



EtonBridge
Partners



CFO

Pathways Report

2021



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Foreword

The level of attention on the role of Chief Financial Officer has never been higher.

In a year of economic uncertainty, the financial performance and decision-making of leading companies has come under unprecedented scrutiny. Make no mistake, senior appointments are under the microscope.

The seismic impact of the Covid-19 pandemic has resulted in profound implications for the current and future economic health of businesses in the UK and internationally. We live in an age of heightened awareness of inequality, diversity and inclusion, where social media has the power to change the world's perceptions and when memories of financial mismanagement at Tesco, Patisserie Valerie, Carillion and Enron remain fresh in the mind.

In this context, a CFO bears a huge responsibility to determine the level of risk an organisation is prepared and able to undertake. It is, therefore, appropriate to examine the routes taken by CFOs to their current roles. What was their previous position? What qualifications do they hold? What insights are there for individuals looking to follow in their footsteps and for companies looking to make such a crucial appointment?

Eton Bridge Partners is delighted to present the findings of research into nearly 1,000 CFOs who were appointed in the UK between 2019 and 2020. We hope the statistics, analysis and conclusions in this report are useful to people across the C-suite landscape and can be of value.

Stephen Tarrant
Partner, CFO & Finance Practice
Eton Bridge Partners

Executive Summary

We believe there are two key audiences for whom the findings of this research will be of particular interest:

1. People who aspire to become a CFO.
2. Companies looking to appoint a new CFO.

The conclusions drawn from this report are:

- Internal promotions to CFO are rare.
- A move towards gender equality is slowly under way.
- Sector is important, but less so than commonly believed.
- Moving from PLC to private equity is challenging, but not the other way around.
- Group experience remains paramount.
- ACA remains the qualification of choice.

Please note that because the study used publicly available information only, certain metrics were not recorded. These included ethnicity, religion and socio-economic background.

About the Research

Eton Bridge Partners has partnered with leading global data company BoardEx, who specialise in relationship mapping and intelligence, to analyse core data on the profile of CFOs and their career pathway.

This report included nearly 1,000 CFOs from over 850 companies. The data was collated on UK appointments to Chief Financial Officer over 24 months in 2019 and 2020.

Utilising over 20 years of comprehensive historical data, BoardEx's exclusive Relationship Mapping Algorithm works with over 27,000 profiles with a database covering board and non-board members, C-suite executives, senior leaders, and professional advisers.

BoardEx work with a variety of organisations within the Banking, Legal, Accounting, Consulting, Executive Search, Asset and Wealth Management, Private Equity, Corporate and Not-for-Profit sectors.

On average, 2,500 new profiles and 34,000 updates are made every week. All BoardEx data undergoes a rigorous quality assurance process with thanks to more than 350 analysts validating data sources from all over the world to ensure the data is accurate, relevant, and fully up to date.

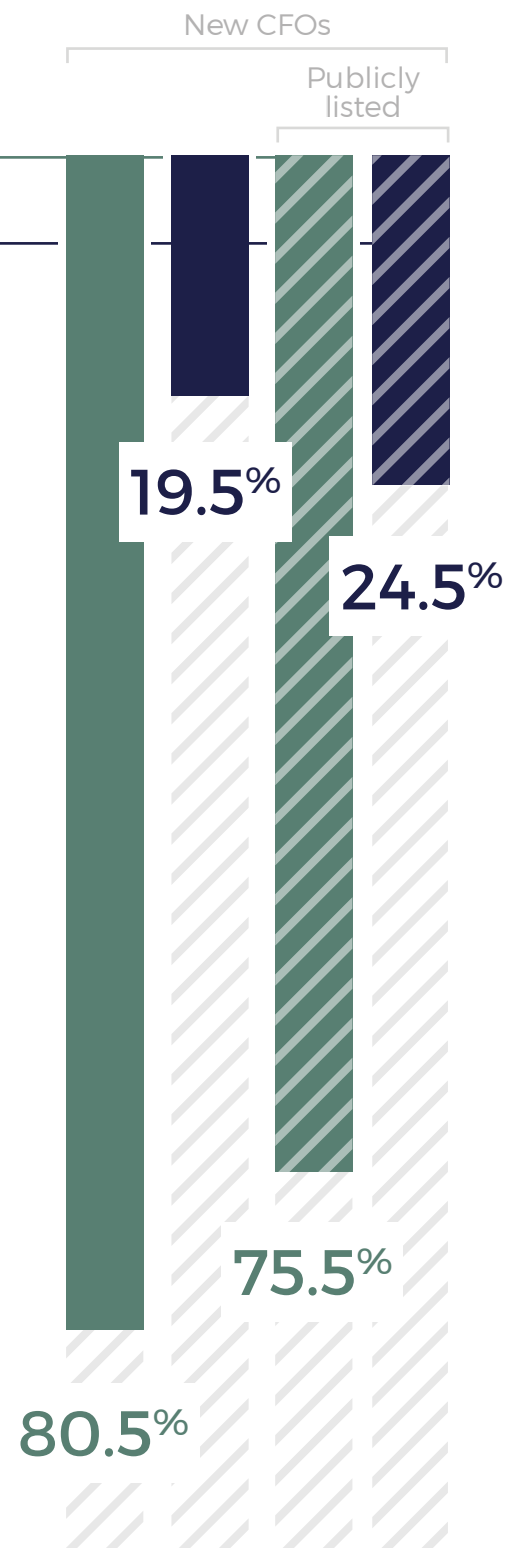
Internal Promotions VS External Appointments

External appointments

Internal promotions

80.5% of all CFO appointments were external hires. We note that the proportion is slightly lower for listed companies, at **75.5%**. We believe this is due to the fact that listed businesses have a larger headcount and, therefore, a bigger pool of internal talent to select from.

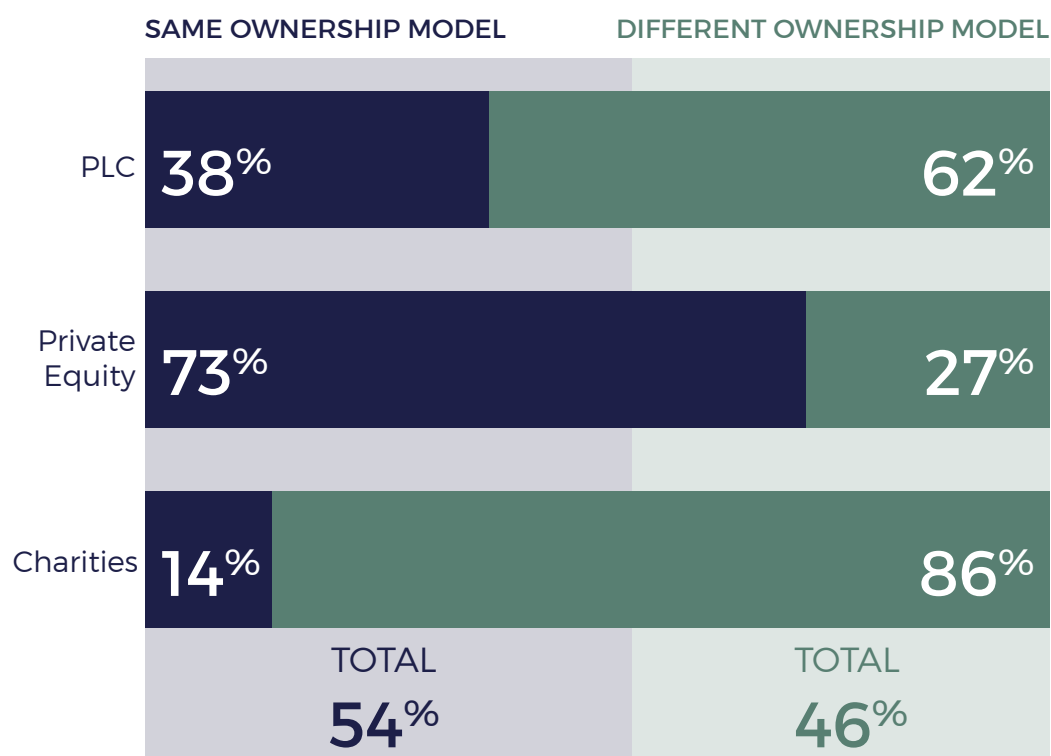
Ultimately, businesses prefer experience over promoting internally. When they do appoint a first time CFO, they are more likely to take a deputy CFO from a larger organisation than promote from within. The critical nature of the hire motivates businesses to recruit externally, choosing from the widest possible pool.



Key takeaway:

An internal promotion to CFO is statistically less likely.

Private Equity, PLC & Charities



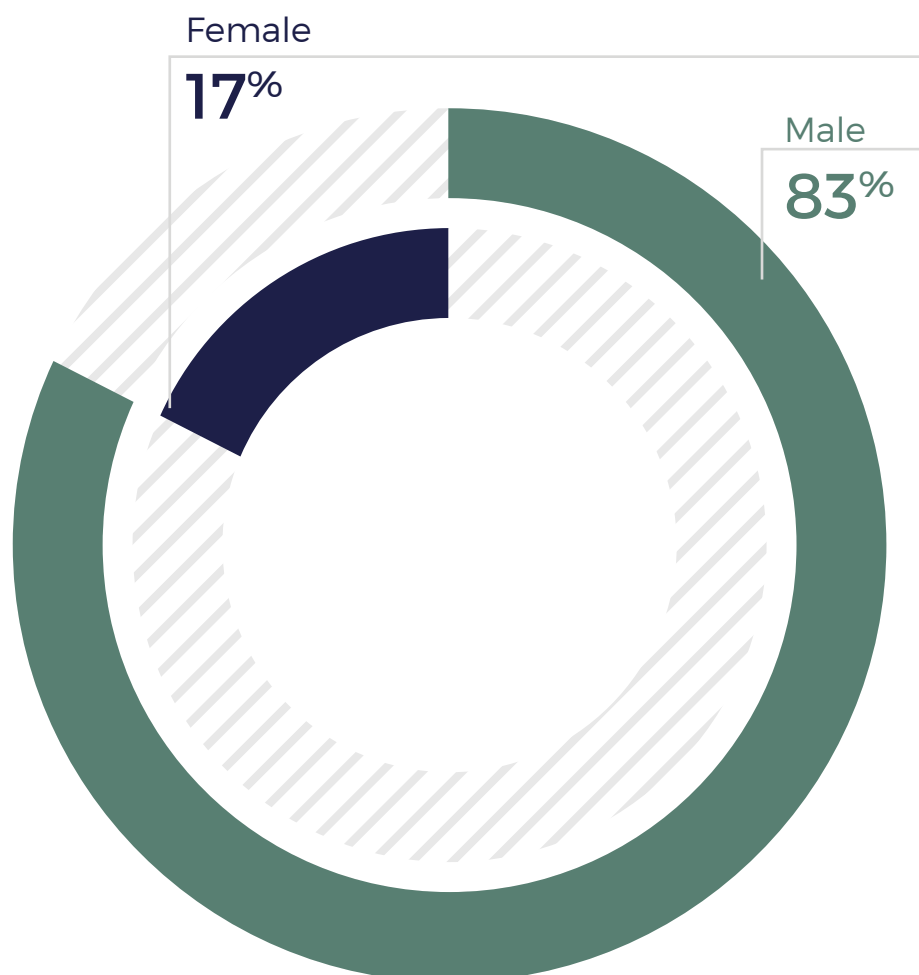
CFO's often question whether it is possible to move between different organisational types, for example from PLC to PE. The clear conclusion from this research is that you can, but it is significantly easier to move from PE to PLC than the other way around. Indeed, only 27% of CFO's appointed to PE businesses didn't have previous PE experience.

These figures are partly explained by there being more private businesses than listed ones in the UK. But ultimately, if you want to get into private equity, it is best to move there early in your career rather than waiting for the number one role.

Key takeaway:

If you want to get into private equity, don't wait until you're already a CFO.

Gender



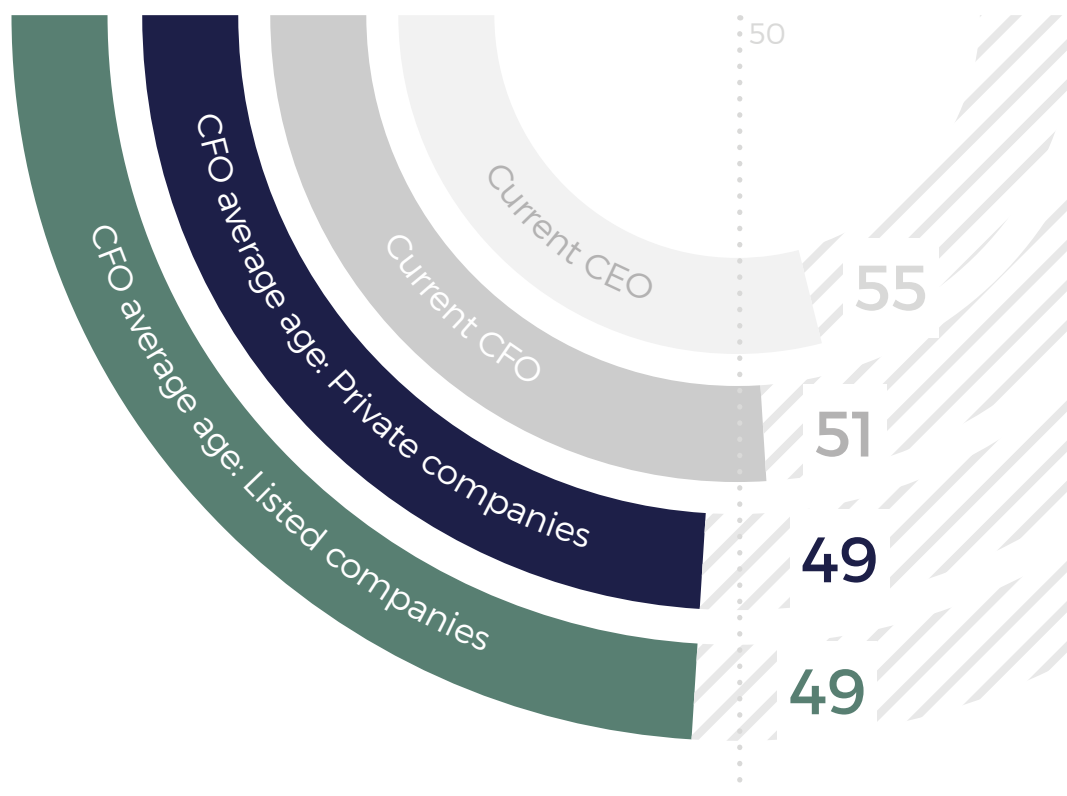
Only 17% of CFOs appointed in the last two years were female. This is consistent with the male-to-female ratio in C-suite positions.

The proportion of all female CFOs in all listed companies in the UK now stands at about 14%. The trend in new CFO appointments is towards that of greater gender diversity – but clearly, we still have a long way to go.

Key takeaway:

The trend towards CFO equality is happening, but slowly.

Age



The average age of a new CFO in the UK is **49** for both listed and private companies.

This is two years younger than the average age of all current CFOs in listed companies and much younger than the average age of a listed CEO, which is **55**.

The demographics of CFO's in our report range from the ages of 30 to 76 years of age.

Key takeaway:
Businesses look for experienced hires where possible.

Qualifications

Although not all CFO-level individuals disclose their education, it is clear that the vast majority of CFOs are **ACA** qualified.

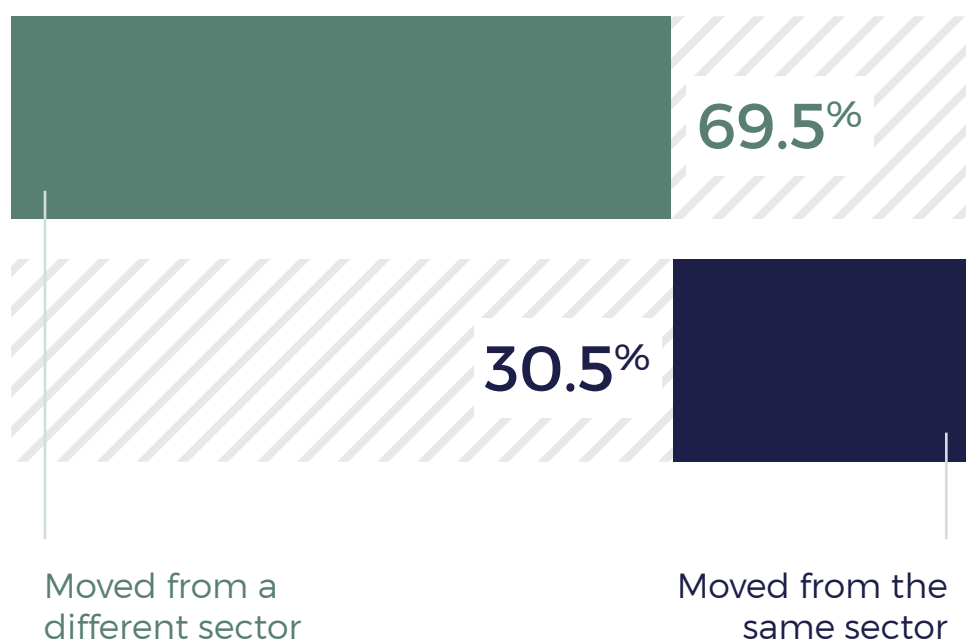
The proportion of CFOs with ACCA or CIMA qualifications is considerably lower than ACA. Statistically, it would appear you are likely to take a different career path with a ACCA or CIMA qualification.

Key takeaway:

The data shows the traditional ACA path remains the most likely route to becoming a CFO. But this doesn't exclude other well-regarded qualifications.



Sector Moves



Unexpectedly, almost **70%** of new CFOs joined from a different sector. This indicates that financial expertise is more sector-agnostic than is widely believed.

However, it is worth noting that when analysed in further detail, we found that similar sector experience often occurred earlier in the appointee's career.

What the findings do suggest that it is highly unusual to appoint from a direct competitor when looking for your next CFO.

Key takeaway:

When hiring your next CFO, look outside your sector to bring in fresh insight.

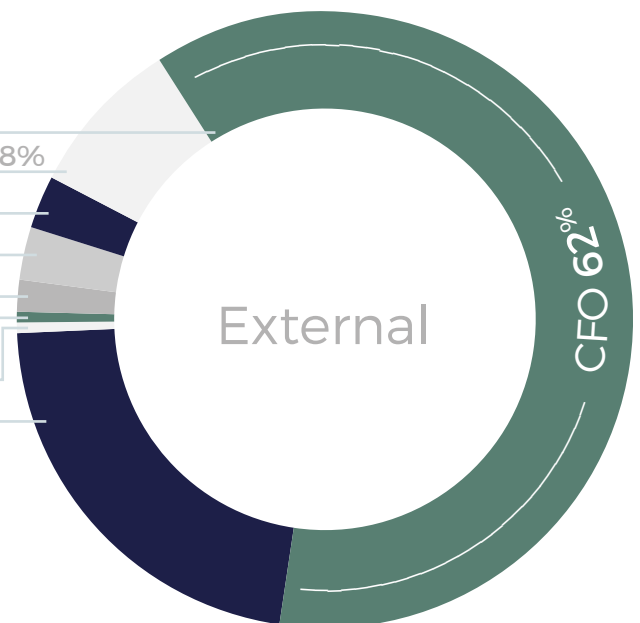
Most Common *Previous Role*

61.5% of newly hired CFOs came from a previous CFO role. When combined with the title of Group Finance Director (often used interchangeably with CFO), the percentage increased to **69.9%**.

For aspiring first time CFOs, you are more than three times as likely to secure a CFO appointment from a Group Finance position as you are from a Divisional Finance Director.

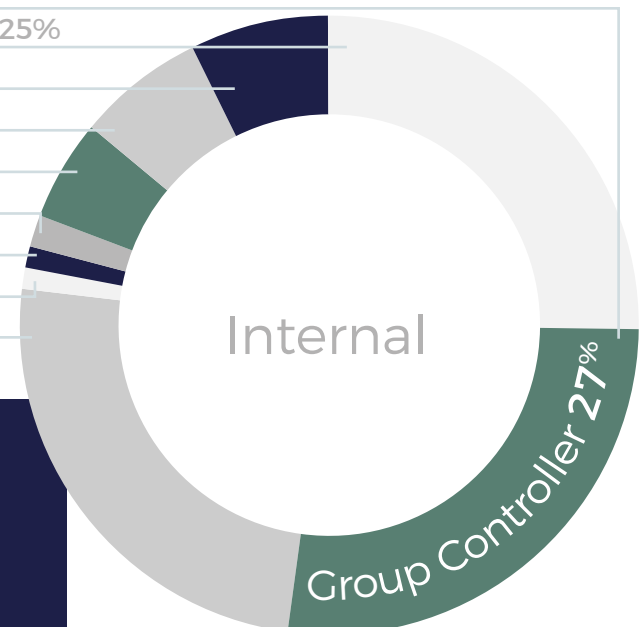
CFO 62%

Group Finance Director 8%
Regional CFO 3%
Group Controller 3%
Divisional CFO 2%
Deputy CFO 1%
Treasurer 0.5%
Other 21.5%



Group Controller 27%

Group Finance Director 25%
Deputy CFO 7%
Divisional CFO 7%
NED 5%
Company Secretary 2%
Treasurer 1%
Regional CFO 1%
Other 25%



Key takeaway:
The Group Finance route is much more likely to lead to CFO opportunities.

Conclusion

We hope the findings of the UK CFO Pathways research and our analysis provide constructive and practical insights for people at various stages of their career.

We believe that this report will inform individuals seeking to plot a route towards the CFO role, as well as to support organisations striving to make the most informed choices when developing their senior leadership team.

We are committed to carrying out this research on an annual basis. As the years pass, we will be able to build up a comprehensive overview of the career paths of CFOs in the UK, in order to track trends and useful insights.

Eton Bridge Partners
July 2021



Established in 1999, BoardEx is a global technology and data solution provider.

The company delivers relationship intelligence and people data on over 1.9 million organisations, and the 1.4 million individuals who lead them. The platform helps companies leverage their known and unknown connections to drive business development activities while also utilising the firm's proprietary data. BoardEx is a wholly-owned subsidiary of Euromoney Institutional Investor.



www.boardex.com

EtonBridge *Partners*

At Eton Bridge, we select finance leaders who are defined by their personality and impact regardless of their background. We look to balance technical competency with cultural fit, prioritising chemistry with the CEO and wider leadership team. This approach means we are always looking for a diverse range of candidates to ensure the best fit for the role.

We work across the full range of leadership positions, appointing CFOs and their direct reports. For companies in a period of transition or with specific project needs we have a carefully vetted and trusted network of senior finance interims which means we can provide highly experienced professionals at short notice.

To enhance our in-depth knowledge and specialist expertise within the finance space, we have developed a dedicated Tax & Treasury specialism to support the needs of our clients and candidates.

Eton Bridge Partners collaborates to combine the strength of Executive Search, Interim Management and Consulting for the benefit of our network. We partner with a wide range of clients from start-ups, to SMEs, to global blue-chip organisations across all sectors and ownership models.

- Board
- Business Transformation
- CFO & Finance
- Digital & Technology Leadership
- Human Resources
- Operations, Procurement & Supply Chain
- General Counsel, Legal & Company Secretariat
- Sales & Marketing Senior Leadership



etonbridgepartners.com



+44 (0)20 8059 4443



info@etonbridgepartners.com