CFO and beyond
The possibilities and pathways outside finance
2012

The CFO perspective: at a glance

EY
Building a better working world
In our earlier study, *The DNA of the CFO*, we showed that most finance leaders see their job as a *career destination* and not a staging-post to the job of CEO. It is a *paradox*, then, that unprecedented demand for their unique skill set outside of the finance role – both as a complement to their serving position and as an onward transition – makes them arguably the individual with the *most career options in the corporate hierarchy*.

In *CFO and beyond*, we cover:

- Why shareholders want serving CFOs on their boards
- The pros, the cons and how to be a successful non-executive director
- The future of board composition and how candidates for board roles can prepare
- Onward roles – what it takes to make the transition:
  - To CEO
  - From listed to private equity
  - To non-executive directorships post-CFO
- The career paths of the world’s leading CFOs

“The language of boards is the language of finance and value. It’s a very easy environment for a CFO to fit into.”

David Grigson, Chairman of Trinity Mirror and a former CFO for Reuters and Emap
Unprecedented demand for CFOs on corporate boards

The appetite of shareholders for CFOs to serve on boards is big – and getting bigger. In 2002, just over a third of top-tier CFOs had non-executive roles. Ten years on, nearly half have them.

In today’s economy, companies want leaders who can provide comfort and confidence in an uncertain world. With their unique combination of analytical, technical and strategic capabilities, CFOs are very well placed to provide it.

Proportion of serving CFOs at the largest companies with non-executive roles in 2002 and 2012.

Class of 2002

36% held non-executive director positions in 2002

- 8% non-executive chairman
- 30% audit committee
- 10% remuneration committee
- 11% nomination committee

Class of 2012

46% hold non-executive director positions in 2012

- 17% non-executive chairman
- 36% audit committee
- 17% remuneration committee
- 11% nomination committee

* Breakdown includes the top four most popular types of non-executive director roles. Others include risk committee and policy committee.

Source: desktop research into 347 large-company CFOs

The study is based on:

- A survey of 800 CFOs globally
- Research into the career paths of 347 of the world’s largest company CFOs over the last decade
- In-depth interviews with leading CFOs, and former CFOs, worldwide
Should serving CFOs take on a non-executive role?

There are pros:
The experience of board dynamics from the other side of the table, and the opportunity to apply best practice from one organization to another – particularly between sectors.

There are cons:
The risk of overstretch, and conflicts of competitive interest.

Which means candidates for board positions must choose the right role and time it well.

27% Twenty-seven percent of the respondents surveyed have already taken on one or more part-time, voluntary or non-executive positions, in addition to their CFO job.

40% A further 40% are interested in doing so.

“The first priority is to do your homework ... you need a good feel for who the other board members are and must be honest with yourself about whether you could fit in.”

Carl Berquist
Executive Vice President and CFO, Marriott International
Eight steps to prepare for a place on the board

Although every role has unique requirements, our research suggests that there are eight key ways for CFOs and future finance leaders to make better career decisions and maximize their attractiveness for executive and non-executive positions:

1. Develop a coherent CV
2. Take on roles outside finance – and even business
3. Build networks
4. Build relationships across the business
5. Build your personal profile
6. Gain international experience
7. Don’t get stuck at headquarters
8. Start planning early

The board of the future

Finance professionals who want a directorship in 5 to 10 years time cannot assume the scope and responsibilities of the role will be what they are today. So how do you prepare now for a board of the future?

- Demands of non-executive directors will increase
- Prestige no more: functionality will drive board composition
- Social responsibility will bring a greater mix of perspectives
- Diversity is more than gender: an international board will bring an international outlook
- Technology skills will be a differentiator
- Boards will drive the shift toward longer-term business planning
“You go on boards for three reasons: the intellectual capital, which is what you learn; the social capital, which is who you meet; and the creative capital, which consists of the ideas and concepts that you can find out about and bring back to your own company.”

Susan Stautberg
President of PartnerCom Corporation
Possibilities post-CFO

CFO is still a destination role for the majority. Sixty-two percent of the 347 large company CFOs in role in 2002 are either still CFOs today, or the role was their last executive post.

Last executive role for the CFO class of 2002

While a minority of CFOs transition to another role, we explore the onward path that some leading CFOs have taken to:

- CEO
- Listed to private equity
- Non-executive director portfolio
- Chairman

Source: desktop research into 347 large-company CFOs
The CFO’s role

Central to this report, and others in the series, is the CFO wheel – EY’s view of the core elements of the CFO’s role.

We believe these six segments represent the breadth of the CFO’s remit. The leading CFOs we work with typically have some involvement in each of these six – either directly or through their team. While the weighting of that involvement will depend on the maturity and ambition of the individual, the sector and scale of the finance function and economic stability, they are all critical to effective leadership.

There are core skills, areas of knowledge, experiences and relationships that are needed to excel in each of these six areas of the role. Further information on these are available within the full CFO and beyond report.
Our CFO program

This is one of a series of studies from our CFO program:

The DNA of the CFO series
Studies of what makes a CFO in EMEIA, the Americas and Asia-Pacific

The Master CFO Collection
A collection of studies on particular events and experiences that CFOs encounter as part of their role.

Back seat or center stage? (Vol. 1)
CFOs and the media

What lies beneath? (Vol. 2)
The hidden costs of entering rapid-growth markets

A tale of two markets (Vol. 3)
Telling the story of investment across developed and rapid-growth markets

Drought or drowning? (Vol. 4)
Cash challenges for CFOs at both ends of the liquidity spectrum

To request a copy of any of these studies, or for further information on our program of investment in CFOs, please go to www.ey.com/cfo or contact your local EY representative.
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