



The
IONA
Group

ABC STORES, INC.

SENIOR VICE-PRESIDENT & CHIEF FINANCIAL OFFICER

Qualifications and Position Description

The Company

ABC Stores is a regional apparel and soft-goods family-oriented retailer offering high quality, name brand men's, women's, and children's apparel and family footwear at competitive prices. Selected aspirational home accessories and furnishing lines were recently added to the merchandise mix. The Company has been in business for over 70 years and enjoys a popular reputation for great values, service and contemporary style. Headquartered in Emerson City, NJ, the Company operates 50 stores located primarily in better strip malls, power centers, and downtown shopping corridors.

The Company has recently been purchased by a private equity firm that is looking to strengthen the management team and position the Company for rapid store expansion.

The Position

The position of Vice President and CFO is a key management position reporting to the Chief Executive Officer. This is a new position in that, prior to the acquisition, the Company's lead financial position consisted of a Controller, who will remain as part of the financial group. The position involves traditional retail financial duties and will head-up the accounting and IT functions. In time, a qualified financial analyst and an IT director will be hired.

The Company is completing the installation of a new, server based retail information application that is the heart of unit control and merchandising information. The candidate will need to assume a leadership role regarding system use, reporting, and operations, since several of those who installed the system will transition to new responsibilities.

This position is located at the Company's home office. Compensation, including base salary, incentive, and equity participation, is based on the experience and competence of the candidate. The Company is looking to fill this position from candidates living in the greater Emerson City area, and, at least initially, the position has no relocation allowance.

The Candidate and Qualifications

The ideal candidate is a CPA with at least 8 to 10 years of business experience and who has strong systems orientation and experience. The Company anticipates rapid growth through internal store expansion, and with certain exceptions, a candidate coming directly from a CPA firm would not be a serious candidate for the position.

The candidate should be at a point in his or her career in terms of knowledge, stature, and abilities to be a credible CFO at a smaller public company. The candidate should be over qualified for the current role considering the aggressive growth plans of the business. Candidates with no retail experience but who bring substantial compensating skills and abilities will be considered.

For example, candidates with strong system skills and no retail experience may be viable candidates. While retail experience is highly preferred, it is not necessary. Future growth will be substantial, but business operations and accounting are not overly complex, since the Company operates in one segment and has no current plans for M&A or divestiture work.

The work ethic of fellow executives and direct reports is formidable. The candidate will need to demonstrate that that he or she has the stamina and initiative to win the respect of management peers. He or she must combine a mature executive perspective with the energy of an ambitious professional ready to get the job done and move the business forward. While adequate funds are available for store expansion, intermediate term staffing levels are thin and the candidate must show insight in achieving results with limited initial resources. In this environment, the candidate will not hesitate to perform certain analyses by him or herself.

Board of director skills and stature are essential to the success of a CFO candidate, since the CFO will meet with and make both written and verbal presentations to the board of directors.

Expectations and Duties

As noted above, the position involves traditional retail financial responsibilities, as follows:

Financial Management

- ❑ **Budgets and Planning.** Prepare the annual budget and provide timely updates to annual forecasts based on actual results and evolving circumstances and trends. Advise management as to adequacy of available capital and bank line availability based on forecasted results, planned store openings, inventory purchases, and expected spending levels. Prepare supplemental analyses where necessary to support recommendations and to clarify the forecasted results. Determine that buying and store operating plans are properly included in the Company's budget and longer-term forecasts.
- ❑ **Store Growth.** Provide the underlying financial analysis for the store expansion process: updates of capital expenditures, credit availability, inventory requirements, home office and DC staffing and spending requirements. Assess and report the results of new store openings compared to expectations.
- ❑ **Bank Compliance and Reporting.** Measure and forecast compliance with bank lending covenants and adhere to all bank reporting requirements and notices – whether of a financial nature or not.
- ❑ **Operations Reporting.** Work with the CEO, GMM, and VP of Operations to design and implement daily, weekly, and monthly reporting of key performance measurements, such as, sales, on-order status and OTB, store payroll, cash and credit utilization positions, merchandise receipts, and markdowns.
- ❑ **Spending and Expense Control.** Assess overall home office and store spending levels and make recommendations for expense savings, alternative service providers, organizational changes, or changes in internal procedures.
- ❑ **Business Relationships.** Develop useful relationships with such professionals as bankers, external auditors, financial counter-parts of key vendors, attorneys, and key service providers.
- ❑ **Income Tax Planning.** Prepare federal and state income tax studies, and, where necessary call on outside professionals to assist in the effort to minimize taxes. Update the effective federal and state income tax rate during the year. Plan and head-up the annual audit and inform the CEO on audit planning and findings.

- ❑ Internal Financial Reporting. With input and assistance from the Controller, prepare and distribute monthly financial reports highlighting (and providing reasons for) unexpected results, period-to-period performance anomalies, unbudgeted expenditures, effects of weather and other disruptions, and results of planned merchandise and store operations initiatives.
- ❑ Board of Director Reports. Under the CEO's direction and review, prepare financial and other requested reports or analyses for the Board of Directors.
- ❑ Benefits Plans. Review and assess all Company benefits plans.
- ❑ Staff Development. Provide overall leadership and attention to staff development for both the Accounting and IS groups, including clarity of job expectations, conflict resolution, competencies, compensation, technical and system training, hiring and planned staff levels, interaction and communication within and outside of the departments.
- ❑ Company Wide Business Information. In addition to all other information and reporting duties, be alert for miss-use of data and sources of erroneous data reporting throughout the Company, whether of a financial or operating nature.

Accounting and Controllership

The Company has an experienced Controller who directly manages the accounting processes such as general ledger, accounts payable, account analyses, and financial statement preparation. Companion oversight duties for the CFO will include:

- ❑ Closing Cycle. Work closely with the Controller and eliminate or modify closing procedures to improve efficiencies.
- ❑ Accounting Policies. As a recently purchased Company, advise the CEO and Board of alternative accounting policies.
- ❑ Physical Inventories. Working with the Controller and VP of Store Operations, review the written plans for cycle and, if needed, special physical inventory counts. Determine that plans are written, updated, and that proper cut-off controls are in place and agreed to by the stores and distribution center.
- ❑ Automated FRx Reporting. Work with the Controller and financial system service provider and, where possible, design a series of analytic FRx reports.

Retail and Financial Systems

- ❑ Technical Competence. Build technical strength within the IS group to allow non-IS employees to transition to other duties. Design the position specification for and hire (at the proper time) a Director of IS to assist in the implementation of these duties. Designate and provide training for one IS individual to function as a Help Desk coordinator and troubleshooter (first responder) for stores, home office, and DC system problems. Assess technical competence of IS staff and make changes where warranted.
- ❑ System Usage. Challenge retail and financial system usage and reporting and assess accuracy and timeliness of data. Determine that the system provides usable information with minimal manual manipulation.
- ❑ Computer Network. Install a Company wide network system to provide for file sharing and transfer.

- ❑ System Literacy. Design a program and work with store operations to expand merchandising system usage and literacy among stores and home office. Where necessary have the system providers conduct training sessions with home office system users.
- ❑ Security. Take steps to insure that appropriate security measures are implemented for both financial and retail system such as regular offsite back-ups, use of passwords, and other operating controls.
- ❑ System Expansion. Become familiar with the design and operations of both systems to advise management, store operations, and merchants of system capabilities. Recommend hardware and software applications to accommodate business growth. Install an enterprise email server at the proper time.
- ❑ Maintenance. Establish a regular system maintenance schedule for both systems. Recommend needed upgrades and expansion – both hardware and software.
- ❑ Acceptable Use Policies. Establish acceptable use policies for usage of Company systems, including email.