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CFO JOURNAL

Best Buy Expected to Look for Tech-Savvy CFO to Advance Turnaround

Retailer's current CFO Corie Barry will be promoted to CEO in June

Best Buy Co., whose chief financial officer will become chief executive in June, will likely seek out a new CFO with experience managing a transformational business model. PHOTO: MARIO ANZUONI/REUTERS

By Nina Trentmann

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Best Buy Co. will likely seek out a transformation expert to fill its finance chief vacancy as the consumer electronics retailer aims to maintain its growth pace after a successful turnaround.

The Richfield, Minn.-based company on Monday promoted Chief Financial Officer Corie Barry to the chief executive post, effective mid-June. Current Chairman and CEO Hubert Joly will take on the newly created position of executive chairman, Best Buy said.

Best Buy said it will consider both internal and external candidates for the finance chief position.

end-to-end and designed to supply real-time insights. For finance executives, jumpstarting the transformation may mean adopting specific practices now as well as rethinking and redeploying the function's talent mix.

Traditional retail business models have changed dramatically over the past decade as new technology transformed how shoppers engage with stores and how stores conduct business. To keep pace, finance chiefs in the retail sector must look beyond their teams and work collaboratively with operations, human resources and technology, as well as tackle the challenges and opportunities presented by new technology and data.

"The CFOs that have been most successful have been ones that have embraced these transformational needs in order to stay relevant," said Paul McDonald, senior executive director at staffing and recruitment firm Robert Half International Inc.

Best Buy recently has completed a turnaround focused on cutting costs and remaking its operations to better compete with online rivals such as Amazon.com Inc. The company's stores now do double duty as warehouses, enabling customers to pick up purchases made online at its outlets, with around 40% of its online sales fulfilled this way, according to analysts at Jefferies Group LLC.

But as the retailer shifts focus to making changes aimed at spurring long-term growth, it would benefit from a finance chief who has been part of a transition program at another retailer, said Cathy Logue, the head of the CFO practice at recruitment firm Stanton Chase.

"It will have to be someone who is very versatile, someone who is comfortable with the big shift in the retail world," she said.

A Best Buy spokesman declined to comment beyond the company's statement.

Best Buy's new finance chief ideally should be well versed in omnichannel retailing to attract customers online as well as offline, according to Jonathan Matuszewski, an analyst at Jefferies. Online sales at Best Buy made up 16% of total sales last year, up from 14% in 2017, as most of the retailer's customers use both channels, he said.

"Best Buy has done a good job investing to capture the dollars that are migrating online," Mr. Matuszewski said.

Helped by the bankruptcies of rivals such as HH Gregg Inc., Circuit City Stores Inc. and RadioShack and a shift into selling appliances, Best Buy found a recipe for success even as competition from online retailers such as Amazon increased.

Retaining a focus on customer advice will be key for Best Buy, said Mark Freebairn, a partner at recruitment firm Odgers Berndtson. “The winners in a bricks-and-mortar environment are big enough to buy cheaply and niche enough to provide advice,” Mr. Freebairn said.

And while the company has had some success—Best Buy reported its fifth consecutive year of comparable sales growth in fiscal 2019—it remains in a vulnerable position.

A new CFO could be forced to play defense and manage the company’s balance sheet if its revenue declines. That could include closing as many as half of the retailer’s more than 1,000 stores, said Michael Pachter, an analyst at financial services and investment firm Wedbush Securities Inc.

“The new CFO will have to be nimble and be the ‘bad guy’ as the Best Buy’s workforce declines,” he said, adding that Ms. Barry, the outgoing finance chief, succeeded in this capacity.

“She was great at it, so I expect with her as CEO, they will stay the course,” Mr. Pachter said.

—Tatyana Shumsky contributed to this article.

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Corrections & Amplifications
In an earlier version of this article, Corie Barry’s last name is misspelled in the second instance. (April 16, 2019)