

# Five Habits of Successful Corporate Finance Leaders

How To Become  
A Great Finance  
Leader Regardless of  
Your Current Title

JOHN KOGAN, CEO, ILLUMEO

Corporate finance is typically a very quiet but influential force within any successful company. Frequently, CFOs are chosen to succeed CEOs because they know so much about the inner workings of a company and they speak the investors' language.

So the question is: how do you become that great finance leader, every day, regardless of your current title and experience? If you aim for that, and have great habits, you will learn, find success along the way, and set yourself up for successful leadership at many levels.

There are five key habits that you will find across most truly successful corporate finance professionals.

## **Habit 1: Get Out There and See the Debits and Credits**

Corporate finance is a contact sport. Laypeople often confuse it with financial services - Wall Street - which is people sitting behind a wall of screens trading stocks all day. That is not what we want to emulate. Corporate finance is about getting in to the business and seeing how things really work. With every real-world experience you will find your knowledge, and your recall of that knowledge, growing rapidly and enjoyably.

Take, for instance, the dreaded physical audit. Yes, that's something auditors do, but it's very instructive for corporate finance to tag along on an audit every once-in-a-while. Why? It shows you what lies behind the debits and credits on the screen and makes it 'real'. Are you an Ag company selling chemicals or a hardware company selling DRAM? What's a million dollars worth of Ag chemicals look like? What's the real value? How is it moved from place to place? Where is it stored? Who are the people that interact with it on a daily basis? What are the costs for all those people, storage, transport and handling? By getting out there, you learn so much more than you would sitting at the desk. And by experiencing it, you internalize it.

Some of my fondest memories of my early finance days are working the final assembly and



test floor at Cisco. I was in manufacturing finance dealing with the fun world of PPE, standard costing and WIP inventory. I came out of the chemicals industry at AlliedSignal, so i had no idea what a Bill of Materials was (they're called "BOMs" of all things) and how a pile of ICs, nuts, bolts and sheet metal became a \$50,000 router. So I asked to work some weekend shifts on the manufacturing floor. I helped the crew move component and sub-assembly materials into the manufacturing cell, then literally screw them into the router chassis, test them, and then "backflush" the finished goods. A whole bunch of mysterious accounting and finance became clear to me in a very short time and I became a 'go to' expert on these things.



## Habit 2: Figure Out What Really Makes Your Company Tick Economically

Speaking of getting out there, finance means getting out there into the business and learning what makes it run. Now we're talking about getting beyond the debits and credits. Remember that "accounting" is there to accurately account for all transactions. But it's finance that helps the business understand and optimize how it works. That means we have to get out beyond our organization to really understand what's behind those budgets, forecasts and analysis we're always doing.

I mentioned the manufacturing cell in #1 above, but what really opened my eyes about business



was going to customer and vendor meetings. No matter what industry you're in, you will have vendors helping you build/supply products and services and you will have customers buying.

Vendor meetings are interesting as this is where you see how critical the supply and service chains are to a company. Without those you don't have a product. But you can't roll over and take whatever pricing and terms offered, you have to get in there and negotiate. Finance usually gets the fun roll of "bad cop". You learn a lot about unit economics when you're fighting to keep them in the black!

Customer calls are a blast. You get to spend time with a salesperson, on the road, hearing their stories and learning about what the customer

thinks of your products. This gives you insight into pricing, price pressures, competitors, channels (who's selling what, where), and customer support. Finance can be a helpful part of the conversation or, frequently, we're there to be another set of ears for the sales team. Here you hone your listening skills as customers usually aren't 'sold to' so much as they buy. You need to know the difference.

Do the same with marketing, HR, operations - anyone who will let you in. It may be that you're assigned directly to support some other organization, but the more you see, the more you can put together, and the more you can help everyone. Being the finance person that the other functions know and respect is very powerful and will serve you well.

## Habit 3: Do More But Not More of the Same

It's true, finance works as hard as any organization, and harder than some. There is never a resting period. Every month-end close leads to the reporting period, the forecast update, in-depth analysis, process improvement, and then back to the next close cycle. It can be soul crushing. And it will take every hour you throw at it and more.

Thus, it's important to not just work more. You can work 100 hours a week and still not make a genuine difference for the company. They may (and should) thank you for your hard work, but you won't be making it a measurably better company. Yes you should work hard, but don't just put in more hours doing the same stuff. Use those last hours, you know, the 60th to 70th hours a week, to look at how to do things differently.

Read case studies of other companies. Investigate the newest tech trends. What's

going on in BI? In AI? Where are financial systems heading? Is everyone else closing the books on day 7? This is all about looking around to see what is established best practice, and seeing what the state of the art is. Spending time between those two is what you do with your daily work. But being on either of those two edges - and taking note - is what helps open your eyes and keep you ahead. This knowledge helps you bring new ideas to your company, not just more hours of the same old work.



## Habit 4: Be Humble, Always Be Learning

On my third CFO job it struck me just how little I knew about being a CFO (or much of anything, for that matter). And realizing that the CFO was but one cog in a giant machine, it gave me a sense of how much there is to learn to truly become good at “business”. No just good at finance, but good at business, which is what takes people beyond their functional boundaries and into the realm of broad understanding and high impact. That’s where you can add value to every interaction and become a critical component of success to your internal and external business partners.

Always be learning means always having an open mind, listening to others before stating your opinion, and keeping an open mind to new ideas

and opinions. One thing I have learned through trial and lots of error is that there are many, many ways to get to most results. Realizing this leads to the humbleness that breeds an open mind that is always learning. This is not easy to do. You got into finance because you are smart and smart people tend to know they are smart. This can really get in the way of learning new things!

And don’t just learn through experience, learn through active skill acquisition. Never stop going to brown bag lunches, never stop asking questions of your peers, and pick up knowledge through the new, rich array of online education that’s readily available for those who look. And don’t just go broad, go deep. Truly foundational knowledge is what makes an expert an expert and builds trust from others, driving you to the center of decision-making and control.



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## Habit 5: Never, Ever, Ever Compromise Your Ethics

This one sounds simple. Of course you'll never compromise. Well, let me tell you that as you climb that ladder and get more responsibility you will be presented with more gray areas for decision-making.

It's funny, people tell me that accounting and finance must be nice because it's so "cut-and-dried", so specific and factual, so black and white. Well, as you may already know or will certainly learn, accounting and finance are full of gray. And if something as prescriptive as accounting can be gray, imagine the uncertainty available when making real-world business decisions. As you get greater purview at your company you will be faced with conflicting paths, people asking you to do things that are not so black and white, and sometimes requests that simply go against what you know to be right.

Your challenge is to understand all positions, stake out as clear an understanding as possible of all angles, and root yourself firmly in what you believe to be right. Seek trusted counsel - not just legal or accounting, but mentors, peers, and SMEs you may know. Realize that you may actually have an incorrect sense of right and wrong on any particular subject, so you still must be ready to learn and change your own mind. But, typically, if you

are in a position to be tasked with a question, you will have a sense for the right answer. Don't waver. However, you can and should allow people to express their opinion and even try to change yours. You may learn something new and new facts are a perfectly fine reason to change your stance. But most of the time your radar will be true and then your challenge will be standing your ground.

I have more than once been in the position of being the CFO who is either going to get their CEO fired or be fired myself. It was never fun and the cause of many sleepless nights, but it was the right thing to do. And I would have lost much more sleep had I compromised what I knew to be right. I came out on top, but it's not always that way, and you need to be prepared to fall on your sword if that's what you deem to be the right way to go.





## Bonus Habit: Have Fun and Lead by Example

If your career is a chore, it shows, and you will find yourself surrounded by dour employees who likewise don't enjoy in their work. Don't lead by that example. Find joy in what you are doing, and if you can't find that, find a company, position, or career that will bring you joy. If you come to work every day with a positive attitude and don't get bogged down by the inevitable roadblocks that life throws your way, you will become known as a "can do" professional who folks like to work with, and eventually a can do leader.

People want to be with success. It's magnetic. And people will work harder for someone they admire, and will love doing it. That's not cynical, by the way, that's the truth. And great people don't just magically build a great team, they find that great people are drawn to them, making everything easier. So have fun and lead with your heart, your brain and your strong ethics, and you will find others following your lead and in turn helping you find your success.

## About Illumeo

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Illumeo, Inc.

(408) 400-3993

[info@illumeo.com](mailto:info@illumeo.com)

[www.illumeo.com](http://www.illumeo.com)

## About The Author

John Kogan, CEO of Illumeo, has been CFO at five companies and COO at two, a finance executive at Cardinal Health, held numerous finance and accounting roles at AlliedSignal and Cisco Systems, and has a passion for professional development. John has an MBA from the Fuqua School of Business at Duke University and a B.A. in Economics from Connecticut College.