



Journey to CFO: What's changed for women in 2017?

You may be familiar with the numbers: women earn more than half of college degrees in accounting, and hold more than half of accounting and auditing positions in the US.¹ Yet, as of January 2017, women occupy only 61 CFO positions within the Fortune 500 (12.5%), a decline from 2015, when women accounted for 13.8% of such positions.²

Moreover, in our latest *CFO Signals*[™] survey, we've seen a decline in the number of women who are the direct reports of CFOs at large organizations—arguably an important

resource pool for the next generation of CFOs. Although CFOs gave a wide range of responses when asked how many direct reports they have (see Figure 1), the most common gender combination in Q1 2014 stood at five men, two women, while in Q3 2017, it fell to six men, one woman.³

Despite these indicators, women have made slow but steady progress over the past decade: as one example, they held only 6.8% of Fortune 500 CFO positions in 2006.⁴ In addition, companies have good reason to pay more attention to gender

diversity: research shows that having women in top leadership roles leads to increased company performance.⁵

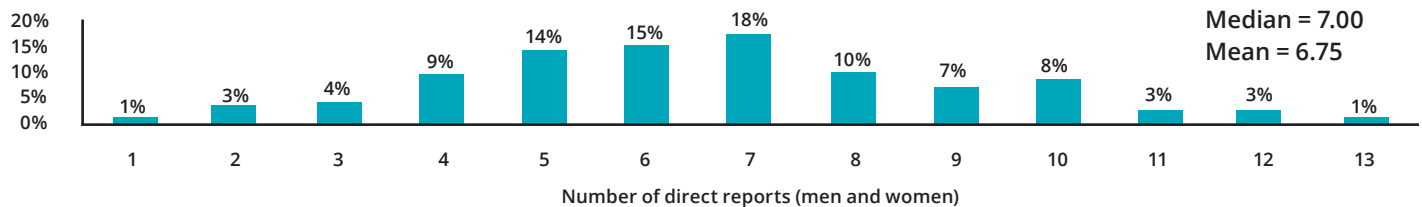
Given the progress that women have made and evidence of the value they bring, the slow pace of change raises a question: What factors are at play regarding women's progress toward the C-suite? More important, what can women who aspire to the top of the profession do differently—if anything—to get there? That's what this edition of *CFO Insights* will explore. ➔

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Figure 1: Number of direct reports

Percent of CFOs reporting each number of direct reports*



Source: CFO Signals, Q3 2017, CFO Program, Deloitte LLP;

*Stark outliers to the high side have not been included in this chart.

New issues at play?

The disparity between women’s strong presence at the entry level versus their smaller presence at the top defies a single, straight-line conclusion. Instead, it’s likely a confluence of factors. Two in particular may merit more attention from CFOs than they have received to date.

First, there is the matter of “unconscious bias,” also known as “implicit bias,” a natural tendency on the part of even well-intended and thoughtful leaders to be influenced by attitudes or stereotypes that affect their understanding, actions, and decisions in an unconscious manner. These biases are, by definition, activated involuntarily, without awareness or intentional control.⁶ Despite being unintentional, unconscious biases can have significant consequences that affect everything from daily interactions with peers to larger decisions such as whom to hire and promote.

There are a number of actions that individuals and organizations can take to better understand and reduce unconscious bias. From an individual perspective, it is beneficial to simply question our assumptions: What informs the conclusions we draw about people? Organizations can build off that by facilitating conversations to increase awareness, foster an understanding of how unconscious bias impacts our thought processes and actions, and provide guidance on how to effectively manage it. In addition, organizations can set expectations around inclusive leadership behaviors and constructively call out potential missteps arising from unconscious bias.⁷

Second, women may also face a hurdle in their own approach to career advancement. Research has shown that women are less likely than men to pursue a role if they don’t meet the full set of stated qualifications.⁸ And, they may wait for a nod of approval before putting themselves forward, rather than simply “going for it.”

While there may be steps that can help combat this barrier (see sidebar, “The power of connection”), that doesn’t mean the way is clear for women to reach the CFO spot. Some of the oft-mentioned barriers such as attaining work/life balance, overcoming behavioral biases, and the simple fact that there are finite CFO roles in the Fortune 500, still come into play. Overcoming them can require a mix of traits and skills that combine to create a “total package”—and we’ll explore both in depth next.

Five essential traits

Research into the career paths of women who have risen to the CFO role reveals a number of common traits that offer useful lessons to anyone, woman or man, who aspires to the top spot. In 2009, Deloitte prepared [a report](#) assessing the issues that confront women as they rise through the ranks of finance to the CFO position. That study included interviews with 15 leading women CFOs in the US and Europe, who identified five common traits and values that combine to create the “total package” required to succeed in demanding CFO positions. Their observations remain just as valid today:

Curiosity: The active desire to know and learn is common to many CFOs, and vital to their professional growth. Whether

it’s innate or cultivated, curiosity is often what motivates aspiring CFOs to seize experiences and opportunities that can expand their knowledge base, an essential trait given that the CFO role is dynamic and can continuously present challenging situations that should be mastered.

Courage: It’s not easy to step outside the familiar to face uncertainty—perhaps even to the point of finding yourself on dangerous ground. Yet, that kind of courage is vital to developing not only the skills you’ll need, but the confidence to believe you can meet challenges. One way to build this courage muscle is to request a position well outside your comfort zone, one that will represent a major stretch, but which you know is essential to becoming a well-rounded CFO. The immediate risks of a new stretch assignment, be it an international posting, a move into a different area of finance, or maybe a line-of-business position, are usually easy to identify; courage is the ability to look beyond them and embrace the benefits that will result from rising to the challenge.

Perseverance: If courage entails a “never say no” attitude, perseverance is about “never say die.” Think of perseverance as the “drive to mastery,” an ability to hunker down and power through tasks, responsibilities, or disciplines that may not come naturally. Many of the women interviewed could point to examples of perseverance not only in their professional lives, but in their personal lives as well, such as one CFO who, while not a star athlete, applied herself and won a swimming scholarship to Ohio State University. Often grit and determination are innate, but, as with the traits mentioned above, they can be cultivated.

Confidence: Anyone who serves as the CFO of a major company will find herself representing the organization to investors, analysts, and many other stakeholders. Therefore, self-assurance can be an important attribute—and one that can be developed through experience. Practice is critical, particularly when it comes to public speaking. Look for opportunities to speak up in various settings and share your ideas. One CFO in our research suggests that many women have a tendency to over-prepare before taking a stance or making a decision, which can make them appear to be less confident than men, who are more likely to “shoot from the hip” and make assertions and decisions with incomplete data.

Ethical responsibility: Finally, when it comes to speaking up, it's vital to speak up for what's right. It's often said that the CFO should be the truth-teller to the CEO; as one CFO noted, the ability to do that effectively requires one to adhere not only to the organization's code of ethics, but to a personal code as well. In standing up for her personal code, she sometimes thought her career might be at risk, but in fact her unassailable integrity became one of her defining characteristics.

Skills matter, too

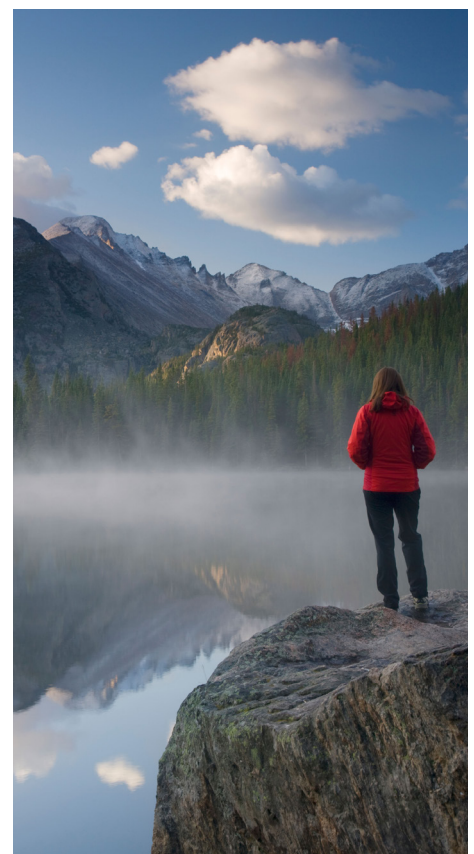
Curiosity, courage, perseverance, confidence, and ethical responsibility may serve as the defining traits common to many women CFOs who offered their views on what it takes to make it to the top. But there is another component: mastery of a collection of “soft skills” that are typically learned not in a classroom but through experience.

- **Communications and sales skills.** Even before a finance professional becomes a CFO, the ability to communicate clearly and effectively is often critical to advancement. Media relations training, coaching, and participating in organizations expressly designed to improve public speaking and presentation skills can be wise investments. With practice you can not only become adept at communicating your company's vision, current state, and prospects to the investor community,

but be better able to sell yourself as well, demonstrating a calm confidence that assures stakeholders that you have a solid grasp of the pertinent issues.

- **Listening and approachability.** An effective CFO is one who can build trust, and that often hinges on being approachable and willing to listen, especially when the news being delivered is less-than-good. If your constituents are intimidated by the prospect of sharing information with you, then you may risk missing the full picture of what's going on in the organization, and your ability to communicate that full picture may suffer. Looking for a tangible way to appear more approachable? Start by learning as many people's names as you can.
- **Negotiation and conflict resolution.** As one woman CFO noted, a career in public accounting and finance may not necessarily offer many opportunities to develop negotiation skills. So she gained experience in dealing with banks by taking a position in treasury. As for conflict-resolution, which can be thought of as a subset of negotiation, aspiring CFOs may have to get creative in looking for opportunities to develop this ability, but it can serve them well when they need to balance competing interests within the organization.
- **Influencing change.** Several women CFOs indicated that another critical skill is the ability to influence people to achieve change, as opposed to directing change. Buy-in is typically crucial to change management efforts, and that can require a robust dialogue en route to final decision-making. There was a time when the skill sets that mattered most for CFOs revolved around compliance and control, but today the CFO is more likely to be focused on catalyzing change, and may also find herself assuming an array of operational responsibilities—sometimes to the point of serving as the de facto COO. That expanded portfolio can require a CFO whose people skills include a mastery of the art of influence.

No single factor can explain the disparity between the number of women at the entry levels of finance and the relatively small number who have reached the CFO's office at large organizations. But it is clear that more women are taking ownership of their careers and pursuing a richer array of professional experiences in order to be better positioned to assume senior finance roles. It is also apparent that executive sponsorships and talent programs that facilitate the acquisition of a broader set of skills can play an important role in helping an aspiring CFO develop her or his capabilities to the fullest. More than ever, the CFO position demands the aforementioned “total package” of personal traits, soft skills, technical capabilities, and business savvy. As more women shape their careers to encompass those requirements, and as organizations provide the direct and indirect support that can help them do that, the ranks of women CFOs at large organizations may likely increase. ◀



The power of connection

While it's true that anyone who hopes to rise to CFO has to take charge of his or her career and acquire a strategically broad range of skills and experiences, no one can do that in a vacuum. The help of others is essential.

For starters, don't underestimate the value of working for high-quality people. Finding a CEO with whom you are simpatico, and a boss from whom you can learn, can be transformational. Having strong relationships with people who appreciate your abilities and can show you how to elevate them can make a world of difference.

It can also be helpful to find and join peer networks, both within and outside your organization, because they can help expand your knowledge base and provide feedback about how you are performing or how you might address certain challenges.

Finally, mentors and sponsors can be invaluable. Think of a mentor as a truth-teller, someone who asks the critical questions to guide your self-discovery. A sponsor, on the other hand, can actively advocate for your progress, championing you to those people who may be key to the next step in your journey.

Endnotes

1. National Center for Education Statistics, "Table 318.30. Bachelor's, Master's, and Doctor's Degrees Conferred by Postsecondary Institutions, by Sex of Student and Discipline Division: 2012-13," Digest of Education Statistics (2013), and Bureau of Labor Statistics, "Table 11 Employed Persons by Detailed Occupation, Sex, Race, and Hispanic or Latino Ethnicity, 2014," Current population survey (2015).
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