



EtonBridge
Partners



CFO

Pathways Report

Analysis of career paths
of Chief Financial Officers in the
UK and across Europe

2022 Edition



powered by
BoardEx[®]

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Foreword

What does it take to land a CFO appointment?

Over the last 12 years, Eton Bridge Partners' CFO & Finance Practice has grown to become one of Europe's leading finance executive search businesses. We have worked with hundreds of businesses to appoint new CFOs and until recently, we had never used any statistical analysis to understand the background of the typical CFO. Most executive search firms base their advice on experience (and we are certainly no different!) but we wanted to provide something more substantial to back up our recommendations for our network. And so, in 2021, we decided to take a detailed look at all CFO appointments across the UK and share our first CFO Pathways report.

We aimed to discover the most likely career path to CFO: for example, is it true that PE experience is needed to work in a PE-backed firm? Does sector experience really matter? What role does age and gender play?

Ultimately, what does it take to land a CFO appointment?

We launched the report in June 2021, with a modest hope that it would help a few people. We were not expecting the surge of downloads and activity that resulted. Nearly 1000 CFOs contacted us for access to the data, and we have seen a rise in activity ever since. Following this success, along with our partners, BoardEx, we have decided to make "CFO Pathways" an annual report.

This year, we have expanded our focus to both the UK and Europe and we have analysed 1,213 CFO appointments to truly understand the qualitative criteria behind hiring a CFO.

Clearly this approach has limitations (for example, we cannot analyse chemistry through raw data!). However, these limitations notwithstanding, we have produced the most detailed study available of what it takes to land a CFO appointment: from sector, role, and background, to age, gender, and nationality. Whether you're looking for your next CFO role or looking to appoint a CFO, we have the results to guide your decision-making.

We hope you find the data useful and 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 land a CFO appointment.
2. Companies looking to appoint a new CFO.

The conclusions drawn from this report are:

- The UK has caught up with Europe on gender, but there is still a long way to reach a 50/50 balance.
- Almost half of newly appointed CFOs are aged 46-55.
- The majority of CFOs are appointed externally. Internal promotions remain rare.
- Group Financial Controllers are the most likely to be promoted internally to CFO.
- Divisional CFOs are the most likely to be promoted externally to CFO.
- Sector and Private Equity experience remain a key deciding factor.

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

About the *Research*

Eton Bridge Partners are delighted to share research powered by leading global data company BoardEx.

BoardEx specialise in relationship mapping and intelligence, to analyse core data on the profile of CFOs and their career pathway. This report included 1,213 CFOs from over 850 companies in the UK and Europe. The data was collated on CFO appointments made over 24 months in 2020 and 2021.

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.

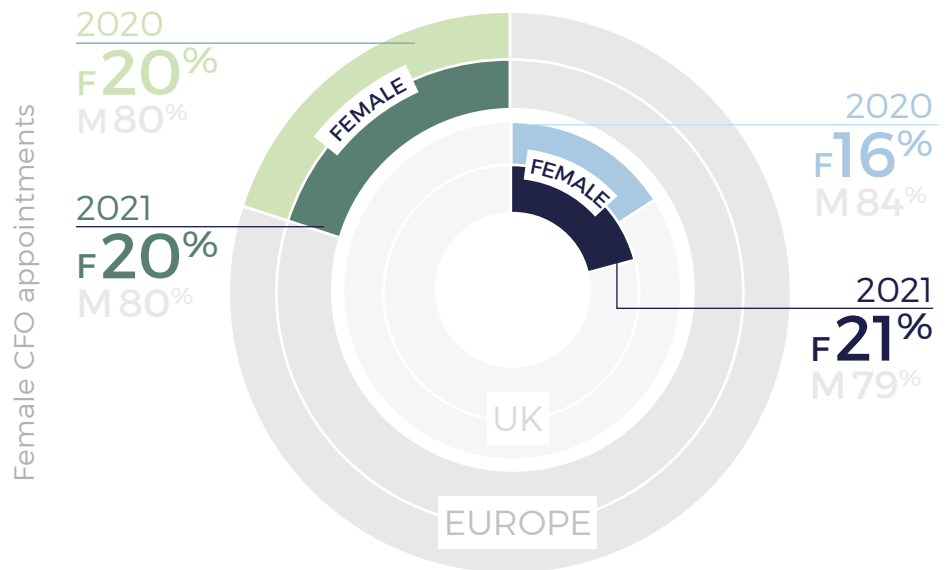
BoardEx work with a variety of organisations within the Banking, Legal, Accounting, Consulting, Executive Search, Asset and Wealth Management, Private Equity, Corporate and Not-for-Profit sectors.

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.

*European countries: Albania, Andorra, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, Isle of Man, Italy, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, Monaco, Netherlands, Norway, Poland, Portugal, Republic of Ireland, Romania, Russian Federation, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom - England, Northern Ireland, Scotland, Wales

Gender

The trend towards CFO equality in the UK is happening, but slowly and there has been no change in the European market.



There is a certain irony that our only measures of diversity in this study are gender and age (not exactly a diverse list of diversity traits!).

Due to the limitations of publicly available data, we are forced to ignore race, religion, social background, and many others. However, in today's business world, no other measure has had as much focus as gender.

The balance between male and female candidates on shortlists is one of the main challenges facing CFO appointments.

Very few businesses will accept a male only shortlist, and the majority ask for 50/50 representation. How much this impacts on the final decision depends on the experience of those in the running, as well as any hidden biases. Given this focus, we expect the trend to be towards greater female representation at CFO level.

In 2020, 16% of UK CFO appointments were female and in 2021 this increased to 21%.

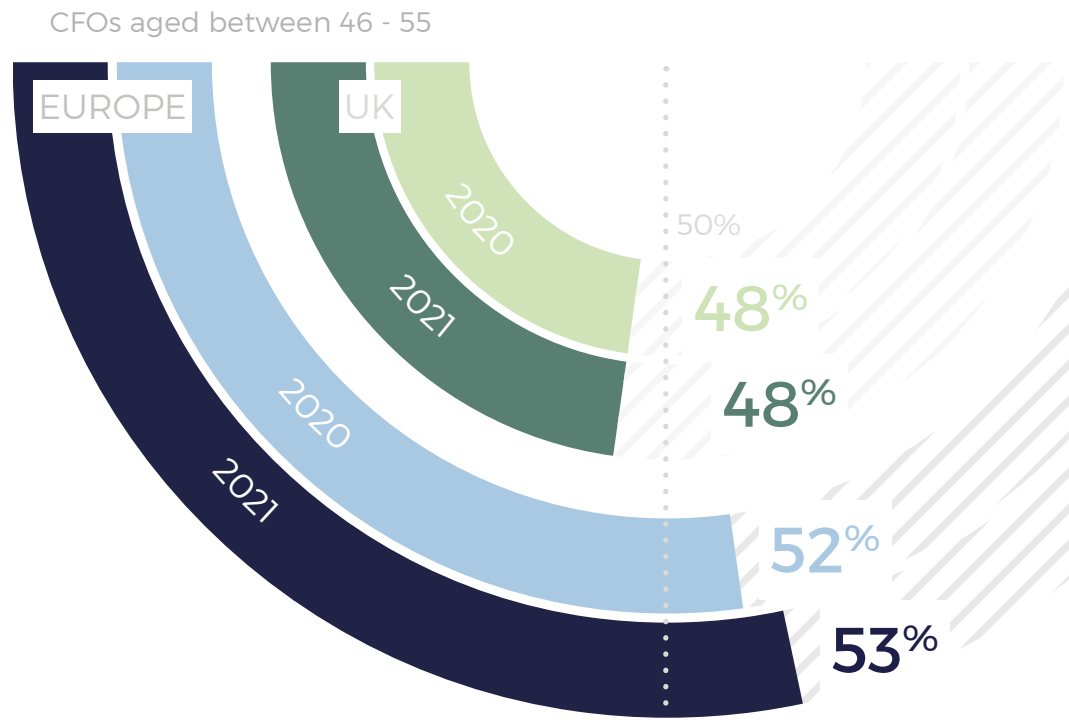
In 2020, 20% of European CFO appointments were female and in 2021 this stayed flat at 20%.

“Diversity is not about how we differ. Diversity is about embracing one another's uniqueness.”

Ola Joseph

Age

Businesses in Europe are looking for experienced hires where possible, more so than the UK.



Our second measure of diversity is age. It has been 12 years since the 2010 equality act came into force in the UK, banning discrimination based on your date of birth.

In one quick swipe, decades of outdated practices (asking for candidates date of births, giving search firms age bands to search within, etc) were removed from the market.

It is extremely rare we have to remind clients of age discrimination, with the vast majority now being “age blind”.

This notwithstanding, it is interesting to see at what age most CFO appointments are made.

In 2020, 48% of appointed CFOs in the UK were aged between 46 and 55 and in 2021 it remained at 48%.

In 2020, 52% of appointed CFOs in Europe were aged between 46 and 55 and in 2021 we see it rise slightly to 53%.

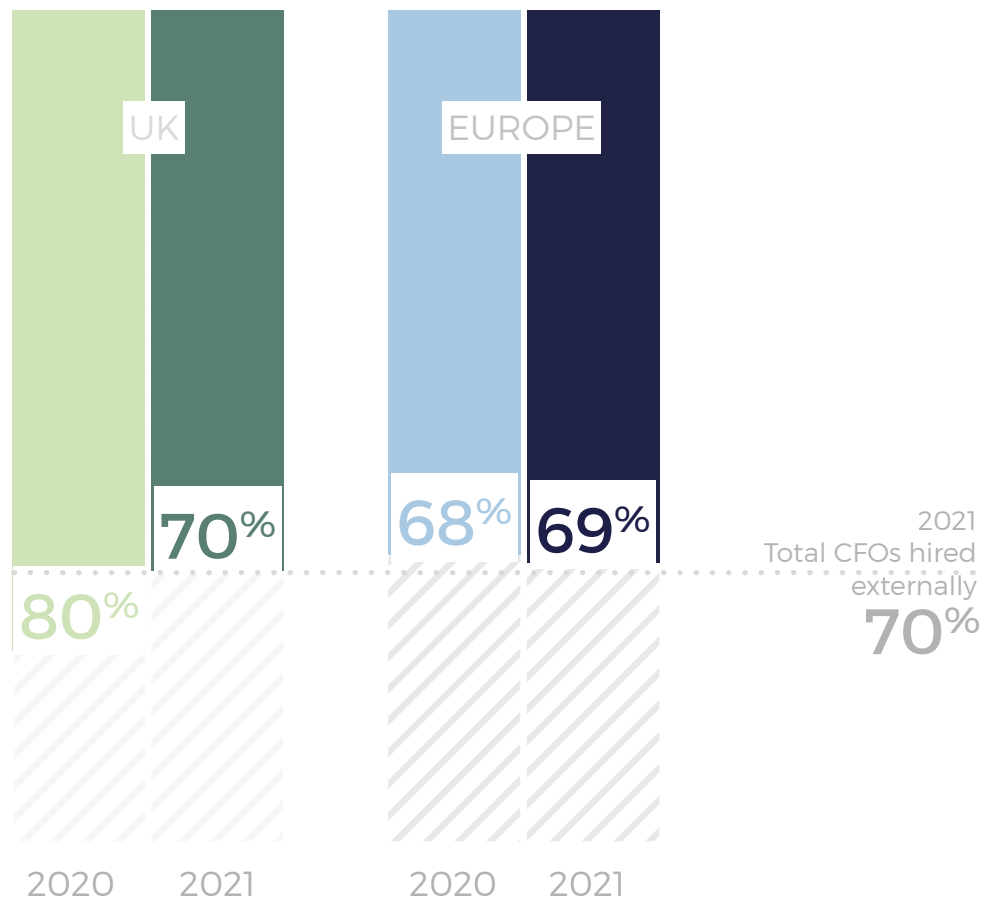
“Age is an issue of mind over matter. If you don’t mind, it doesn’t matter.”

Mark Twain

Internal Promotion VS External Appointment

In 2021, 70% of CFO appointments were given to external candidates, with 30% being internal promotions.

CFOs hired externally



“People don’t get promoted for doing their jobs really well.

They get promoted by demonstrating their potential to do more.”

Tara Jayne Frank

The majority of CFO appointments are made externally.

This is consistent with last year’s findings and demonstrates the challenge of landing a first time CFO role. We believe the importance of the position, combined with an often-large experience gap between a CFO and their direct reports, results in companies requiring a wider pool of options than is available internally.

In 2020, 80% of UK CFOs were hired externally and it fell to 70% in 2021.

In 2020, 68% of European CFOs were hired externally and in 2021, it was consistent at 69%.

Most Common *Previous Role*

...what is surprising is the disparity between internal and external hires once experienced CFOs are removed.

MOST COMMON PREVIOUS ROLE - EXTERNAL 2021

Chief Financial Officer	58%
Finance Director	15%
Non-Executive Director	6%
Chief Executive Officer	4%
Divisional/Regional CFO	4%
Financial Controller	3%
Head of Finance	3%
Chief Operating Officer	1%
Company Secretary	1%
Corporate Finance	1%
Accountant	1%
Deputy CFO	1%
Strategy	1%
FP&A Director	1%
Treasurer	0%

MOST COMMON PREVIOUS ROLE - INTERNAL 2021

Financial Controller	37%
Head of Finance	19%
Company Secretary	10%
Divisional/Regional CFO	10%
Deputy CFO	9%
Corporate Finance	7%
Strategy	3%
Accountant	3%
FP&A Director	2%

“If you need to invoke your job title for people to believe what you say, you need a better argument.”

*Neil
deGrasse
Tyson*

Most Common Previous Role (cont.)

MOST COMMON PREVIOUS ROLE - EXTERNAL HIRES WITH EXPERIENCED BOARDROOM POSITIONS REMOVED	
Divisional/Regional CFO	29%
Financial Controller	22%
Head of Finance	18%
Company Secretary	9%
Corporate Finance	5%
Strategy	4%
Deputy CFO	4%
Accountant	4%
FP&A Director	4%
Treasurer	1%

This is the essence of this report, providing a strong answer to “where do CFOs come from.”

The unsurprising result: when a business chooses to hire an external CFO, they often hire an experienced individual. This is most commonly someone who is already in a CFO position. Sometimes it is a CEO stepping back down, or a previous CFO who is now a NED. So far, nothing surprising.

However, what is surprising is the disparity between internal and external hires once experienced CFOs are removed.

As this table shows, if you are looking for a promotion to CFO internally, by far the best position to be in is Group Financial Controller. The Group Financial Controller is almost 3 times more likely to be promoted internally than the Regional CFO. However, if you want to be promoted externally, Group Financial Controller falls to 2nd place, with Regional CFOs the most likely to be hired externally as a step-up candidate.

This is crucial information for a finance professional planning their career. The accepted wisdom is that becoming a CFO from a regional role is unlikely. And indeed, when internal and external promotions are taken together, Group Financial Controller is the most likely choice for promotion. But if an internal promotion looks unlikely for you, your best bet is actually to get into a Regional CFO role and then try to move externally.

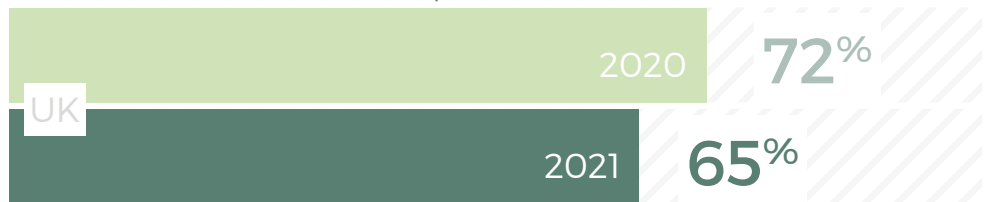
There are likely to be several reasons for this, but the most obvious is that Regional CFOs hold higher kudos externally than internally. Internally the positions can be seen to be secluded from key decision makers such as investors and Non-Executives. However, externally this disadvantage disappears, as each candidate has a clean slate from which to apply from.

...if you are looking for a promotion to CFO internally, by far your best position to be in is Group Financial Controller.

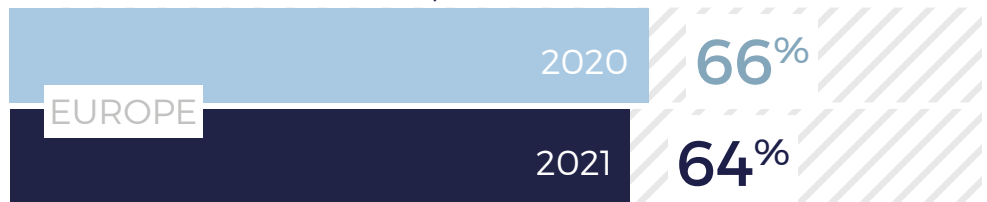
Ownership Model

Private Equity Funds have a reputation for bias against candidates without PE experience. Based on our figures, this reputation is well earned!

CFOs from the same ownership model



CFOs from the same ownership model



Our research shows that prior PE experience across the UK and Europe is crucial in order to be appointed a PE CFO, with 75% of CFO's moving from another PE backed business.

The lesson?

If you want to move into a role as a PE CFO... get a role in PE as early as possible in your career.

For PLC's the proportion of CFOs moving from another PLC was only 53%, which we feel is based on the high volume of PE businesses, in comparison to the relatively few FTSE organisations. Statistically, there are far more PE experienced fish swimming in the CFO talent pool.

In 2020, 72% of UK CFOs came from the same ownership model and in 2021, it had fallen to 65%.

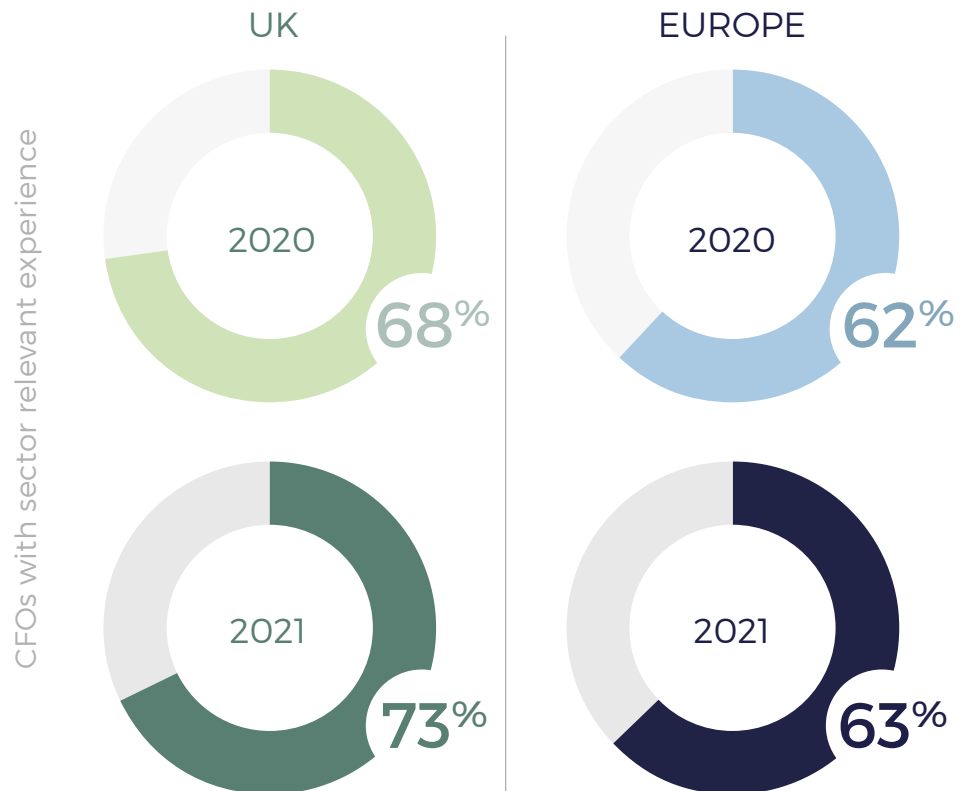
In 2020, 66% of European CFOs moved from the same ownership model and in 2021, there was only a slight drop to 64%.

"Anything the private sector can do; the government can do it worse."

Dixy Lee Ray

Sector Moves

We are unsurprised to see that 73% of CFO appointments have relevant sector experience.



Last year, we reported that a surprisingly higher proportion of CFOs were appointed from different sectors instead of moving within the same sector.

However, this was perhaps a little too hasty a conclusion. When we analysed the data further, while many CFOs move from companies of a different sector, they often have sector-relevant experience earlier in their career.

Taking this into account, we are unsurprised to see that 73% of CFO appointments have relevant sector experience.

In 2020, 68% of UK CFOs had sector-relevant experience. In 2021, it had risen to 73% when moving to their next role.

In 2020, 62% of European CFOs had sector-relevant experience and in 2021, it remained at the same level, at 63%.

“It is not the strongest nor the most intelligent of species that survives, but the one that is most adaptable to change.”

Charles Darwin

Conclusion

We hope the findings of the latest 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 across the world, in order to track trends and useful insights.

Eton Bridge Partners
September 2022

Our Specialist *CFO* & *Finance* Practice

At Eton Bridge, we select senior finance leaders with a balanced technical competency, prioritising cultural fit and 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, regardless of their background.

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.

We work across the full range of leadership positions, and through our specialist Finance Practice, we appoint 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 interim Finance managers which means we can provide highly experienced professionals at short notice.



Stephen Tarrant

Partner, CFO & Finance Practice

Stephen is responsible for senior finance appointments across the UK and Europe. His client base is a mixture of blue chip and high-growth PE-backed businesses. Stephen takes pride in providing tailored support to his client's businesses and his candidate's careers. He believes in building long-term relationships that bring people and opportunities together.

After graduating from The University of Nottingham's Business School, Stephen started his career at an international finance recruitment firm. Over the next 10 years, he achieved considerable success in the finance market, notably in Private Equity backed and high-growth commercial businesses, before moving into a leadership role. Today, he is a Partner within the CFO & Finance Practice at Eton Bridge Partners.

For a confidential conversation, please get in touch with Stephen.



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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 Partners, we consistently deliver the very best senior talent for our clients and support our network to achieve and exceed their aspirations.

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.

As trusted partners, we ensure our clients attract the best talent in the market to achieve their business goals, and our candidates develop their careers with leading international organisations. Our unrivalled functional expertise means we are superbly placed to deliver the best individuals across the breadth of corporate leadership, regardless of industry background.

We carefully hand-pick candidates who match a client's culture and long-term plans. Clients and candidates tell us our culture of care and authenticity sets us apart. As a long-term partner with our clients, we build relationships that span an individual's career. We are rigorous in understanding your business, your leadership culture and your assignment scope. Combining this with our vast network, we consistently identify the highest quality talent.

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