

# Workforce Management

## FEATURED ARTICLE

# More CFOs Are Landing in HR Territory

By Lorna Collier

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The recession hit Corbins Electric hard, prompting the firm to lay off nearly half of its 350 employees—including its human resources director. "We didn't feel we had enough employees to support the HR position," explains Lisa Autino, chief financial officer, who took over HR management.

The Phoenix-based electrical contractor has rebuilt its staff—it's up to about 310 employees now. But the company hasn't hired an HR director because of the continuing dicey economy and bare-bones profit margins. "Things are still up and down," Autino says. "We're not expecting things to really improve until 2014. It's been a tough ride. ... We're trying our best to keep overhead as low as possible."

Autino's story exemplifies a trend detected in a new survey by Robert Half Management Resources. The study found that about one-fifth of 1,400 CFOs surveyed have taken on more HR duties in the past three years. Paul McDonald, senior executive director at Robert Half, says such a change isn't surprising in such an uncertain economy. "CFOs focus on the bottom line and reducing expenses," he notes.

Nick Araco, president and CEO of the 2,000-member CFO Alliance, finds that taking on HR tasks "is becoming the norm" for CFOs at midsize firms. They are increasingly involved in talent acquisition, workforce development, performance metrics and compensation, he says. "When we were in that rapid, dramatic period of downturn, compensation became a cost-cutting area, where the CFO had significant influence and decision-making on compensation formulas and structures. Now that we're in the recovery period, there's renewed effort and focus on compensation to retain key people as the economy recovers."

Keith Pearson, president of Pearson Partners International Inc., a Dallas-based executive search firm, believes CFOs are a logical choice to take on HR responsibilities. "If I'm CEO of an organization trying to supplement for the loss of administrative capacity, it's fairly natural to look to your CFO because he is very compliance-focused and process-focused," he says. "Those are things we look for in HR professionals, who need to practice compliance with standards and regulations." Pearson had been managing HR himself but recently moved some higher-level HR functions to his CFO, because of company growth, not constriction. The first time his CFO handled a personnel dispute, Pearson says, "I thought, 'That just saved me at least two hours.' That was kind of an aha! moment for me—having someone as that buffer between senior management and the day-to-day."

When his company gets bigger, he would like to have a full-time HR director. "Having an individual who is solely responsible for HR and having an individual steward of financial resources is a good division of labor," he says.

CFOs don't always grasp the human part of human resources, Pearson says. "At the end of the day, HR is people. You have to have a CFO who has a little of a 'touchy-feely' side. You've got to have a unique CFO who can be someone people are comfortable talking to, but still be a process-oriented person."

Bob Scherba agrees. He's the senior vice president of finance and people development for Williams International Co., a Commerce Township, Michigan-based jet-engine manufacturer, and he has managed some HR functions—primarily benefits—for the past 10 years.

"You've got to be able to wear two hats," he says. "In your HR role, when dealing with people, you've got to be very empathetic about their problems and concerns. That's the white hat. When you're dealing with the cost side, very often you need the black hat. You've got to be tough. It's not going to do people any good if the company flounders." Wearing two different hats can be tough. "CFOs, their teams, and those still involved with HR are on information overload and are required to do more with less," says Araco of the CFO Alliance. "It becomes a balancing act for the CFO: 'How do I effectively make decisions in this area while still maintaining my responsibility in other areas?' "That balancing act at times is a detriment and can be somewhat of a concern if too much rests on too few plates. That's why CFOs believe in collaboration among financial executives and human capital professionals."

Both Araco and Scherba, who is vice chairman of the Financial Executives Research Foundation, see some long-lasting shifts in HR functions.

"I think companies have realized that the good-old days pre-recession are probably never going to be the same," Scherba says. "They've learned to manage with smaller leadership teams. I think that's going to stay. As companies grow, they'll see the need perhaps to split off some of those responsibilities to people who are more specialists." Yet he expects more CFOs to oversee benefits programs. "Perhaps not in a hands-on way, but being involved with the structure of benefits packages," Scherba says. "It's natural for CFOs to be involved."

Araco sees an ongoing collaborative role for CFOs within HR. "They have a respect for those

who specialize in the area of human resource management, and the goal collectively would be to continue to be involved, but in a truly collaborative way—to inform them with key financial metrics, tools and resources," he says.

"It's almost like CFOs were forced into the area because of the downturn," Araco adds, "but now as things slowly recover, most of them will say that their intent is to ensure that day-to-day human resource managers have the best and most accurate information" to make decisions. *Workforce Management*, **October 2011, pgs. 8-9** -- [Subscribe Now!](#)

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