



Look Before You Sit

A seat on a corporate board can be a great opportunity, but choose carefully.

[Laura DeMars](#), CFO Magazine
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When Howard Atkins, CFO of San Francisco-based Wells Fargo, was asked to join the board of Ingram Micro, a \$30 billion technology distribution and sales company, he asked himself many questions and did plenty of homework before accepting the post in 2004. "I had to determine whether the time commitment was worth it for me and my company," he says, "and whether what the company needed matched what I could bring to the table."

He also wanted to make sure he had a level of involvement that suited his interests, so he joined the executive and finance committee and the compensation committee, rather than the audit committee, which already had a sufficient number of financial experts. While his financial acumen would no doubt have made him a valuable addition, he was primarily interested in addressing strategic issues.

That combination of caution and focus is a good model for other CFOs as offers to join corporate boards continue to roll in. As a generation of board members approaches retirement age, and as improved corporate-governance practices prompt companies to transform their boards from cozy collectives of insiders to (in theory) more-active advocates for savvy management, CFOs find themselves in high demand.

Between 2003 and 2004 the number of board members with CFO or accounting backgrounds nearly doubled, from 5 percent of seats to 9 percent, and it has held at that level since. Today, approximately 40 percent of new audit-committee heads have a CFO or accounting background, up from just 10 percent as of 2003, according to figures from Spencer Stuart.

While new rules mandating the presence of a "finance expert" on boards have partly driven the demand for CFOs, executive recruiter Peter Crist says that would-be candidates should not feel that it's the audit committee or nothing. "We are now conducting a search for two very large companies that want to add CFOs to their boards," he says, "and they have wisely said that the CFO does not need to sit on the audit committee. They want someone with financial acumen, and don't want to scare away potential candidates by having specific committee expectations."

Crist says that, in this seller's market, a CFO weighing a board offer should consider everything from board cohesion to company reputation to time commitments. And because the primary rationale for accepting a boardroom gig is the personal and professional growth it affords, he believes candidates should not be shy about asking themselves whether they "find the company interesting and will derive some intellectual benefit" from lending their skills to its mission.

Lately, it seems, the promise of such stimulation hasn't been enough to win over CFOs. While newly named audit-committee heads are often CFOs, only 4 percent of audit-committee chairs overall are current CFOs, and the growth rate that followed the passage of Sarbanes-Oxley seems to be abating. "It's still just a trickle, rather than a stream," says Dennis Beresford, a former Financial Accounting Standards Board chairman and professor of accounting at the University of Georgia.

He cites the time commitment as the biggest roadblock, estimating that a nonchair board position requires at least 300 hours a year to be done properly. As a board member at both Roper Industries and ArvinMeritor, David Devonshire, CFO of Schaumburg, Illinois- based Motorola, knows all too well about the time crunch. In addition to Motorola's board meetings, Devonshire attends 12 meetings a year between the two boards and devotes a significant portion of his free time to board work.

"Whenever I have some time on the weekends or at night, I'll do research or review board paperwork," he says. Those who do it insist that it's worth the effort. "It's valuable because you gain insight into what's happening with the economy and in other industries," says Wells Fargo's Atkins. "You also see what types of strategies different companies use." The Ingram Micro opportunity appealed to him, he says, because "the board had just done a complete reengineering and refocusing of the company after the tech bust of 2000, and I thought I could be of value in terms of advice about strategy and growth." Devonshire recommends that CFOs seek board assignments in industries other than their own as a way of expanding their horizons and maybe bringing different perspectives and ideas to their own companies.

Recruiters say they are now constantly on the phone with CFOs discussing boardroom openings. If your phone isn't ringing, Beresford says, there's nothing wrong with letting recruiters know that you're interested in such positions. But don't be too interested. "You don't want to jump at an offer," he says. "You have to do your homework," a process that should include researching the biographies of current board members; reading the financial statements of the company and catching up on its history; meeting with the board, CFO, and CEO; and spending time touring company operations. "Do everything you would do if you were considering becoming the CFO of the company," adds Devonshire. Beresford also recommends networking through programs like the National Association of Corporate Directors, which offers training on how to be an effective board member.

Despite the fact that a board position may require heavy research and a sizable time commitment, it is not a second job so much as an extracurricular activity. Therefore, Devonshire says, CFOs should join boards not because they feel pressured to do so but, in the end, "because they enjoy it."

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Why They Say Yes, And Why They Say Good-bye

Top Reasons For Accepting A Board Position:*

- Reputation of company and its financial position: 62%
- Comfort with the CEO: 34%
- Composition/membership of board: 21%
- Experience can be applied to own company: 21%

Top Reasons For Leaving:

- Change of control: 32%
- Overload/lack of time: 14%
- New opportunity/time for a change: 8%
- Conflict: 8%

Source: Spencer Stuart/Corporate Board magazine, May 2006. Survey of 350 past and present board members in S&P 500 companies.

*Multiple answers permitted

CFOs On The Move

Rodney Carter, former CFO of Petco Animal Supplies, is making tracks over to Zales, where he will be group SVP and CFO....Cathy Smith is remodeling her career with a jump to home-builder Centex from Kennametal, a tool and constructionproducts manufacturer. She replaces Lel Echols, who left in June....Gregory Deavens must have had it with the Yankees. He's trading his post as SVP of financial analysis and budgets at New York Life Insurance for the CFO role at Massachusetts Mutual Life Insurance....Linda Dimopoulos has had her fill as CFO of Darden Restaurants. She will retire next month and will be replaced by the company's controller, Brad Richmond....Morris "Sam" Smith is sticking to his knitting, switching from Stroud Oil Properties to Cano Petroleum, an oil-and-gas producer....Insurance group Progressive has named Brian Domeck to succeed CFO Tom Forrester, who is retiring.... Wayne Lee won't have to go far to fill the CFO post at Travelzoo. The former VP of finance there succeeds Ralph Bartel, who remains chairman and CEO....Jody Feragen will continue to mix it up at Hormel Foods, succeeding the retiring Michael McCoy as CFO....Bixby Energy has renewed its finance team with the addition of Michael Brodeur. He joins the company from McKessen Medication Management.