

LEADERSHIP & SUCCESSION

Where Do Eurotop 100 CFOs Come From? Profiles and Career Patterns of Eurotop 100 Chief Financial Officers

As the role of the CFO becomes increasingly complex, a number of competing theories have emerged regarding what's required to excel in the job today. In an attempt to provide greater clarity around this issue—and separate fact from fiction—Russell Reynolds Associates analyzed the career patterns of every CFO in the Eurotop 100 to establish the experiences and underlying capabilities that define the route to the top and indicate how (if at all) that route has changed in recent years.

Hiring Dynamics

A New Generation of CFOs at Top European Companies

- Fully 74% of Eurotop 100 CFOs have held their current position for less than five years, indicating the emergence of a new class of CFOs across the largest companies in Europe. Perhaps more notably, 59% of this group have held their current position for less than three years.
- This new generation especially is prominent among internally promoted CFOs (77% have held their current position for less than five years) but also is notably prominent among externally hired CFOs (69% have held their current position for less than five years).

Majority of CFOs Promoted Internally; Meaningful Minority Hired Externally

- Sixty-four percent of Eurotop 100 CFOs were promoted internally, while 36% were recruited externally.

A Modest Shift toward Internal Promotions

- In the last three years, internal promotions have gained a slightly higher share of CFO appointments, representing 68% of all CFO hires. By contrast, 59% of CFOs appointed prior to 2009 were promoted internally.

A High Bar for External Hires

- Seventy-five percent of externally hired CFOs previously have held a top CFO role.
- Sixty-four percent of external hires were CFOs in their most recent role, 11% most recently held a deputy CFO position and 6% most recently served in a general manager position.
- Sixty-one percent of external hires have worked outside their home country. Of note, however, a comparable 64% of internal hires also have had international experience.

For the Majority of Internal Promotions, a Patient Path to the Top Job; for a Select Few, a Quick Step Up

- Fifty-five percent of internally promoted CFOs had at least 11 years of tenure with their organization prior to their promotion. More strikingly, 25% had more than 20 years of tenure with their organization prior to their promotion.
- That said, a meaningful share of internally promoted CFOs made very quick ascents to their post. Twenty-two percent of internally promoted CFOs had five years of tenure or less prior to their promotion to the top job. Perhaps more notably, fully 14% were clear heir apparent hires with less than one year of tenure prior to their promotion.

Common Roles on the Route to the Top

Dominance of Divisional General Management and Divisional CFO Experience

- Divisional leadership roles (both divisional general management and divisional CFO roles) are the most common jobs on the route to the top CFO post for Eurotop 100 CFOs:
 - Fifty-eight percent of Eurotop 100 CFOs have had divisional or regional general management experience, making this role the most common job on the route to the top.
 - Fifty-four percent of Eurotop 100 CFOs have had divisional or regional CFO experience, making this the second most common experience across the group.

Corporate Accounting Experience Significant

- Not surprisingly, corporate accounting experience also is prominent, with 43% of CFOs noting important leadership experience in this field.

Corporate Strategy and Business Development Highly and Increasingly Prevalent

- Corporate strategy and business development experience rank highly, with 40% of Eurotop 100 CFOs reporting a significant leadership role in this field.

A Small Club of Bankers ... and a Very Small Club of Management Consultants

- Prior experience in banking is prevalent but not prominent. Twenty-five percent of Eurotop 100 CFOs have held senior banking roles.
- By contrast, significant management consulting experience is scarce. Nine percent of CFOs reported notable management consulting experience.

A Wide Mix of Finance Roles Broadly Typical; a Handful of Roles Decidedly Less Prevalent

- Senior corporate finance (32%), divisional/regional controller (18%) and treasury (18%) round out the most frequent roles across Eurotop 100 CFOs. Investor relations (12%) and financial planning and analysis (10%) experience notably are less prevalent.

Shifts in Route to the Top

Clear Shifts toward Safety and Strategy in Recent CFO Appointments

Recent CFO assignments point to a growing appetite for safe bets (i.e., those with relevant industry experience) and strategic perspectives (i.e., those with corporate strategy experience). The already strong desire for general management experience grew even stronger.

- Eighty-one percent of all Eurotop 100 CFOs hired in the last three years have had relevant industry experience vs. 63% for all CFOs hired prior to 2009.
- Forty-four percent appointed in the last three years have had corporate strategy experience vs. 34% hired prior to 2009.
- Sixty-one percent of those hired since 2009 have had general management experience vs. 56% hired prior to 2009.
- Seventeen percent of all Eurotop 100 CFOs hired since 2009 have reported a deputy CFO role vs. only 10% of CFOs hired prior to 2009.

Notable Shifts for External Hires

- **An Increasingly Dominant Emphasis on Proven Experience in the Top Job:** Of external candidates hired within the last three years, 84% already had been a sitting CFO vs. 65% of external candidates hired more than three years ago.
- **Strange Bedfellows? A Growing Emphasis on Corporate Audit and Strategy:** The prevalence of corporate audit experience grew substantially among externally hired CFOs appointed in the last three years (32% held this experience vs. 18% of those appointed more than three years ago). Likewise, corporate strategy/business development has become far more common among external hires (42% of those appointed in the last three years held this experience vs. 29% of those appointed more than three years ago).

The Elusiveness of “Check-All-the-Boxes” Candidates

- Even with their impressive backgrounds, few Eurotop 100 CFOs possess all the experiences commonly cited as must-haves on the route to the top. For example:
 - **CFOs with general management, strategy/corporate development and international experience:** Only 6% of Eurotop 100 CFOs cite having all three of these experiences.
 - **CFOs who already have been a sitting CFO are operationally oriented (held divisional CFO role) and have an accounting qualification:** Only 11% of Eurotop 100 CFOs cite having all three of these experiences.

Other Findings of Note

Women Still a Distinct Minority in the Eurotop 100 CFO Population; All Are Recent Appointments

- Women represent only 6% of Eurotop 100 CFOs.
- Five of the six female CFOs were promoted internally.
- Notably, all six have been appointed within the last three years.
- Three of the six are American citizens.

National Representation

- British, French and German companies and their respective citizens are (perfectly) proportionally represented among Eurotop 100 CFOs:
 - British companies represent 24% of the Eurotop 100 list, and 24% of Eurotop 100 CFOs are British.
 - French companies represent 18% of the Eurotop 100 list, and 18% of Eurotop 100 CFOs are French.
 - German companies represent 14% of the Eurotop 100 list, and 14% of Eurotop 100 CFOs are German.
- While British, French and German citizens collectively represent 56% of Eurotop 100 CFOs, the balance of the CFO population is represented by citizens of an additional 18 countries. In other words, three countries claim 56 CFO seats, while 18 countries claim the remaining 44%.

RUSSELL REYNOLDS ASSOCIATES

Leadership for a Changing World. In today's global business environment, success is driven by the talent, vision and leadership capabilities of senior executives. Russell Reynolds Associates is a leading global executive search and assessment firm with more than 300 consultants based in 40 offices worldwide. Our consultants work closely with public and private organizations to assess and recruit senior executives and board members to drive long-term growth and success. Our in-depth knowledge of major industries and of our clients' specific business challenges, combined with our understanding of who and what make an effective leader, ensures that our clients secure the best leadership teams for the ongoing success of their businesses. www.russellreynolds.com

Americas

Atlanta

1180 Peachtree St., NE
Suite 2250
Atlanta, GA 30309-3521
United States of America
Tel: +1-404-577-3000

Boston

One Federal Street, 25th Floor
Boston, MA 02110-1007
United States of America
Tel: +1-617-523-1111

Buenos Aires

Buenos Aires Plaza
Manuela Sáenz 323
Seventh Floor, Suites 14 and 15
C1107CBP Buenos Aires
Argentina
Tel: +54-11-4118-8900

Calgary

Suite 750, Ernst & Young Tower
440-2nd Avenue SW
Calgary, Alberta T2P 5E9
Canada
Tel: +1-403-776-4174

Chicago

155 North Wacker Drive
Suite 4100
Chicago, IL 60606-1732
United States of America
Tel: +1-312-993-9696

Dallas

8401 N. Central Expressway
Suite 650
Dallas, TX 75225-4404
United States of America
Tel: +1-214-220-2033

Houston

600 Travis Street, Suite 2200
Houston, TX 77002-2901
United States of America
Tel: +1-713-754-5995

Los Angeles

11100 Santa Monica Blvd.
Suite 350
Los Angeles, CA 90025-3384
United States of America
Tel: +1-310-775-8940

Mexico City

Torre Reforma
Paseo de la Reforma
115-1502
Lomas de Chapultepec
México 11000, D.F.
México
Tel: +52-55-5249-5130

Minneapolis/St. Paul

225 South Sixth Street, Suite 2550
Minneapolis, MN 55402-3900
United States of America
Tel: +1-612-332-6966

New York

200 Park Avenue
Suite 2300
New York, NY 10166-0002
United States of America
Tel: +1-212-351-2000

Palo Alto

260 Homer Avenue, Suite 202
Palo Alto, CA 94301-2777
United States of America
Tel: +1-650-233-2400

San Francisco

101 California Street
Suite 2900
San Francisco, CA 94111-5829
United States of America
Tel: +1-415-352-3300

São Paulo

Edifício Eldorado Business Tower
Av. Nações Unidas, 8501
11º Andar
05425-070 São Paulo - SP
Brazil
Tel: +55-11-3566-2400

Stamford

301 Tresser Boulevard
Suite 1210
Stamford, CT 06901-3250
United States of America
Tel: +1-203-905-3341

Toronto

Scotia Plaza, Suite 3410
40 King Street West
Toronto, ON
M5H 3Y2
Canada
Tel: +1-416-364-3355

Washington, D.C.

1701 Pennsylvania Avenue, NW
Suite 400
Washington, D.C. 20006-5810
United States of America
Tel: +1-202-654-7800

Asia/Pacific

Beijing

Unit 3422 China World Tower 1
No. 1 Jian Guo Men Wai Avenue
Beijing 100004
China
Tel: +86-10-6535-1188

Hong Kong

Room 1801, Alexandra House
18 Chater Road Central
Hong Kong
China
Tel: +852-2523-9123

Melbourne

Level 51, Rialto Towers
525 Collins Street
Melbourne VIC 3000
Australia
Tel: +61-3-9603-1300

Mumbai

Unit 9(A), Grand Hyatt Plaza
Santacruz (East)
Mumbai 400 055
India
Tel: +91-22-6733-2222

New Delhi

203, Eros Corporate Tower
Nehru Place
New Delhi 110 019
India
Tel: +91-11-4603-4600

Shanghai

Room 4504, Jin Mao Tower
88 Century Avenue
Pudong, Shanghai 200121
China
Tel: +86-21-6163-0888

Singapore

2 Shenton Way
#08-01 SGX Centre 1
Singapore 068804
Singapore
Tel: +65-6225-1811

Sydney

Level 40, Aurora Place
88 Phillip Street
Sydney NSW 2000
Australia
Tel: +61-2-9258-3100

Tokyo

Izumi Garden Tower 14F
1-6-1 Roppongi
Minato-ku, Tokyo 106-6014
Japan
Tel: +81-3-5114-3700

Europe

Amsterdam

World Trade Center
Tower H, 18th Floor
Zuidplein 148
1077 XV Amsterdam
The Netherlands
Tel: +31-20-305-7630

Barcelona

Edificio Prisma
Avda. Diagonal, 613, 2ºA
08028 Barcelona
Spain
Tel: +34-93-494-9400

Brussels

Boulevard St.-Michel 27
B-1040 Brussels
Belgium
Tel: +32-2-743-12-20

Copenhagen

Kongens Nytorv 3
DK-1050 Copenhagen K
Denmark
Tel: +45-33-69-23-20

Frankfurt

OpfernTurm
Bockenheimer Landstr. 2-4
60306 Frankfurt
Germany
Tel: +49-69-75-60-90-0

Hamburg

Stadthausbrücke
1-3/Fleethof
20355 Hamburg
Germany
Tel: +49-40-480-661-0

London

Almack House
28 King Street
London SW1Y 6QW
United Kingdom
Tel: +44-20-7839-7788

Madrid

Calle Miguel Angel, 11
Seventh Floor
28010 Madrid
Spain
Tel: +34-91-319-7100

Milan

Via Mascheroni, 5
20123 Milan
Italy
Tel: +39-02-430-0151

Munich

Maximilianstraße 12-14
80539 München
Germany
Tel: +49-89-24-89-81-3

Paris

7, Place Vendôme
75001 Paris
France
Tel: +33-1-49-26-13-00

Stockholm

Hamngatan 27
SE-111 47 Stockholm
Sweden
Tel: +46-8-545-074-40

Warsaw

Belvedere Plaza
ul. Belwederska 23
00-761 Warsaw
Poland
Tel: +48-22-851-68-38

Zürich

Löwenstrasse 28
CH-8001 Zurich
Switzerland
Tel: +41-44-447-30-30