



EtonBridge
Partners



CFO

Pathways Report

International analysis
of Chief Financial Officer
appointments
2023 Edition



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CFO Pathways, *a global analysis*

Introducing our Enhanced CFO Pathways Report

Welcome to our 2023 edition of the CFO Pathways Report. Through a collaboration with the relationship data company, BoardEx and combined with our own network, we have accessed an extensive pool of over 1.7 million executives globally (if you're not familiar with Eton Bridge Partners or BoardEx, chances are we're familiar with you!), enabling us to produce a detailed report of global CFO appointments. In case you missed last year's report, here are the key highlights:

- Internal promotions to CFO are uncommon—external moves are crucial for aspiring CFOs
- Gender diversity is gradually improving, although male representation still dominates
- Industry sector plays a lesser role than you may expect
- Transitioning from a public limited company (Plc) to a private equity (PE) position poses challenges, but the reverse is more feasible.

This year, we have expanded our analysis on a global scale, encompassing the United Kingdom, EMEA, America, and Asia. Naturally, our challenge is to distill this vast array of data into a practical format. We are confident that we have achieved this goal, presenting data that we hope provides valuable insight. While we won't reveal too much just yet, here are the key themes we will explore this year:

Section 1: **Market Insights:** notes from a headhunter's desk

Section 2: **Global CFO appointments:** volume by Country, Market, Sector

Section 3: **Gender:** The top five countries that foster gender diversity among CFOs (and the five that lag behind).

Section 4: **Age:** When do opportunities peak?

Section 5: **First-time CFOs:** Analysing the most probable paths to CFO appointments.

Whether you are looking to appoint a new CFO, are an experienced CFO or an aspiring professional seeking your first appointment, we hope we have provided insight that caters to your needs. Enjoy!

Stephen Tarrant
Partner, CFO & Finance Practice

Section 1

Market Insight: notes from a headhunter's desk

This section of the report is based on the experience and reflections of the 38 Partners and Researchers who comprise our CFO & Finance Practice. Here are the key challenges facing the CFO market in 2023:

1. Covid in the rear-view mirror

It has been over three years since the start of the pandemic and more than two years since the last lockdown. As a result, business results have started to normalise, and reported numbers have annualised. CFOs had grown accustomed to citing Covid as a reason for both good and bad performance. However, the tables have turned, and industries that initially benefited from Covid (such as eCommerce and B2C Tech) are now facing challenges in the post-pandemic world. The grace period granted to CFOs by investors in 2020 and 2021 has come to an end, with Covid no longer considered a valid or relevant excuse for performance. While Covid still has tangible effects, it has become a thing of the past in terms of business discourse.

2. A new funding environment

For more than a decade, money has been cheap, and CFOs have operated in an environment where funding is readily available and inexpensive. However, in 2022, this abruptly changed, with a significant number of CFOs reporting funding issues. The broader implications of this shift are still unfolding. While there hasn't been a significant increase in insolvencies, the demand for refinancing expertise has significantly risen. Incumbent CFOs are feeling the strain, especially those in businesses that have yet to become self-funded.



3. IPOs and the failure of SPACs

In 2021, many of our clients had planned to pursue a listed exit in 2022. However, this ambition came to a halt as equity markets retreated from their peak. The turbulence in the UK market, in particular, has led to the shelving of numerous IPO plans. SPACs have fallen out of favour and are rarely mentioned, except to criticise them as a symptom of a period of investor excess. The lack of new FTSE listings is well-documented, and our private clients are now looking to America rather than the UK for their future listing ambitions.

4. Inflation: pros and cons

Inflation, once relegated to historical discussions about the 1970s and 80s, has returned to the forefront of business conversations. Surprisingly, it is not always viewed in a negative context. Businesses that can pass on increased input costs or operate on fixed-margin percentages have actually benefited from this period of inflation. Some clients have highlighted the opportunity to report higher revenue numbers to the market, despite falls in real terms. However, businesses operating on tight margins and catering to cost-sensitive consumers have been severely affected. Salary inflation has been universally lamented in the business community, with CFOs and CEOs struggling to align their compensation views with candidate demands.

5. Private Equity inertia

Private Equity (PE) continues to dominate global hiring markets, and a lack of PE experience can be considered a major hindrance to a CFO's career progression. However, the PE CFO market has cooled in the past 12 months as the number of deals declined from the highs of 2021. Many PE firms are currently focused on their existing portfolios, working to improve stagnant performance, rather than actively deploying their much-discussed "dry powder." This has been further compounded by sticky valuations compared to the declines seen in public markets. We anticipate that PE businesses will continue to drive the market, albeit at a slower pace until the markets stabilise.



KEY TAKEAWAY:

"Private Equity (PE) continues to dominate global hiring markets, and a lack of PE experience can be considered a major hindrance to a CFO's career progression."

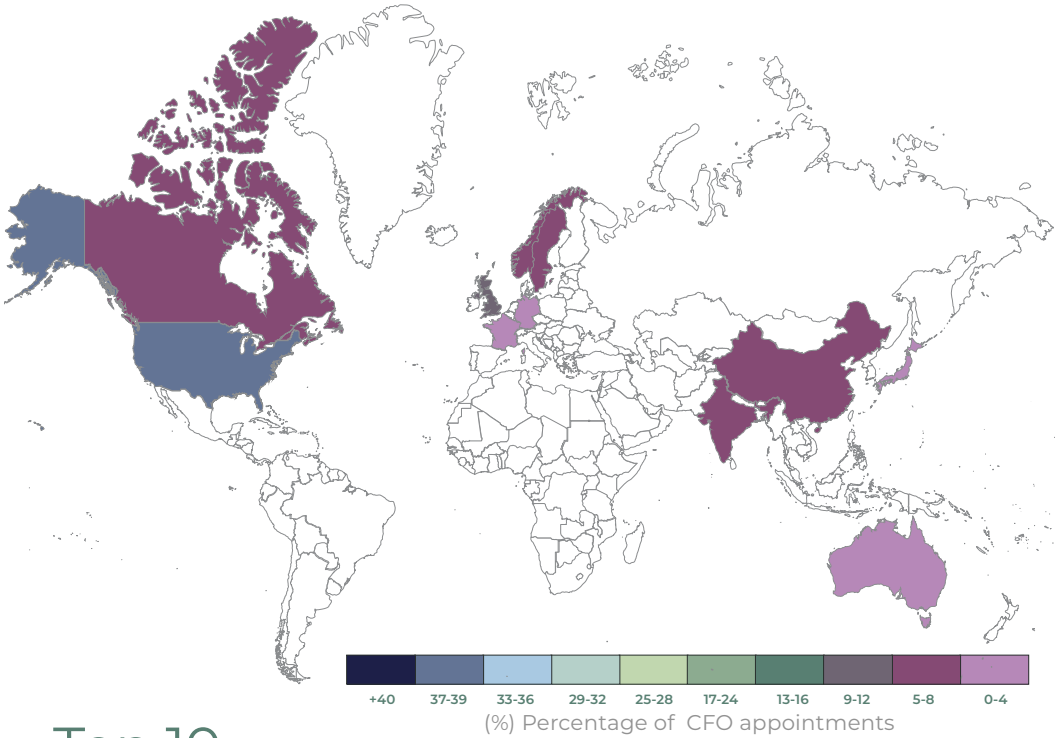
Section 2

Global CFO Appointments: Country, Market, Sector

In this section, we analyse the volume of CFO appointments by:

- Country
- Market
- Sector

Appointments by country



Top 10

Country	Percentage
United States	37%
United Kingdom	9%
China & Hong Kong	7%

Country	Percentage
India	7%
Canada	6%
Sweden & Norway	5%

Country	Percentage
Australia	3%
Germany	2%
France	2%
Japan	2%

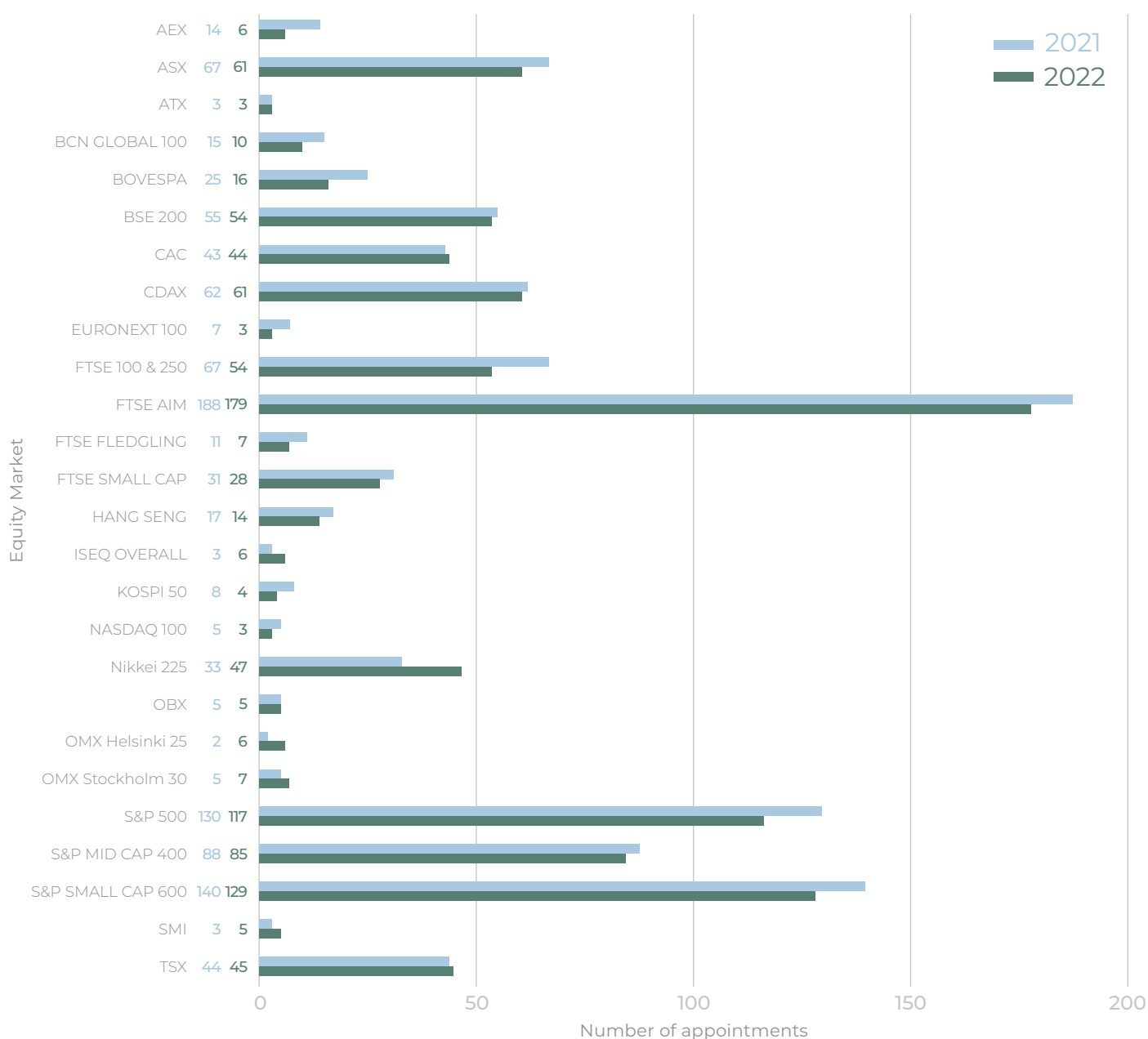
Unsurprisingly, the United States dominates the global market for CFOs, with a significant number of appointments. It is interesting to note that the United Kingdom accounts for nearly 10% of CFO appointments worldwide. This is noteworthy considering that the UK's share of global GDP is just 2.3% and its equity markets account for 4% globally. This suggests a higher turnover of CFOs within the UK, potentially influenced by its mature Private Equity market.



This observation aligns with the post-COVID market trends experienced by Eton Bridge Partners. Demand has noticeably increased in both the UK and USA, as evidenced by significantly higher search volumes in these countries.

It is important to consider that the appointment of top finance professionals in India and China is likely to be much higher than indicated by these figures, given the size of their economies. However, our analysis focuses on global companies with reported turnovers exceeding \$100 million, which explains the disparity in numbers, along with lack of publicly available data.

Appointment by equity market



The data provided represents the number of Chief Financial Officer (CFO) appointments in 2021 and 2022 across various global equity markets. Analysing the figures and considering knowledge of these markets, several observations can be made.

In 2021, the equity markets with the highest number of CFO appointments were FTSE AIM with 188 appointments, followed by the S&P 500 with 130 appointments. FTSE AIM's large number of appointments can be attributed to its focus on small and growing companies, indicating a robust demand for financial leadership in this segment. The S&P 500's high number of appointments aligns with its status as a prominent and influential equity market in the United States.

Other markets with notable CFO appointments in 2021 include ASX, which had 67 appointments, and BSE 200 with 55 appointments. The ASX is a major equity market in Australia, and the higher number of appointments reflects its importance in the region.

BSE 200 represents a significant segment of the Indian stock market, and the number of CFO appointments demonstrates the active corporate activity within this market.

Moving to 2022, FTSE AIM remained at the top with 179 CFO appointments, indicating a sustained demand for financial leadership in small and growing companies. The S&P 500 maintained its position as a prominent market with 117 CFO appointments. ASX continued to show a strong presence with 61 appointments, reflecting its significance in the Australian equity market.

It is worth noting that some markets experienced a decline in CFO appointments from 2021 to 2022. For example, the FTSE 250 market saw a decrease from 43 appointments in 2021 to 33 appointments in 2022.

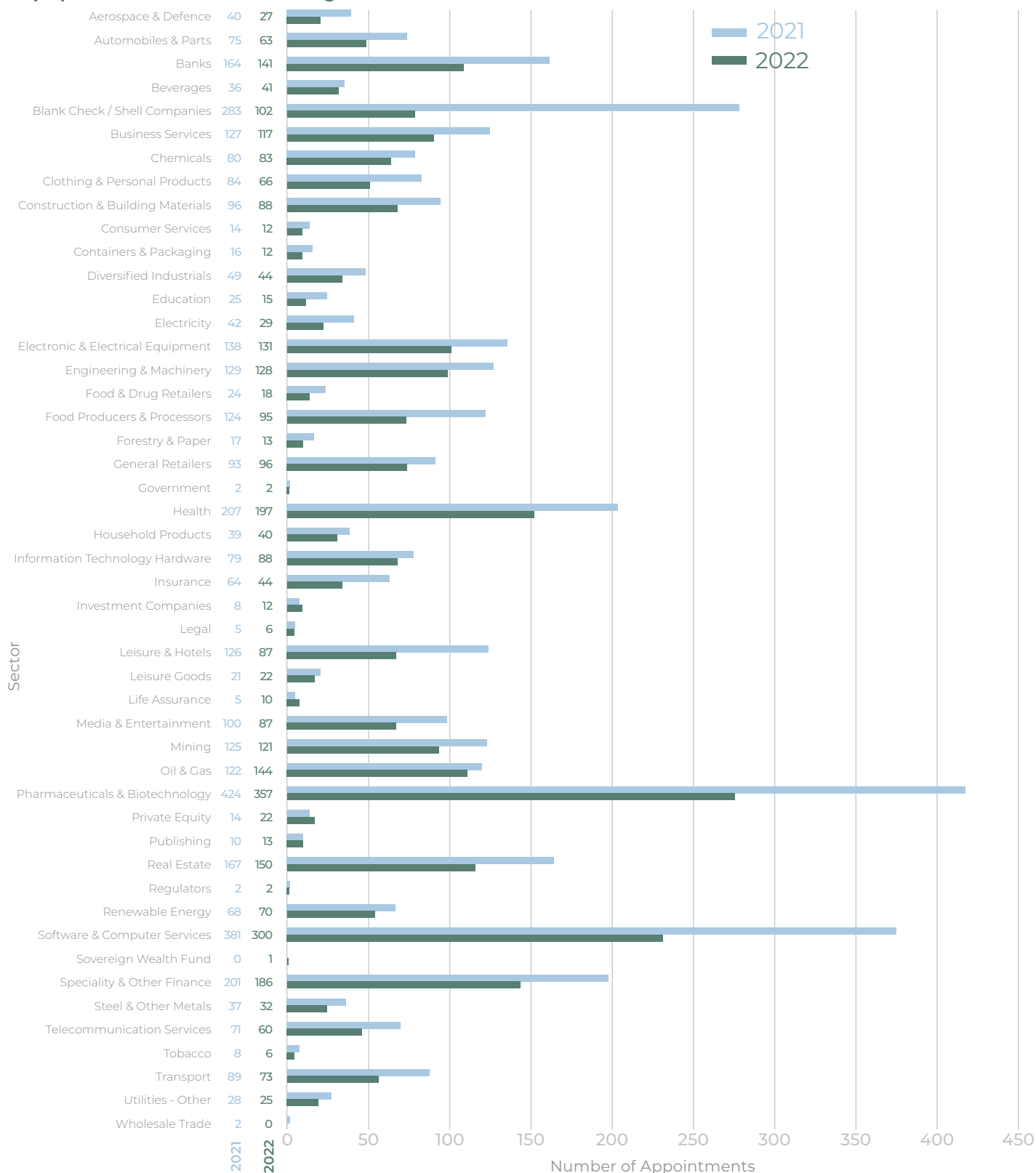
Overall, the data reveals variations in CFO appointments across global equity markets.

Markets such as FTSE AIM, S&P 500, ASX, and BSE 200 consistently demonstrated a higher volume of CFO change.

The figures provide insights into the dynamics and demand for financial leadership within different markets and can be indicative of the growth and corporate activity within specific regions or sectors.



Appointments by sector



For the year 2021, Pharmaceuticals and Biotechnology accounted for approximately 10% of the total CFO appointments globally, reflecting the industry's significance in the financial landscape. Software & Computer Services constituted around 9% of the total appointments, indicating the sector's importance in terms of financial leadership. Other sectors with notable percentages include Speciality & Other Finance (5%), Real Estate (4%), and Electronic & Electrical Equipment (3%).

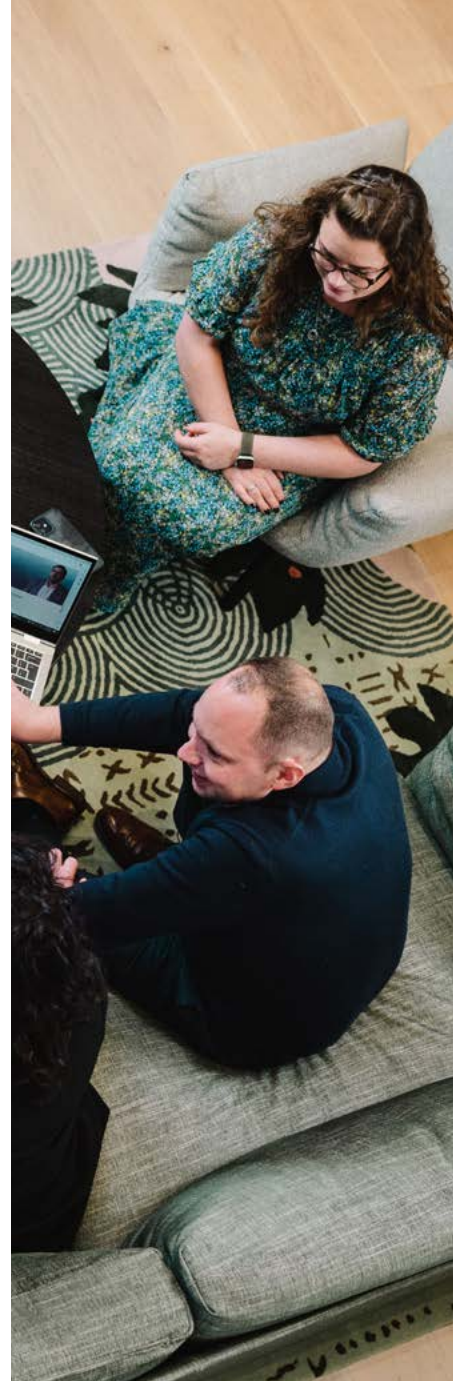
In 2022, Pharmaceuticals and Biotechnology retained its leading position with a percentage of approximately 10% of the total CFO appointments. Software & Computer Services followed closely with around 9% of the total appointments. Other sectors with notable percentages in 2022 include Speciality & Other Finance (5%), Real Estate (4%), and Electronic & Electrical Equipment (4%).

These percentages offer insights into the relative distribution of CFO appointments across different industries in each year, allowing for a comparison based on their proportional representation within the total.

Additionally, analysing the data based on percentages provides a clearer picture of any changes or shifts in industry representation. For instance, although Pharmaceuticals and Biotechnology remained the dominant sector in both years, the slight decrease in their percentage from 2021 to 2022 indicates a relative decline compared to other sectors. Similarly, while Software & Computer Services consistently ranked second, there was a decrease in its percentage from 2021 to 2022, suggesting a potential stabilisation in the sector's CFO appointments.

The analysis based on percentages allows for a better understanding of the relative importance of different sectors within the CFO appointment landscape, as it accounts for the varying total number of appointments in each year.

It highlights the industries that have a relatively higher or lower representation in terms of CFO appointments, providing insights into the evolving dynamics and trends within the financial leadership landscape across sectors and years.



KEY TAKEAWAY:

“Some markets experienced a decline in CFO appointments from 2021 to 2022. For example, the FTSE 250 market saw a decrease from 43 appointments in 2021 to 33 appointments in 2022.”

Section 3

Gender: The top five countries that foster gender diversity among CFOs (and the five that lag behind).

The data provided showcases the number of CFO appointments in various equity markets during 2021 and 2022, categorised by gender. Several key themes emerge from the data:

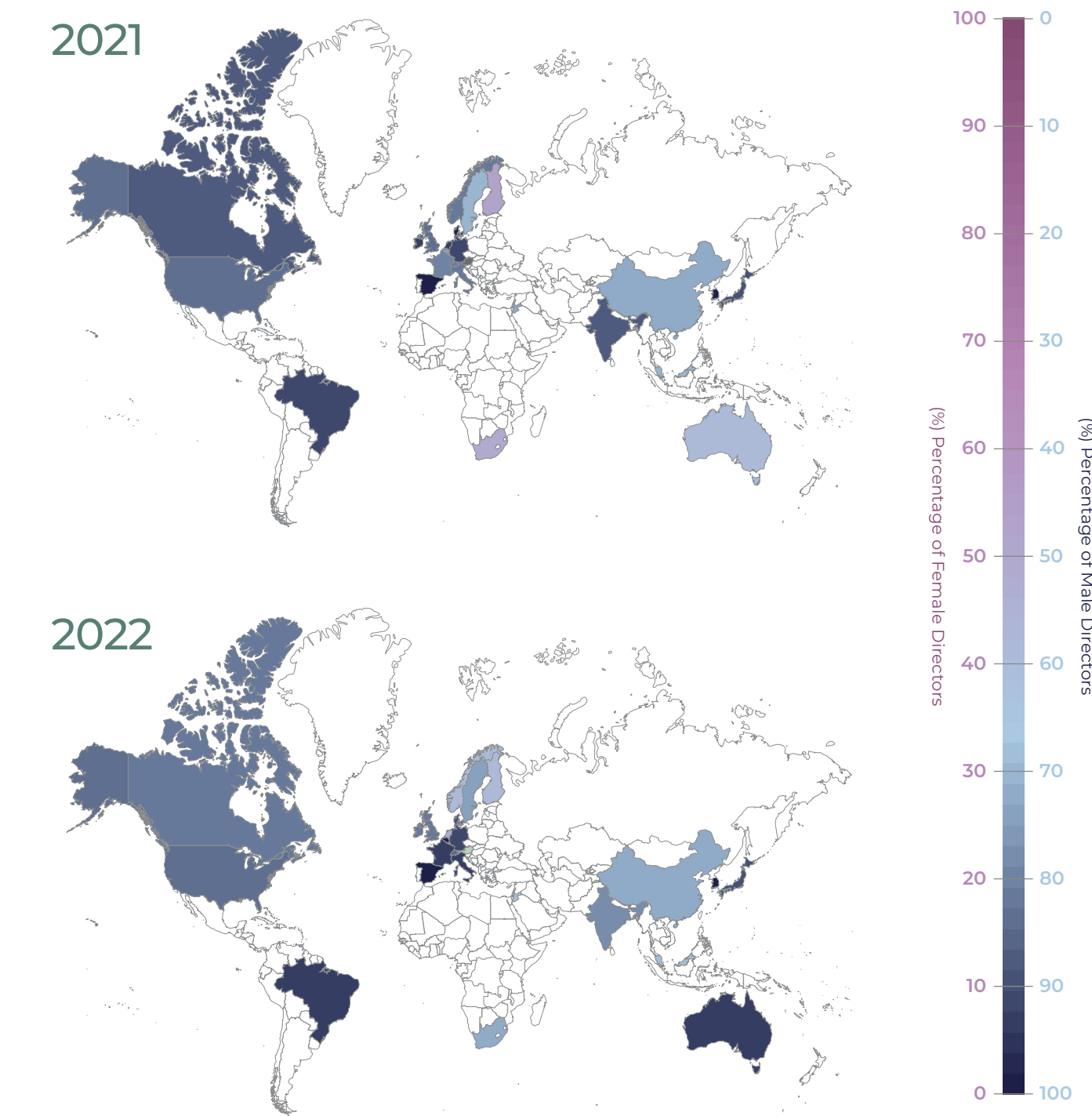
1. **Gender Disparity:** Across all equity markets in both years, there is a significant gender disparity in CFO appointments. The majority of appointments are male, accounting for approximately 82% of total appointments, while females comprise only around 18%. This highlights the underrepresentation of women in CFO roles, indicating a need for increased gender diversity and inclusion in senior financial leadership positions.
2. **Varying Gender Ratios:** The gender ratios within equity markets vary. Some markets demonstrate a more balanced representation, such as the NASDAQ 100 in 2021, where 60% of CFO appointments were female. Conversely, other markets, like the Bovespa and KOSPI 50, had very low female representation, with females accounting for only 8% and 0% of appointments, respectively. These discrepancies suggest the existence of specific regional or industry factors that influence gender diversity in CFO appointments.
3. **Market-specific Gender Trends:** Analysing individual equity markets reveals interesting gender trends. For instance, in the FTSE 100, the representation of females increased from 21% in 2021 to 38% in 2022, indicating progress towards gender equality in CFO appointments within this market. Conversely, the S&P 500 experienced a slight decrease in female representation from 25% in 2021 to 21% in 2022. These market-specific variations suggest that efforts to improve gender diversity are yielding different results across different regions and industries.
4. **Overall Trend:** Globally, gender disparity in CFO appointments remains prevalent, there is even a slight reduction in female representation from 2021 to 2022. The percentage of female CFO appointments decreased from 19% to 17% overall.



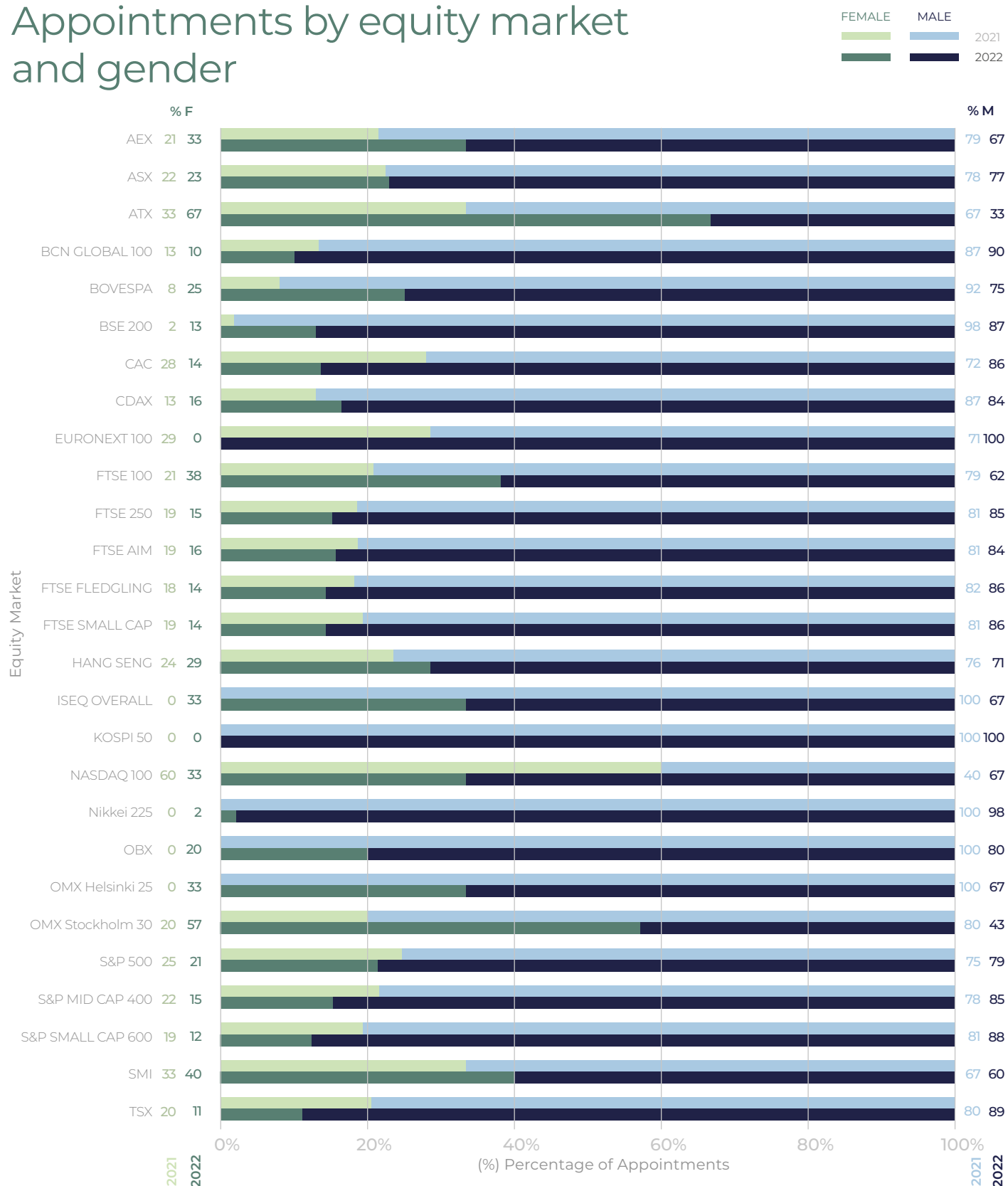
In summary, the data highlights the ongoing gender disparity in CFO appointments across equity markets, emphasizing the need for continued efforts to achieve greater gender diversity. While some markets demonstrate progress, others lag behind.

Appointments by country and gender

The provided data shows the percentage of Chief Financial Officer (CFO) appointments in 2021 and 2022, categorised by gender. The data includes the number of male and female directors appointed as CFOs, as well as the corresponding percentages.



Appointments by equity market and gender



In 2021, the data indicates that male directors accounted for 83% of CFO appointments, while female directors made up 17% of the appointments. Notably, some countries demonstrated a significant gender disparity in CFO appointments. For example, in Australia, 61.9% of CFOs were male, compared to only 38.1% who were female. Similar trends were observed in other countries like Brazil, where 92.08% of CFOs were male, compared to 7.93% who were female.

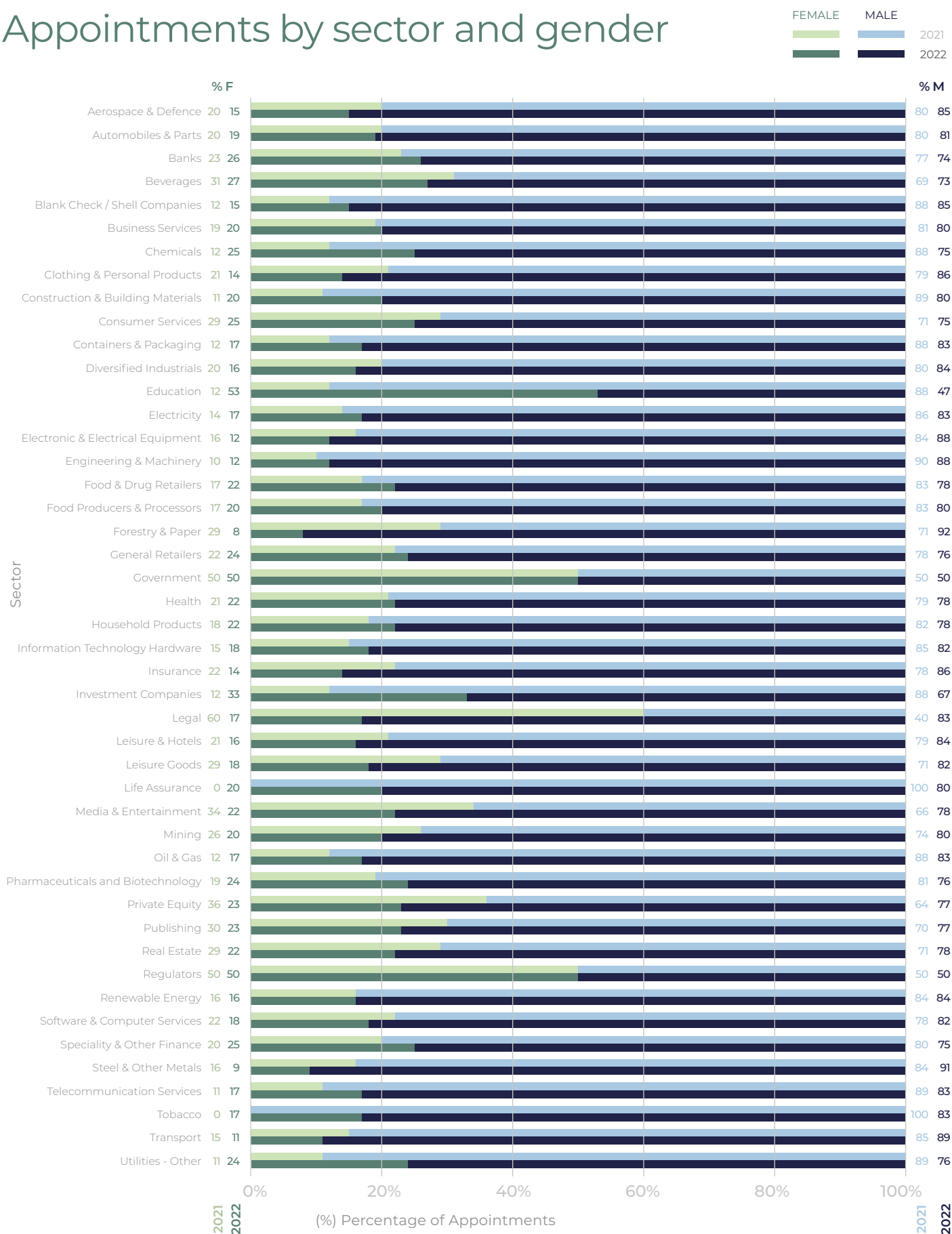
Moving to 2022, the overall pattern remained consistent, with male directors accounting for 82% of CFO appointments, while female directors comprised 18% of the appointments. The gender disparity persisted in various countries, including Hong Kong SAR, where 85.03% of CFOs were male, compared to 14.98% who were female. Similarly, in the United Kingdom, 86.42% of CFOs were male, while only 13.58% were female.

Overall, the data highlights a significant underrepresentation of female directors in CFO appointments across multiple countries in both 2021 and 2022.

While there were variations among countries, the general trend indicates a gender disparity in CFO roles, with male directors being more prevalent in these positions.



Appointments by sector and gender



Again, the gender imbalance is clear across most sectors.

1. Overall, there has been a slight improvement in gender diversity in CFO appointments from 2021 to 2022, with the percentage of female appointments increasing by 1% across sectors.
2. The sectors with the highest percentage of male CFO appointments in both years are Mining, Oil & Gas, and Blank Check/Shell Companies, indicating a gender imbalance in these industries.
3. Sectors such as Pharmaceuticals and Biotechnology, Education, Telecommunication Services, and Renewable Energy show a relatively balanced gender split in CFO appointments, with the percentage of female appointments ranging from 17% to 34%.
4. Some sectors, such as Life Assurance, Tobacco, and Regulators, have reported either 100% male or 100% female CFO appointments in at least one of the years, indicating a lack of gender diversity in these particular sectors.
5. While there are sectors where the gender split is relatively balanced, there is still progress to be made across the board to achieve greater gender equality in CFO appointments.

Overall, the data suggests that there is a need for continued efforts to promote gender diversity and inclusivity in executive leadership positions, particularly in sectors where the representation of either gender is heavily skewed.



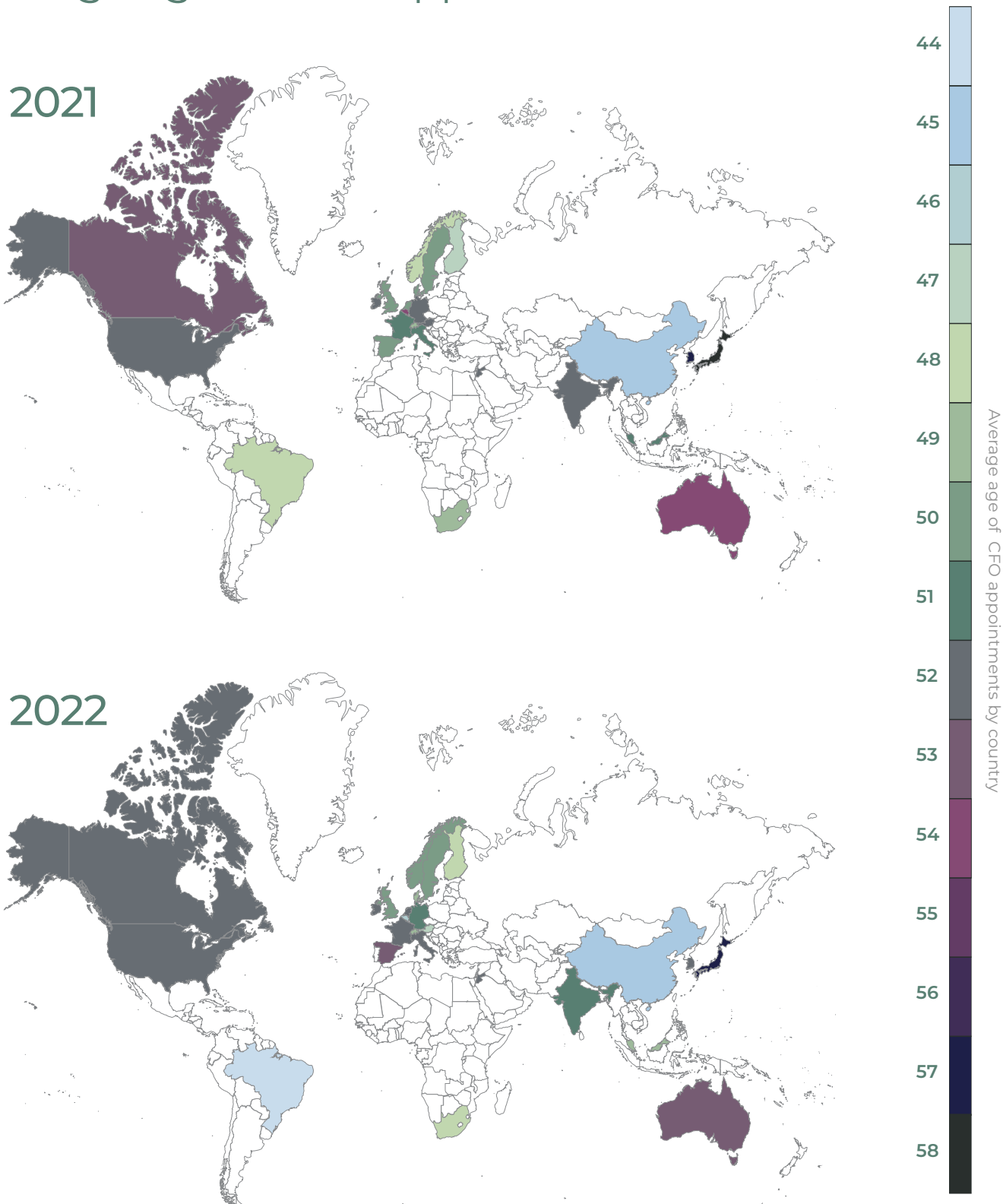
KEY TAKEAWAY:

“Across all equity markets in both years, there is a significant gender disparity in CFO appointments.”

Section 4

Age: When do opportunities peak?

Average age of CFO appointments



The global average age of CFOs in both 2021 and 2022 was approximately 50 years old.

In terms of regional analysis:

- Within Africa, South Africa had the highest average age of CFOs at 48 years old.
- Asia had an average age of 51 years, with countries like China (45 years), Hong Kong SAR (48 years), India (51 years), and Singapore (50 years) falling close to the regional average.
- Japan had the highest average age among Asian countries at 58 years, while South Korea had a relatively higher average age of 55 years.
- Australasia, represented by Australia and New Zealand, had an average age of 54 years.
- Europe had an average age of 50 years, with countries like Austria (49 years), Belgium (49 years), and Spain (51 years) showing slight variations.
- North America, represented by Canada and the United States, had an average age of 52 years.
- South America, represented by Brazil, had a slightly lower average age of 46 years.

Interesting observations:

- Japan had the highest average age of CFOs among the countries listed, indicating a trend towards more experienced individuals in top financial roles.
- South Korea showed a significant difference in average age between 2021 and 2022, with a decrease from 57 to 52 years. This could suggest a change in leadership or a shift in hiring practices within the country's finance sector.
- Belgium had a relatively lower average age in 2022 compared to other European countries, indicating a potential shift towards younger CFOs in the country.
- South America had the lowest average age among the listed regions, indicating a relatively younger CFO population in Brazil.

It is important to note that these average age figures represent the average of average ages by country and should be interpreted in the context of each country's unique financial landscape, cultural factors, and industry-specific dynamics.

KEY TAKEAWAY:

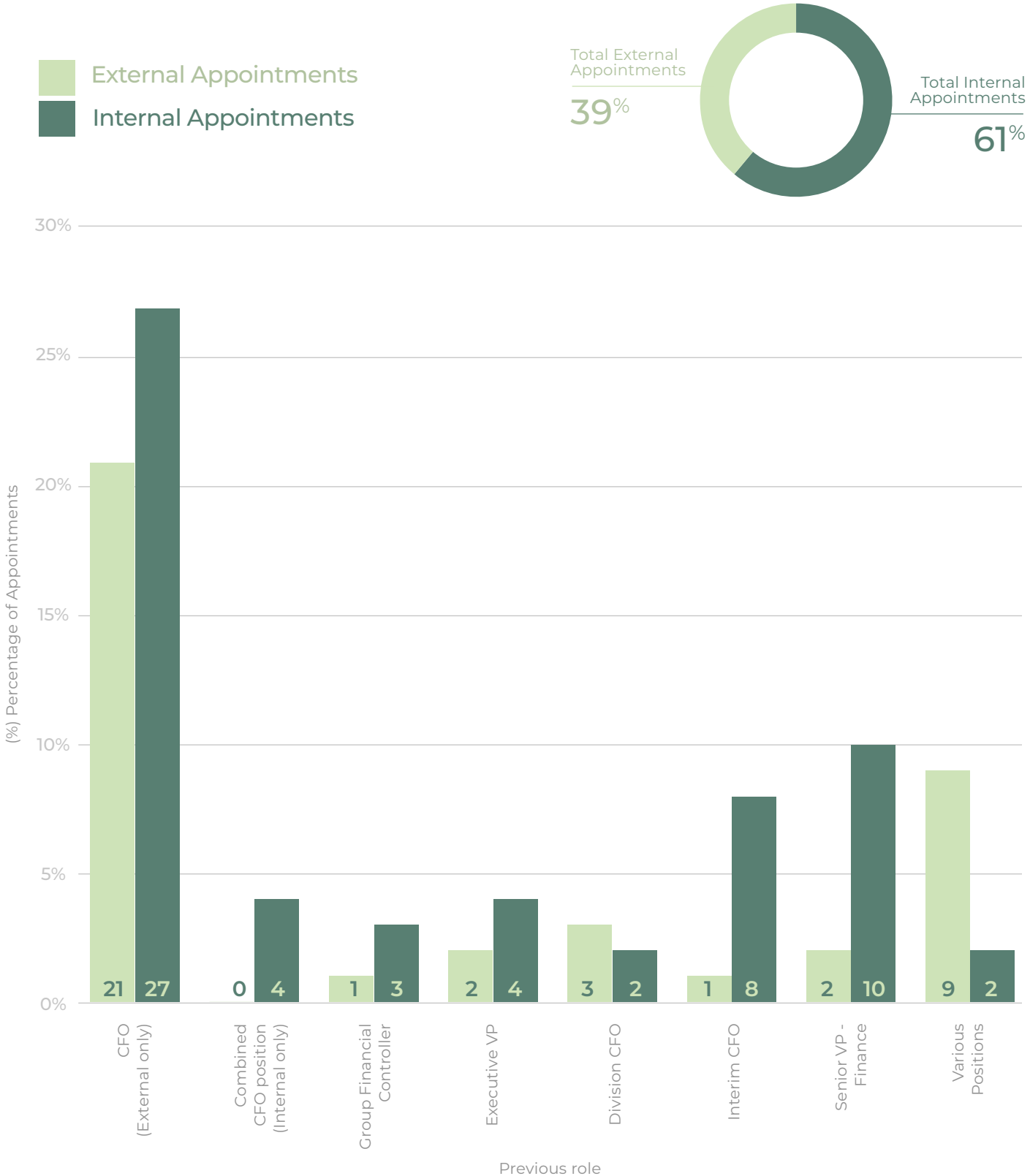
“Belgium had a relatively lower average age in 2022 compared to other European countries, indicating a potential shift towards younger CFOs in the country.”



Section 5

First-time CFOs: Analysing the most probable paths to CFO appointments.

Previous role title



The data indicates that there are two common roles that individuals tend to hold before being promoted to their first CFO position: Divisional CFO and Group Financial Controller.

For external appointments, 13% of individuals who became first-time CFOs previously held the position of Divisional CFO. This suggests that companies often look for candidates who have experience overseeing financial operations within a specific division or business unit of a competitor business before entrusting them with the broader responsibilities of a CFO.

In addition, 5% of external appointments came from the role of Group Financial Controller, indicating that some companies consider individuals with experience as a Group Financial Controller to be well-suited for the CFO position. The Group Financial Controller role typically involves overseeing financial activities across an entire organisation, preparing financial reports, and managing financial risks.

Regarding internal appointments, 5% of individuals promoted to first-time CFO roles had previously served as Divisional CFOs within the same company.

This internal progression highlights the importance of recognising and developing talent from within an organisation, allowing individuals to gain experience and demonstrate their capabilities before assuming the CFO position.

Furthermore, 7% of internal appointments came from the role of Group Financial Controller, suggesting that companies also value the financial expertise and leadership demonstrated by Group Financial Controllers from within their own ranks.

These findings highlight the significance of divisional financial management and experience as a Group Financial Controller as common pathways to the CFO position, both externally and internally. Organisations often seek individuals who have proven their ability to oversee financial operations within a specific division or demonstrate comprehensive financial management skills at the group level.



KEY TAKEAWAY:

“The data indicates that there are two common roles that individuals hold before being promoted to their first CFO position: Divisional CFO and Group Financial Controller.”

Conclusion

We hope the findings of this year's CFO pathways report prove constructive. Despite the economic headwinds of inflation, restricted funding, and the resulting private equity inertia, the global CFO market remains exceptionally buoyant.

Gender disparity remains entrenched but continues to be an important consideration in the majority of appointment processes. We expect both aspiring and experienced CFOs to remain in high demand as we continue into 2024.



Stephen Tarrant
Partner, CFO & Finance Practice

Stephen is responsible for global senior finance appointments. 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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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 support a wide range of organisations to appoint CFOs and their direct reports, whether permanent or interim, in the UK and around the world. As a result of our deep functional expertise and exceptional networks, we have a strong track record of delivering outstanding senior talent. We have grown to become one of Europe's leading finance executive solutions businesses, something of which we are incredibly proud.

Find out more *here*





BoardEx is the leading provider of executive intelligence and relationship mapping solutions. It is used across the Executive Search community to help identify, qualify, and connect to diverse candidates quickly.

Founded in 1999, organizations trust BoardEx for executive intelligence and insight on more than 2.1 million+ organisations, and the 1.7 million individuals that lead them. The platform helps organisations leverage their known and unknown connections to drive business development activities while also utilising the firm's proprietary data.

BoardEx is a part of Altrata, a company dedicated to delivering insights with impact.



EtonBridge Partners

Eton Bridge Partners is a leading Executive Search, Interim Management and Consulting firm with a strong reputation for building relationships and delivering excellence for our clients in over 35 countries around the world.

We have a strong track record of acting as trusted partner to a wide range of clients from ambitious SMEs to PE-backed portfolio companies and global blue-chip organisations. People have always been at the heart of everything we do, whether placing permanent or interim senior hires or delivering large scale transformation through our experienced consultants.

Our specialist practices cover the breadth of corporate leadership:

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- Business Transformation
- Finance
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- Human Resources
- Operations, Procurement & Supply Chain
- Legal, Risk & Compliance
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