



## Results Highlights

### Profiles:

**Gender:** 17% of this group are female compared to 5% of CEOs and 13% of other EDs. This represents a significant increase from last year (11%) driven by the fact that 31% of CFO appointments in the year to date have been female candidates. This represents an all time high.

**Age:** The mean age of the population is 51 (48 for female CFOs, 51 for male CFOs).

**Nationality:** 84% of the population is British. 19% of female CFOs and 15% of male CFOs are foreign nationals.

**Tenure:** The average CFO has been in position for 4.2 years. Male CFOs have been in position for 4.6 years compared to 2.5 for females.

**Other Roles:** 29% have at least one external NED role. Female CFOs continue to be successful in securing external NED roles, with 39% of female CFOs holding an external NED role.

With the spotlight on gender diversity in the executive ranks, and with there being a healthy female population of senior finance talent, we recommend that organisations develop this talent pool to be CFO-ready. For example, sponsoring broader experience across valued expertise, such as capital markets, P&L leadership, board exposure.

### Pathway to the CFO Role:

We are interested in the pathway to CFO roles. We noted:

- 61% of all CFOs were appointed as external candidates, 39% to internal candidates.
- Those CFOs who were external appointments fall into four broad groups. 19% had previously been a CFO of another FTSE 350 company, 22% a CFO of another company outside the FTSE 350. 9% had a previous role below CFO level in a FTSE 350 company and 11% had a previous role below CFO level in a company outside the FTSE.
- The majority of external appointments were to candidates in the same or similar sectors. This was most likely to be the case in the financial services sector.
- 60 new CFOs have been appointed since the last report (23% of all CFOs). 48 (18%) were appointed in the year to date (since 1 January).

Female CFO appointments are at an all time high. It is encouraging to see more women in executive director roles. This may also offer pipeline for CEO roles.

## Analysis: Profiles

### Gender and Age

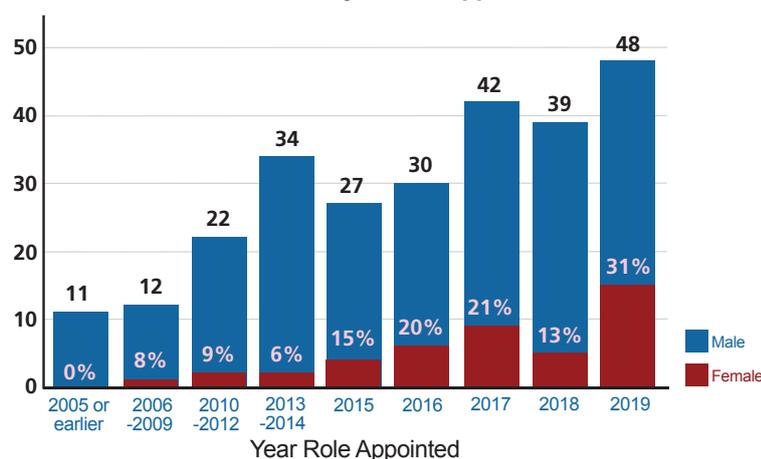
17% of this group of CFOs are female. This compares to 11% of all FTSE 350 Executive Directors (5% of CEOs were female, 13% of other EDs) and 36% of all FTSE 350 Non-Executive Directors. We would like to see this percentage continue to increase. Given that, as of now, there are relatively fewer established female CFOs, we encourage organisations to consider appointing 'first-timers' who have the necessary skills and potential if this percentage is to continue to increase.

There were some differences in gender by sector, the lowest proportion of female CFOs being in energy, construction, manufacturing (12%) and consulting, media, healthcare (13%), compared to support services, consumer goods/services (21%) and financial services (22%).

The chart opposite shows the number of appointments by year and the percentage of female appointments for each year. Female appointments are at an all time high, with 31% of 2019 appointments being female CFOs. Only 7% of those appointed in 2014 or earlier were female.

As a result of these historical differences in appointments, whilst 7% of male CFOs are age 60 or more, there are still no female CFOs age 60 or over in this group. By comparison, 26% of FTSE 350 Audit Chairs are female with 30 females aged 60 or over. Similarly, 40% of FTSE 350 Company Secretaries are female, with four being 60 or over.

Total Number of CFOs Appointed and Percentage of which were Female CFOs by Year of Appointment

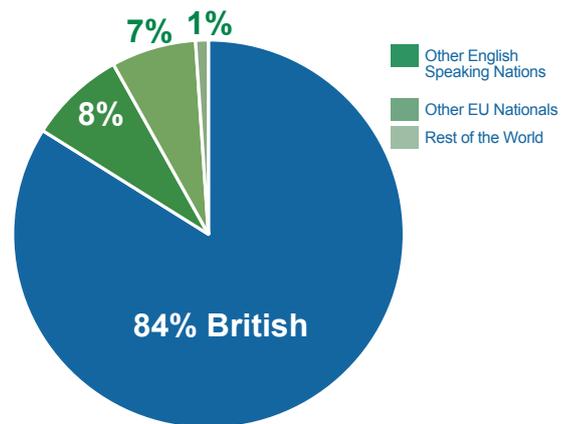


## Nationality

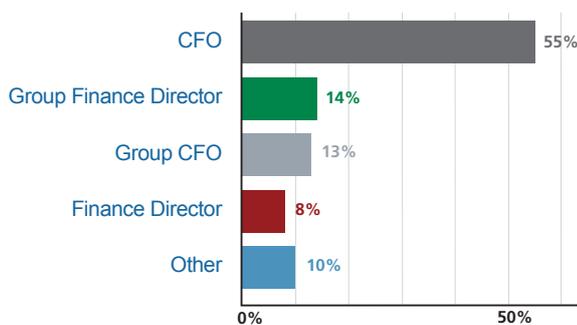
84% of this CFO population is British compared to 86% last year. This compares to 77% of all FTSE 350 EDs and 70% of all FTSE 350 NEDs.

19% of female CFOs and 15% of male CFOs are of other nationalities (based on nationality data available for 249 CFOs).

As we found last year, the highest percentage of other nationalities are from the developed English speaking nations (8% comprising six Irish nationals, six South African, five US and three Australian). 7% were other EU nationals (including four Dutch, four French and two Italian), with 1% (three CFOs) having other nationalities.



## Job Title



## Tenure and Job Title

The average tenure (length of time in their current position) is 4.2 years.

35% of FTSE 100 CFOs have been in position since 2014 or earlier, compared to 27% of FTSE 250 CFOs. This gives mean tenures of 4.7 and 4.0 years respectively.

The most common job title is CFO (55%), followed by Group Finance Director (14%), Group CFO (13%) and Finance Director (8%). The remaining 10% generally have combinations of these and other titles, the most common combinations being COO and CFO (four) and CFO/Financial Director (three).

## Other Roles

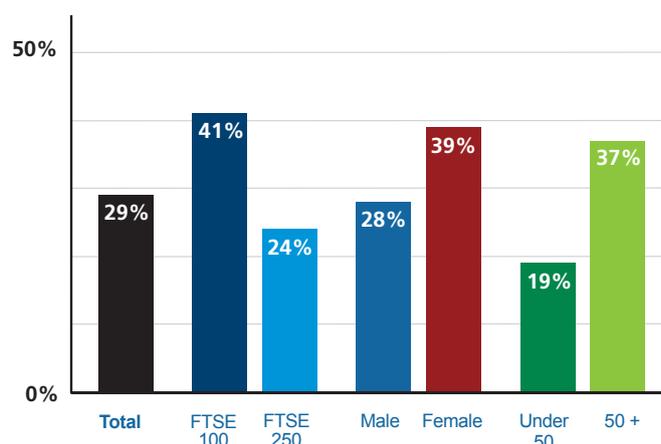
29% have at least one external NED role (defined as holding a NED role in a company other than the one they hold a CFO role in). This is a slight decrease from last year (31%).

FTSE 100 CFOs continue to be more likely than FTSE 250 CFOs to hold an external NED role (41% versus 24%).

For the overall population, more female CFOs (39%) hold an external NED role than male CFOs (28%).

Perhaps due to the influx of new female CFOs the proportion of female CFOs with an external NED role is now lower than it was in 2018 (when it was 50%).

## Proportion of CFOs with an External NED Role



*CFOs remain predominantly British, more so than other Board positions, with 70% of FTSE 350 CEOs being British.*

*Many female CFOs comment that they are regularly approached to take on NED positions. However, given that many of them are newer to role, and with shorter tenures, they may not yet have the capacity to take on such a role.*

## Analysis: Pathway to the CFO Role

### Previous Role

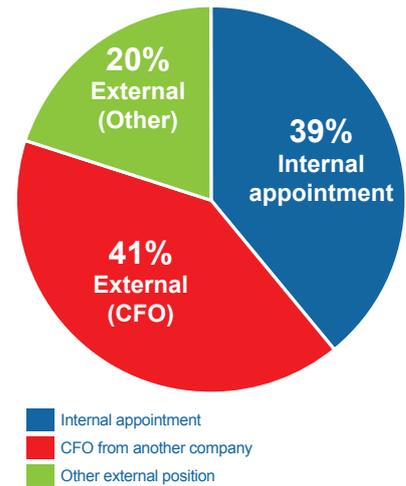
Our analysis looks at the role CFOs had when they were appointed to their current ED position (see Methodology, page 6, for further details).

We note:

- 61% of CFOs were appointed as external candidates.
- 39% of CFOs had been promoted internally.

This represents an increase in internal appointments from 34% in 2018.

The average external candidate has been in position for 3.7 years, compared to 5.1 years for internal candidates.



### External Appointments

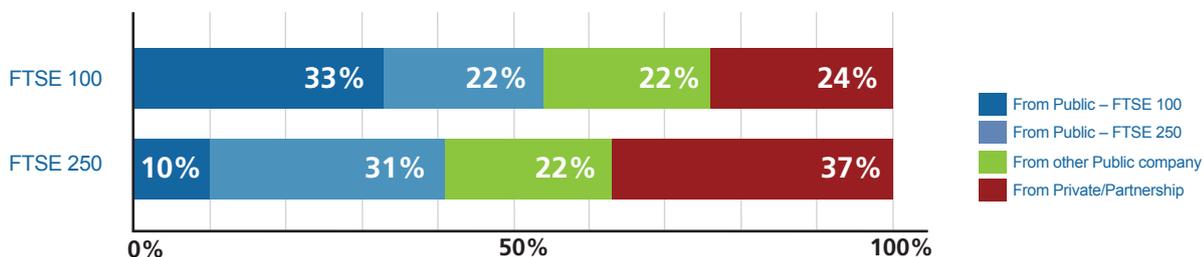
Those CFOs who had moved to their current position from another company fell into three broad categories, as shown in the table below.

CFOs from Other Companies	Candidates with Other Job Titles from FTSE 350 Companies	Candidates Moving from Below CFO Level in a Company Outside the FTSE 350
(108, 41% of all CFOs)	(24, 9% of all CFOs)	(29, 11% of all CFOs)
19% (49) had been appointed from other FTSE 350 companies. 22% (59) were from other companies, 15 of these from smaller FTSE listed public companies.	A third of these candidates were from a group finance role (8), with two thirds (16) moving from non finance roles.	The majority of these (26) were from outside of group finance. Only three of these appointments were from smaller FTSE listed public companies.

The first category (CFOs from other companies) has increased in size a little since 2018 (38% of CFOs) whilst the third category (appointments of candidates moving from below CFO level in a company outside the FTSE 350) has decreased since 2018 (19% of CFOs). This suggests previous CFO experience is desirable.

### External Candidates' Previous Companies

Just over half (55%) of all external appointments to FTSE 100 companies were from other FTSE 350 companies compared to 41% for FTSE 250 companies. The chart below shows the type of company CFOs moved from.



Base: 51 appointments to FTSE 100 companies, 110 appointments to FTSE 250 companies.

Of the 161 external candidates, 35 had a previous role in a smaller FTSE listed public company (four FTSE AIM, 12 FTSE Small Cap, two FTSE Fledgling and 17 from other public organisations). This underlines the obvious importance of PLC skills in FTSE 100 appointments. It is interesting to note that more than a third of FTSE 250 appointments come from unlisted companies.

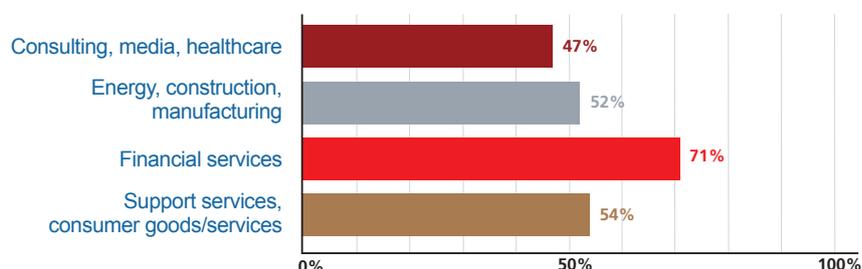
*The majority of CFOs were external appointments. Those promoted internally tended to have been in position for longer. This underlines the value of prior experience in the number one seat.*

## Sector and Company Type

Just over half (56%) of all the 161 external appointments were to candidates from the same or similar sectors. This was similar to 2018 (55%) and ranged from 71% in financial services to 47% in consulting, media, healthcare.

FTSE 100 companies were marginally more likely to appoint an internal candidate (42%) than FTSE 250 companies (38%). This difference is not as significant as we might expect, given the size and breadth of leadership talent in larger organisations. This may be due to the lack of external profile and/or reputation of internal candidates.

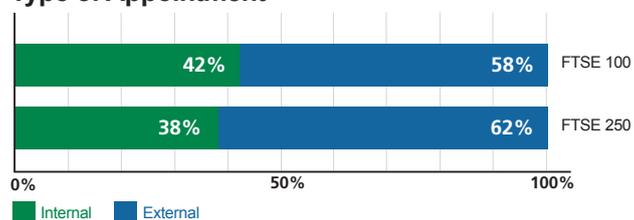
### External appointments from the same or similar sector



## Gender

41% of female CFOs were appointed from a previous CFO role and 14% were appointed from a group finance role (compared to 52% and 10% of males respectively). This represents a significant increase in the proportion of female appointments from previous CFO roles compared to last year (up from 23% in 2018) suggesting that there are improvements in the female CFO pipeline. It also suggests that organisations will consider appointing a 'step-up' female candidate more readily.

### Type of Appointment



## Other Commentary

### Non Board Level CFOs

23 companies have CFOs who are not on their company's board. 14 (61%) were internal appointments. Two were external appointments from smaller FTSE listed public companies, seven were external appointments from private companies. This group tend to work for international companies or be based outside the UK. 10 were in the FTSE 100, 13 in the FTSE 250.

These CFOs are similar in terms of age (mean age 50) and sector spread to the 265 main board CFOs analysed in this report. They have been in position for a shorter length of time (3.3 years); only one is female (4%).

### AIM, Small Cap and Fledgling CFOs

This year we have undertaken a separate analysis of CFOs of the smaller FTSE listed public companies. This covers a total of 680 CFOs in 526 AIM companies, 120 Small Cap CFOs and 34 Fledgling companies.

Compared to the FTSE 350 CFOs this group is:

- less likely to be female (11%)
- similar in age to FTSE 350 CFOs (mean age 50)
- more likely to be British (90%).

They have been in position for an average of 3.8 years (compared to 4.2 years for the main market CFOs) with a higher proportion being in consulting, media, healthcare (33% compared to 20% in the main market). As with the main market CFOs, female CFOs in these companies are younger than male CFOs (48 and 51 respectively).

*Financial service companies were the least likely to appoint a CFO from a different sector. This is not surprising given the demands of the regulator and the relative attractiveness to candidates acquainted with the associated dynamics of the sector.*

*CFOs in smaller FTSE listed public companies are more likely to be British and male in comparison to their FTSE 350 counterparts. This might suggest that the smaller companies are less likely to broaden or formalise their search when appointing a new CFO.*

## Methodology

Data was extracted on the 1 October 2019 from BoardEx: The Board & Management Intelligence tool (<https://corp.boardex.com>). 88 FTSE 100 and 177 FTSE 250 companies have been included giving a total of 265 board level CFOs or equivalents.

The 85 companies excluded from the analysis include 62 funds or similar with no CFO and 23 companies where the CFO/FD was below board level.

Gender and nationality data for all 3,004 FTSE 350 board members was also taken from BoardEx on 1 October 2019. Nationality data is based on 2,869 with nationality data provided.

The 2018 data has been updated to exclude nine FTSE 100 CFOs who were not on the main board at the time. This has made a small difference (generally no more than +/- 1%) to some of the 2018 figures. The 2018 report included these CFOs in the data. FTSE 250 CFOs who were not on the main board were excluded from the 2018 data.

Data on Audit chairs and Company Secretaries (Page 2) was extracted from BoardEx on 5 December 2019, in order to supplement the analysis of the data that was extracted originally.

### Current CFO Role

In addition to their current role, BoardEx lists NED roles and other internal roles. Their current role was taken as starting when they were first appointed as CFO or equivalent at ED level. Where for example, they had taken on other internal roles after their appointment as CFO, whilst BoardEx separates them into distinct periods, our analysis treats them as a continuous role (so long as they held the same, main, CFO role during that period).

### Type of Appointment

Our analysis classifies each CFO as an internal or external appointment. Any interim appointments lasting less than a month were ignored (and included as part of their current role). Any interim appointments lasting longer than a year were treated as 'permanent' appointments. 20% of all appointments involved an interim period lasting 2-12 months. These typically lasted two or three months and may have been due to the need for formal board approval of an appointment.

Where a company had changed status (e.g. from private to public) or merged, it was treated as the same company. Where an individual had a previous role in a UK or international subsidiary of the company they currently worked for this was treated as being an internal appointment.

### Previous Roles

The type of company, sector and previous role were coded for external appointments (previous role being coded for internal appointments).

The company type (FTSE 100, 250 or other FTSE company) was based on the status of the company from which they moved at the time of their appointment. BoardEx provides 39 sector codes; these were grouped into the four broader sectors used in this report.



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