief is challenged with safeguarding company assets, maintaining a professional perspective, and providing insight and support to customers, shareholders, and employees, who will be rightly concerned about the potential impact to the company as well as themselves. Whether the CEO’s exit brings grief or relief, it is necessary to maintain organizational focus and come to terms with the management change.

The stress of a CEO departure can even be mentioned in the same breath as the most taxing of life’s events, mimicking the feelings of loss and confusion that accompany death, divorce, or getting fired. An organization and its employees can lose focus on strategic objectives. Prophecies of organizational failure as leaders depart will become reality if the organization remains distracted.

The CFO, uncertain how the relationship with the new CEO will play out, may consider his or her own job at risk, yet must step up as a role model for the rest of the C-suite by exuding a calming, visible presence, reminding all that the strategic imperatives executed by employees are what define a company and lead to its success or demise.

Encouraging other top executives to maintain their momentum as well is a frequent challenge, since they may instinctively lean toward backing off and waiting for new or reconfirmed direction. While organizational direction may change with new management, it is far better to continue with existing strategy until asked to do otherwise, assuming the CEO wasn’t fired for poor strategy. Even autocratic CEOs, like Jobs, must recognize their role is only a part of a company's integral structure. Corporate culture, embraced by employees, is what truly sustains the implementation of strategic initiatives. It's especially important to encourage others in the C-suite to continue with their work during the period before the new CEO is announced.

Effective Transitions

When the new CEO arrives, it's the finance leader's responsibility to bring him or her up to speed on the state of the business, both financially and strategically. Finance leaders uniquely possess an understanding of the company that transcends functional boundaries and often expedites the discussion around important, timely issues.

Other C-suite members sometimes use this time as an opportunity to get politically closer to the new company, but the CFO must not do so. In high-performing organizations, the CFO and CEO often share a close working relationship, and even a personal one, but it's best built on trust and fact, not politics. Be cautious not to oversell past management actions, but "fill in the blanks" so the new leader doesn't get blindsided. Offer insight on prior discussions and decisions, explaining the thinking behind them.

A CFO who takes that approach will find the transition easier than one who may be perceived as an extension of the old regime. At the same time, the CFO should continue to showcase his loyalty to stakeholders such as shareholders, employees, and customers, and not just to the new CEO.

Growth Opportunities

At times when my CEO left, I felt a sense of loss, for both the organization and myself. I've also been in situations where I felt a sense of joy, knowing the company would be better served without the old chief executive. Regardless of whether the CEO left voluntarily, the CFO can make a significant difference by providing reassurance that the organization will rise above this life-changing event and can, in fact, grow even stronger. There isn't anyone in the C-suite more qualified than the CFO to provide such leadership.

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