

No.2 - Kostas Loukas - What it Takes to Go from CFO to General Management



This is the second interview - part of a series - investigating the challenges and joys of transitioning to a general management role. Kostas Loukas, General Manager Public Sector, Microsoft Central & Eastern Europe, has been kind enough to answer.

The present article represents an accumulation of personal observations, from a practitioner' point of view, rather than a scientific, research based analysis. It is therefore, probably prone to bias, like every genuine, personal account. Please consider it as a point of view in a dialogue, with the potential to be enriched and complimented by other experiences. With the above in mind, I note four main areas of development for a CFO that aims to CEO appointment.

What are the skills that a CFO should develop, in order to become CEO?

External Focus: Customers, Shareholders and beyond. To use a topological analogy, if a CFO sits at the center of an organization, looking left to right across resources and process, the CEO needs to sit at the edge of the organization interacting directly with the outside world. Pivoting from a heavy operational role to a shareholder and customer advocacy role is the desired outcome. Ex-CFOs have the benefit of deep understanding of the value creation process but usually lack the direct connection with customers. A good strategy for a CFO would be to engage with sales team (e.g. executive sponsorship of accounts) or seek to participate in key customer negotiations.

Understanding Market Dynamics: ability to “see around the corner”, innovation pipeline. The ultimate responsibility of the company's strategic direction sits with the CEO. Of course this should be a collaborative process involving the board of directors and management yet the contribution and ownership by the CEO is critical. A key skill to deliver on this is the ability to understand in depth the market dynamics and particularly emerging trends that could be addressed by the company's innovation pipeline (or selective acquisitions). A good CFO is very close to any M&A activity yet further iteration on the innovation side of both the market (i.e. new products) and also how competitors address it (i.e. alternative operating models) are key, to be able to land the company strategy when moving to the CEO position.

People Agenda: Culture, Talent Development and Recruiting. It is conventional wisdom that a leader, anywhere in an organization, needs to have front and center the people agenda. In the CEO position this becomes the first priority particularly in terms of shaping the culture of the organization and making key leader choices. Beyond being proficient about this area, a CEO needs to have a genuine passion in people development and forming high performing teams. Adding to this, the concept of influence (managing relations, managing information and optimizing resource allocation) is a natural extension of the People agenda. A CFO has an

interesting challenge, as usually in a CEO interview process, she needs to address the stereotype of CFOs being strictly a “numbers person”. Creating a consistent track record that involves building organizational capability is the key mitigating factor in such a discussion.

Engage Professional Coaching: Openness to feedback, self-awareness. Finally, and more importantly, a CFO to CEO move is above all a transformational process. As such, tapping into professional coaching resources is vital. The starting point of any leadership journey is self-awareness that can lead to authenticity and broader impact. On a further stage aligning intention with impact by collecting feedback with regards to how a leader is perceived could be the focus area of a rich coaching engagement. A good professional coach can play a key role in facilitating such processes, creating a learning environment and maximizing the odds for success.

Now, over to you: what do you think of Kostas’ experience? Is there anything in it that you found particularly useful? Enlightening? We’d love to hear from you!