

The CEO-CFO Buddy Movie Shaping Fashion Today

The often close relationship between the top job and the finance chief is determining how companies have fared in the coronavirus crisis.

By [Evan Clark](#)

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In the myth-making of corporate America, there's a lot of focus on the "hero's journey" of the chief executive officer as the ceo tightens operations, rallies employees and takes on all comers to build more purposeful market share machines.

But it's really more of a buddy movie.

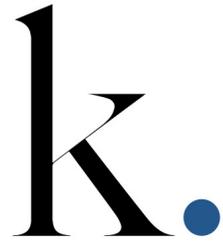
Yes, the ceo is in charge and ultimately accountable and it is the ceo's reputation on the line, but the person in this role is not doing it alone. The ceo has many partners in progress, but in the time of COVID-19 the role of chief financial officer has grown to become more important than ever, helping to steer the ship through the storm, making tough decisions while raising money and trying to divine the future.

"The cfo, generally speaking, has a pretty broad strategic role," said Kirk Palmer, founder and ceo of executive search firm Kirk Palmer Associates. "In many if not most companies, cfo's are indeed one of the closest partners of the ceo — 2020 just took it to a new level because they had to accelerate their decision making."

If ceo's and cfo's were close before, "they're BFF's forever now," Palmer said.

There's a certain alchemy in work relationships, which are never all business and rely on a certain compatibility to start and then a lot of work to sync up and push through a strategic plan.

When it works, it works.



As the pandemic sent shoppers home and shut down retail, VF Corp. shifted to a two-pronged approach focusing on both the “now” of fortifying the business and the “next” of being ready to come out of the crisis stronger.

There was plenty of work to go around in the suddenly remote c-suite.

Cfo and executive vice president Scott Roe tackled the now, while chairman, president and ceo Steve Rendle looked to what would come next for the giant.

That had Roe building a fortress of a balance sheet, managing inventory and putting the parent of The North Face, Vans and Timberland on a crisis footing.

“We took really hard and quick actions,” Roe said, stressing the need to be positioned to go on the offensive. By September, the company had \$1.9 billion in cash and equivalents on hand, a five-fold increase from just 12 months earlier.

“It’s not about this year, it’s actually about emerging in a position of strength so that we’re actually gaining momentum coming out of this,” Roe said. “This is a refining fire that everyone’s going through.”

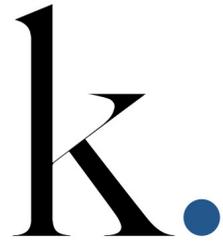
Having all that cash on board, and having Roe on point, gave Rendle the space to think strategically. “It wasn’t that I wasn’t involved,” said the ceo, of the rush to shore up the company. “But I was really looking forward to the future and thinking what it would take to emerge stronger.”

It’s a division of labor that clarified their respective tasks and built on their experience together.

“We really had a great working relationship before this, but I think this was a real clear understanding of, ‘Let’s divide and conquer,’ and help the enterprise navigate these unique situations,” Rendle said.

VF held up better than most in the shutdown and was among the first to pounce in the COVID-19 deal market, positioning itself for its next leg of growth with a \$2.1 billion-plus [agreement to buy Supreme](#), bringing a hot brand and some more street cred to the firm’s active portfolio.

“The ceo should have a comprehensive vision for the company and those surrounding that individual in the c-suite should be able to execute on that vision depending on their roles,”



said Elaine Hughes, ceo of executive search firm E.A. Hughes. “In the case of the cfo, that role is not just about squeezing a budget to reduce costs but today more than ever, significantly changing the company’s processes and mode of operation.

“Today’s volatility is unprecedented and will forever change the landscape of how companies function,” Hughes said. “However, volatility has been a constant, whether global corporations need to adjust to currency fluctuations, global politics, supply chain, tax implications, investment in sustainability, the complexity of technology and the human resource dynamics. All these require a cfo’s leadership where she/he creates the benchmarks in their organizations to gauge success and hold the management accountable for those performance measures.”

At [Levi Strauss](#) & Co., the ceo/cfo pairing of Chip Bergh and Harmit Singh synced up long before the pandemic hit.

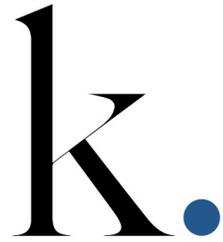
“We’ve been through a lot together,” Bergh said. “When he joined [in 2013] we still had \$2 billion of debt on our balance sheet. We were highly leveraged, our ratings by the credit agencies were four of five notches below investment grade and our balance sheet was a liability. We weren’t creating any shareholder value and we really hadn’t created any shareholder value for over a decade.”

The pair helped the company reverse course and go public again last summer, getting the New York Stock Exchange to drop its no jeans policy at least for a day.

“We’ve worked together so closely for such a long time, we can practically finish each other’s sentences,” Bergh said. “It’s great to have a cfo who believes marketing is an investment, not an expense. Every time we move the brand ahead it’s like putting pennies in the bank. In many ways, we are very like-minded. We’re both very, very disciplined. We’re both really focused on measuring what we invest in and measuring the effectiveness of what we invest in.”

Levi’s moved early in the pandemic, [laying off 700 people](#) — 15 percent of the corporate workforce — in July, accepting that the business would be smaller for a while, but could also make market share gains. The cuts helped Levi’s return to profitability in the third quarter.

“I drove the working capital efficiency and Chip kind of cheered me on,” Singh said. “We really focused on driving profitability.”



But it's a fine line, the cfo said, noting that it all required, "communicating with your investors, communicating with your employees and demonstrating empathy because people are scared and safety is so paramount."

And although a workforce restructuring of that size by itself would mark a busy year for a cfo, it was only part of Levi's pandemic response.

"We did raise half a billion dollars and that happened in like five days," Singh said. "I went to Chip and I went to the board and I said, 'We've got to do this.' It allows us to have dry powder if things get better for M&A, it allows us to get ready for tough conditions."

As painful as the pandemic was, having something of a mind-meld at the top can be helpful.

"The ceo-cfo relationship is a key relationship," Singh said. "It starts and ends with trust and the ceo and cfo need to be able to talk about just about anything in the company. We share common values and the vision for the company. It becomes important because it allows the cfo working with the ceo to quickly allocate resources in good times and bad times."

Consultant Timothy Derr, a partner at Kearney who works with retail ceo's and cfo's on large-scale transformation projects, said a strong working relationship between the ceo and cfo heading into the pandemic is a key factor in how successful companies have been in navigating the crisis.

Where the ceo is charged with making the final decision, cfo's have to really take inventory of all the alternatives and advise on the best path forward.

Being cfo is a gig that's evolved in recent years with the bean counters of old becoming heads of the company's nerve center, serving functions that are both analytical and more take charge.

"COVID-19 turned the cfo into not only an operator, but also change leaders internally," Derr said. "Cfo's were also responsible for testing all of the resiliency of the organization and understanding any weaknesses."

And despite all the talk about the next quarter with companies on Wall Street, the top finance job also has a much longer-term component, which is why many cfo's have good reasons to ensure the company is strong well into the future.

"The cfo's trying to set themselves up to be ceo, so they're looking at this a lot more longer term than the ceo is," Derr said.