How to Create a Symbiotic CEO and CFO Partnership

The right mix of long-term growth goals and short-term profit goals should propel your business to success.

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One of the most important drivers of a successful management team is the relationship between the CEO and the CFO. The "typical" CEO is often the headstrong, overly optimistic driver of the business; and the typical CFO is often the mild-mannered, conservative controller of the company's purse strings. Too much of one, and the business will race off a cliff, and too much of the other, and the business will suffocate. This post will teach you how to create that perfect harmony in the relationship between your CEO and CFO.

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What businesses need

Most businesses are looking to grow their revenues at a pace that won't result in the company running out of cash. Typically, your CEO is focused on the first half of that mandate (growing revenues), and your CFO is focused on the second half of that mandate (not running out of cash). If "growth-at-all-costs" CEOs surround themselves with people with similar personalities, there's nobody on the team to keep them in check. And vice-versa, if cash-pinching CFOs surround themselves with people just like them, there's nobody to help

them see the forest through the trees and propel the business to new heights with smart bets. Businesses need a blend of both personalities.

Your typical CEO

Having been a CEO of multiple businesses, I can pretty much describe myself. I'm a perpetual optimist: The glass is always half full. I make most of my strategic business decisions based on what will maximize revenues and profits five years from now, not today. I prefer to lead, not be led, and I don't like when someone tells me why we can't do something I want to do. I have a type A personality and like to be around extroverts with similar personalities.

Your typical CFO

Having worked with many CFOs, here are a few stereotypes I've observed over the years. They are chronic worriers: The glass is always half empty. They make most of their day-to-day decisions based on what will cost the least amount of cash today. They too like to lead and have their voices heard, and their ideas are often diametrically opposed to the CEO's. Many have introverted personalities that function best behind the scenes.

The friction created

Do you see the problem here? CEOs and CFOs are often very different types of people, both in their demeanor and in terms of the ways they think and measure success. The CEO and CFO relationship can often be a tug-of-war, and if not managed well, can lead to lots of internal friction and arguments.

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But, that doesn’t need to be a bad thing. On the contrary, it could be a very good thing, as both of them are working with the company’s best interests in mind – the CEO for the long term and the CFO for the short term. The CEO and CFO should just acknowledge their differences upfront, know they are never going to get their way 100 percent of the time and create reasonable boundaries for each other to “flex their muscles,” depending on the topic.

How to create harmony

To me, the right CEO and CFO relationship begins with recruiting the right people to start. Speaking as a CEO, just know going in that you need to recruit a CFO who’s going to protect the business first and not agree with your every whim. It’s more important you find someone who thinks both short and long term and will support your growth decisions if they are data-driven and logical; will not create unnecessary strain on the company’s cash flow in the immediate term; and can easily be funded by investors, if that’s required. And on the flipside, the CEO should support the CFO’s cost cutting decisions if they are data-driven and logical (sound familiar?); will not materially impede the company’s long-term growth goals; and if not following that decision will potentially put the company out of business. It’s all about getting that right balance between the yin (CEO) and the yang (CFO).

Having mutual respect

In all cases, the CEO and CFO must respect the roles they each play in the business. The right CEO and CFO balance is when they are both 50 percent happy 100 percent of the time. If either one is happy 100 percent of the time, you either aren’t pushing the business hard enough or you are about to implode.

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A CEO and CFO both play very critical roles in shaping the future direction of the company. Creating the right balance between the two is often the right recipe for success.You might not build as large of a company as you could have, but at the same time, you can rest assured you will never go out of business and will always be able to live to fight another day in both good times and in bad.

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