Over the past several years, we have seen the chief accounting officer (CAO) emerge as an elevated, strategic leadership role. More companies today are seeking CAOs who are not just technical accounting experts, but key business partners and infrastructure builders. The increasingly strategic role of the CAO is itself a reflection of the finance function’s ever-growing strategic importance.

“The expectation is that the chief accounting officer is part of the solution for all things operations within the company,” said Rob Mailloux, controller and principal accounting officer for Honeywell. “You’re expected to make smart business decisions and smart investment choices to constantly try to reduce your operating costs and figure out how to do it wisely and strengthen the structure at the same time. It’s so much different than when I first stepped into the role, when it was basically the compliance function.”

To understand the evolution of the CAO role, and what that means for the skills needed to succeed in the job, we recently spoke with several top accounting executives about their work as business and finance leaders. In this article, we look at the trends they highlighted and at the elements of the modern CAO.
Trends in accounting leadership

The financial environment is rapidly evolving in ways that have a direct impact on corporate accounting; issues ranging from inflation and global supply chain disruptions to operational complexity and cryptocurrency are making short- and long-term impacts on financial statements. Meanwhile new pressures from regulators, boards and investors are forcing accounting leaders to adapt quickly to new audit and regulatory requirements.

At the same time, technology is rapidly transforming accounting and what it takes to lead in the function. Digitization and automation are producing data in real time — a transformation that finance and accounting leaders are still trying to embrace. And the rise of cryptocurrency is just one example of how even the basic building blocks of the accounting function are being stretched to new limits.

“Technology is being replaced with new technology, and the transactions are getting more complex,” said Sharon Virag, chief accounting officer at the software company Genesys. “We’ve also got to figure out how to use cryptocurrency and whatever else. There is so much demand for us to stay current, to stay a part of all the continuous swirl of conversation taking place around change and innovation, and then to help with moving forward.”

Another related trend is the chief financial officer’s (CFO’s) own rise in driving more strategic and business-oriented initiatives. To allow CFOs the bandwidth to focus on these vital areas, accounting leaders are being called to take on more of a leadership role as it relates to accounting and internal control matters, as well as expanded responsibilities for areas such as tax and operational improvements in the business.

Jeff Baker, chief accounting officer at Rivian, the electric car manufacturer that had its initial public offering in 2021, noted that today’s CFO is likely to spend less time on accounting, tax and related topics than in the past.

“As the CFO role becomes more focused on business and strategic objectives, the CAO is expected to step up and take on certain traditional CFO responsibilities,” Baker said. “Historically, the CAO and their team might provide insights or perspectives to the CFO on accounting, tax and internal control matters, and the CFO would drive the right conversations with other departments, leadership and the board. However, CAOs are now expected to have those conversations, and work cross-functionally to drive the best solutions, all while considering business and operational objectives to optimize outcomes for the company.”
In search of modern CAO talent

This changing environment means that the modern CAO not only needs to keep pace with the trends from an accounting standpoint, but must also be a leader within the finance function, and more broadly within the business in general, in pursuit of growth and profits. Today’s CAOs are strategic partners whose skills go beyond mere accounting acumen. They are closely involved with broader decision-making and are key figures not just on accounting issues, but finance matters in general.

Brian Millard, the senior vice president of finance and corporate controller at the life sciences company Emergent BioSolutions, recalled that earlier in his career when he was in a Big Four public audit practice, accounting functions were seldom pushed to do more than provide the numbers — with little input on the strategy or the decisions being made about the company’s long-term trajectory. That has changed, he said.

“I think today you need someone who’s a key part of the leadership team,” Millard said. “It’s someone who’s comfortable weighing in on strategy, and who’s highly collaborative across the organization in partnering with the business, whether that’s supply chain, manufacturing operations, legal or HR.”

From a talent perspective, the new expectation is that the right chief accounting officer prospect will come to the table with a lot more than just a steady rise within one accounting silo, which traditionally was either technical accounting or public company reporting. Today’s CAOs need broader and diversified backgrounds, including operational accounting, M&A, financial systems and transformation experience, in addition to C-suite caliber leadership capabilities.

“It’s not sufficient to solely be a subject matter expert in a siloed domain,” said Tim Golden, chief accounting officer at Capital One. “Today it’s about having diverse skills, experiences and perspectives in the toolkit that can be used to operate more broadly across the organization while both supporting and influencing our business partners and stakeholders.”
The skills of the modern CAO

Strong standard accounting skills remain, of course, the central element of any chief accounting officer candidate. Yet it is hardly the dominating factor in selecting a CAO it was 20 years ago. As the chief accounting officer increasingly becomes a strategically minded position, accounting leaders pointed to a range of other skills and attributes today’s CAO needs to succeed.

Technological and data savvy

It’s a fact in every function and sector today, but particularly in a job already grounded in numbers: You can’t succeed today as a CAO without the ability to navigate technology and harness the data captured from it.

“What’s changed is the pace of technological change in our businesses that we support.... [We] as partners have to build an infrastructure and capacity to keep up with that.”

TIM GOLDEN, CHIEF ACCOUNTING OFFICER, CAPITAL ONE

The basics today, Rivian’s Baker told us, include data visualization technology and mastery of data analytics — “and that’s coming right in, during your first year as an accountant,” he said.

“It’s just pervasive, and it’s not just one system,” Baker said. “How does each system talk to and transfer data to the other? How do you know the data is mapped properly from one system to the other, and how do you know if the information reported from that data is complete and accurate? You have to feel very comfortable talking to IT about what they’re doing, understanding why they’re doing it, and how it all impacts your financial reporting.”

Beyond that, the technology is advancing rapidly, and today’s accounting leaders must keep pace with the new tools and systems that enable, for example, real-time data collection and the ability to analyze it much more quickly.

“What’s changed is the pace of technological change in our businesses that we support,” Capital One’s Golden said. “The speed of that is massively changing, the investment is massively changing, and we as partners have to build an infrastructure and capacity to keep up with that.”
Leadership capabilities

Again, the accounting leader of today — and the future — must be much more than just a strong technical accountant. The CAO is being asked to understand a wide range of issues, lead a team with a wider range of skills, and communicate to the CFO, the CEO and the board in a clear and confident way.

For one thing, the CAO has a unique, cross-organization view of the business’s performance and trajectory.

“You have a unique perspective in evaluating the business results — you know how each business is trending, what potential issues there might be in educating them, and what control issues you should be mindful of,” Honeywell’s Mailloux said. “And so, you become more of a business partner with them as opposed to trying to be a compliance person.”

On the flip side, a CAO must also be able to manage a wide-ranging team and drive it to adapt to today’s changing environment.

“Having a broad array of skills within the team and within the leadership group is really a mandate as opposed to a nice to have.”

MIKE DUFFY
CHIEF ACCOUNTING AND RISK OFFICER
HILTON

“You need to have] that strong foundation of internal controls and a team that has the capabilities to manage the routine, while also flexing to the next project, flexing to the next initiative,” said Mike Duffy, the chief accounting and risk officer at Hilton. “Having a broad array of skills within the team and within the leadership group is really a mandate as opposed to a nice to have.”
Curiosity

The CAOs we spoke with for this piece, and the successful ones we’ve worked with through the years, are curious and learning-oriented people. They understand accounting while also pushing to learn more, including how they can play a key role in driving results.

Virag noted that this drive for learning had led her to new industries and expanded roles through her career, as she sought new opportunities to widen her skills.

“I find the job more fascinating when there’s continuous education involved,” she said. “I enjoy being able to take the skill set I’ve developed over the years and bring it to bear in new, different situations.”

Duffy said he looks for curiosity, in addition to the accounting skills, in the talent he seeks.

“They also have the capabilities and the knowledge — the intellectual curiosity to continue to drive value and continuously make change and make the environment more effective,” Duffy said.

Communication skills

A CAO who can speak the language of the CFO — and, beyond that, speak the language of the business — can help the organization make sense of the numbers and use them to forge a path forward.

“You cannot talk in accounting-speak,” Baker said. “You need to know your audience. Even the most complex accounting, tax or internal control matter needs to be presented in a way that other functions, leadership and/or the board understands. And where there’s judgment involved, you have to explain the pros and cons considering all company objectives, not just the best answer for accounting.”

Indeed, it’s not just about being a strong communicator. As we’re seeing across all functions, a CAO who is also a strong “storyteller” can ensure that the right message is being delivered to the board and C-suite, and that they can make the best decisions based on the information provided.

Accounting today is a lot more than its historical job of telling a story about where you’ve been in the past. Instead, Genesys’ Virago said, it’s helping pave a path for the future.

“When you’re transforming, you inevitably have to be strategic about looking at where the business is going,” she said. “I get to also be part of where are we going, because I’m helping to build the infrastructure to get there.”
Conclusion

The old paradigm of CAO as mere functional expert is no more. Today’s best accounting leaders are strategic experts and business partners who are helping their companies achieve top results. It’s no wonder the role is increasingly being viewed as a path to the CFO position; the leading CAOs are strategic decision makers.

“I think having someone in the CAO role who is a key member of the leadership team brings a mindset to the team that accounting isn’t just in the back office dealing with the numbers,” said Emergent’s Millard. “They’re really at the front of things, from the beginning of the process rather than at the end.”
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