CFOs and the C-Suite: Staying Power, Pay, and Pain Points

An analysis of 2056 of the biggest US companies

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CFO Staying Power at all-time low, Pay at all-time high

In 2022 CFOs at top US companies headed for the exits. For a role touted as gray, the drama of CFOs leaving was anything but. In his parting words, former Twitter CFO Ned Segal said the deal to take Twitter private “pulled on every mental muscle I've developed in 48 years.” Moderna’s calamitous CFO succession saw Jorge Gomez depart a day after taking charge. Tragically, Bed Bath and Beyond, appointed its fourth CFO in the past six years following the suicide of Gustavo Arnal. GameStop fired its Chief Financial Officer, Mike Recupero, less than a year after appointing him. Dollar Tree’s Kevin Wampler stepped down as part of a broader executive reshuffling as the discount retailer faced pressure from an activist investor to improve its performance. In 2022, Tanger Factory Outlet Centers dismissed CFO James F. Williams. Similar CFO showdowns were common in 2022 and look set to continue in 2023.

This has been a long-term trend. The modern CFO is revealed in this study to have the least job security among C-Suite colleagues in the period 2016-2021. This is based on complete filings of company records of 2056 listed companies in the US between 2016 and 2021.

The significance of the CFO position is such that, along with the CEO, reporting of their compensation is mandated by the SEC and the CFO again is only second to the CEO in terms of pay, reaching blockbuster sums even during the pandemic. Finally, we address the mounting CFO pain points in 2022 and 2023 that are fueling an unprecedented crisis in job security.

CFOs Facing Worst Job Security in the C-Suite

CFOs at the biggest US listed companies lasted an average of only 3.51 years in post between 2016-2021, the latest period for which official data exists.

In contrast, Chief Technology Officers recorded the highest staying power (4.64 years) in this five-year period, followed by Chief Marketing Officers (4.63 years), General Counsel (4.50 years) and CEOs (3.89 years).

C-Suite Role	Average tenure over five years	Average Pay (2021) of C-Suite Role
Chief Technology officer	4.64 years	$3.8 m
Chief Marketing Officer	4.63 years	$2.5 m
General Counsel	4.5 years	$2.5 m
CEO	3.89 years	$10.4 m
CFO	3.51 years	$3.5 m

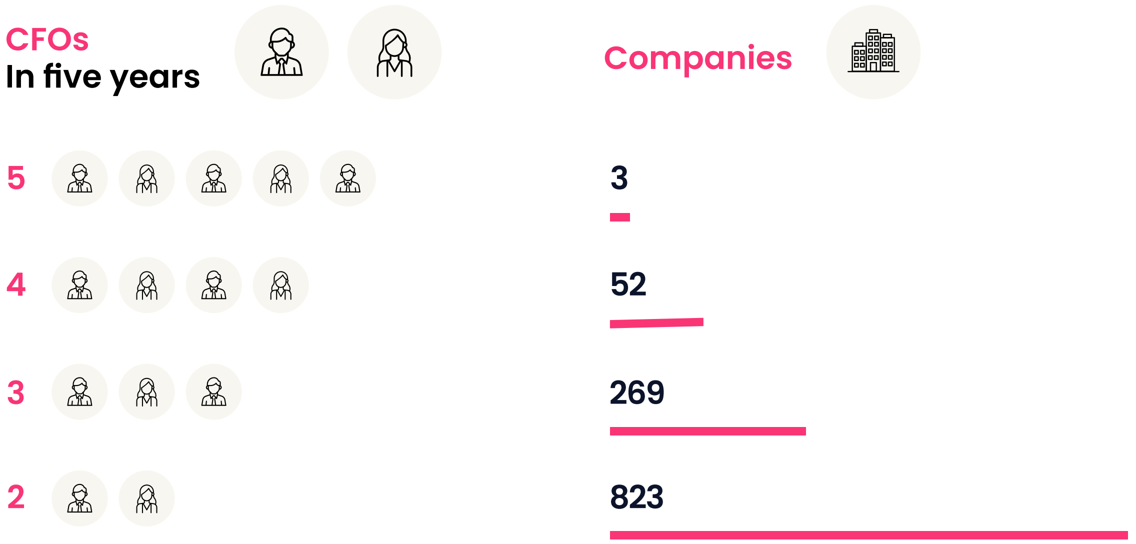
Of the 2,056 companies studied, from 2016 to 2021, in fact, more than half (56% of the companies) experienced at least one CFO turnover and 16% experienced more than one turnover at the CFO position. This finds them the worst off for job security in the C-Suite but remunerated well. As we explore in this study, they enjoyed an average overall compensation of $3.5 million in 2021, only behind the CEO (10.4m) and CTO ($3.8m).

The Five-In-Five Year CFO club

In a class among themselves, three publicly listed companies got through five CFOs until the end of 2021: manufacturing company, Superior Industries International, Texas-based retailer Sally Beauty and marketing services company, Harte Hanks. To take the example of Harte Hanks, in December 2016, the marketing company announced that Doug Shepard was resigning. General Counsel Munden stepped into the role. In November 2017, Harte Hanks then announced John C. Biro as their new top finance chief to "complete our transformation". They were back on the CFO hiring 14 months later, with the appointment of Mark Del Priore to replace Biro with Del Priore set to oversee "the next phase of our development "Then 10 months later in November 2019, Harte Hanks replaced Priore with current incumbent Lauri Kearnes as part of a wider bid to "energize growth and accelerate strategic transformation".

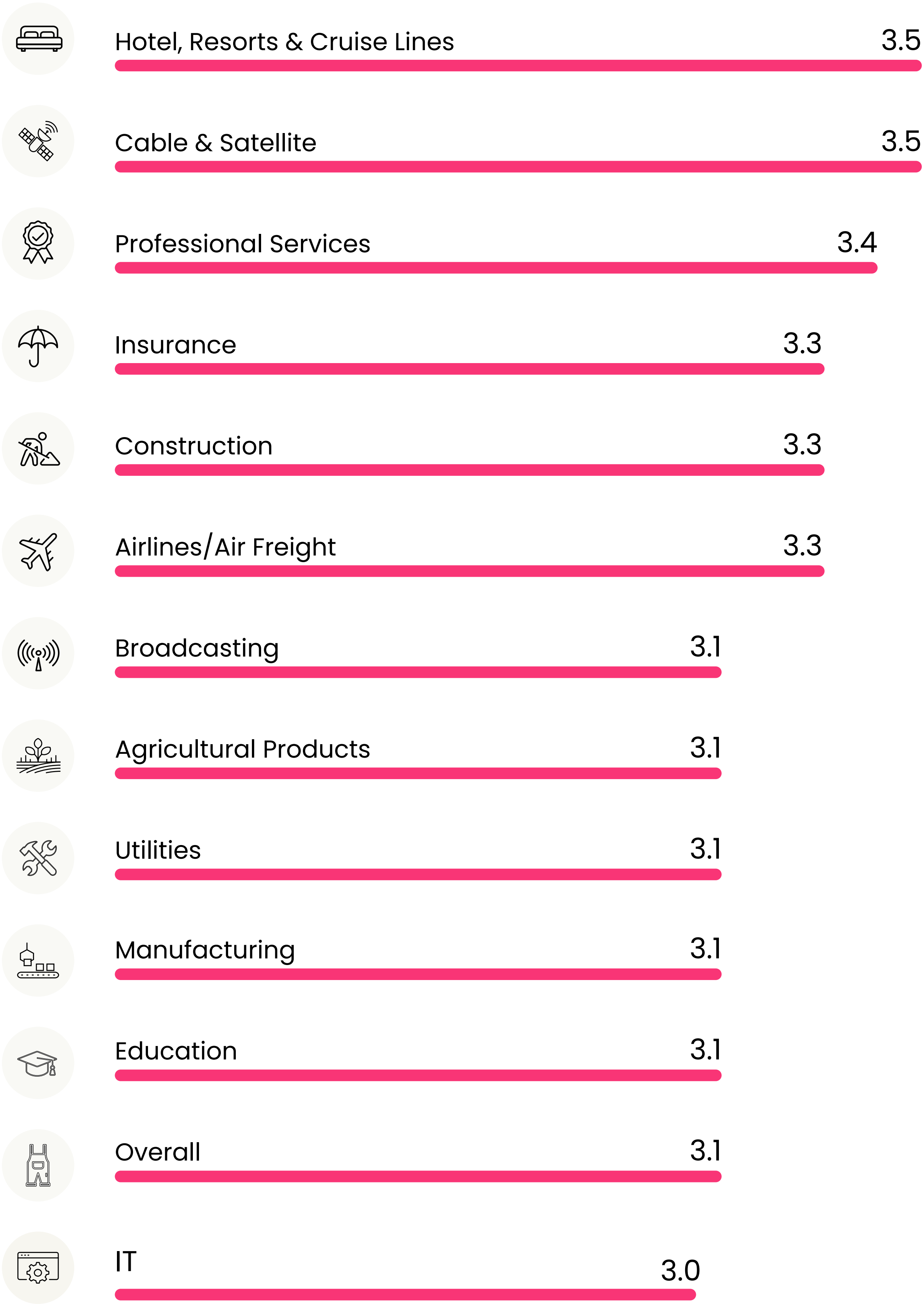
The revolving CFO: from Papa John's to Starbucks

Beneath this elite club, a further 52 U.S. companies announced four CFOs within the same period until 2021. These companies include household names Papa John's International, CVS Health Corp, and Avis Budget Group. In addition, 269 companies cycled through three CFOs which represents a roll call of brands including Tesla, Under Armour, United Airlines, Starbucks, Shake Shack, Tenneco, Procter & Gamble, Ford Motor, and Philip Morris.



Average Tenure of CFOs by Sector

Average Tenure Length in Years (2016-2021)



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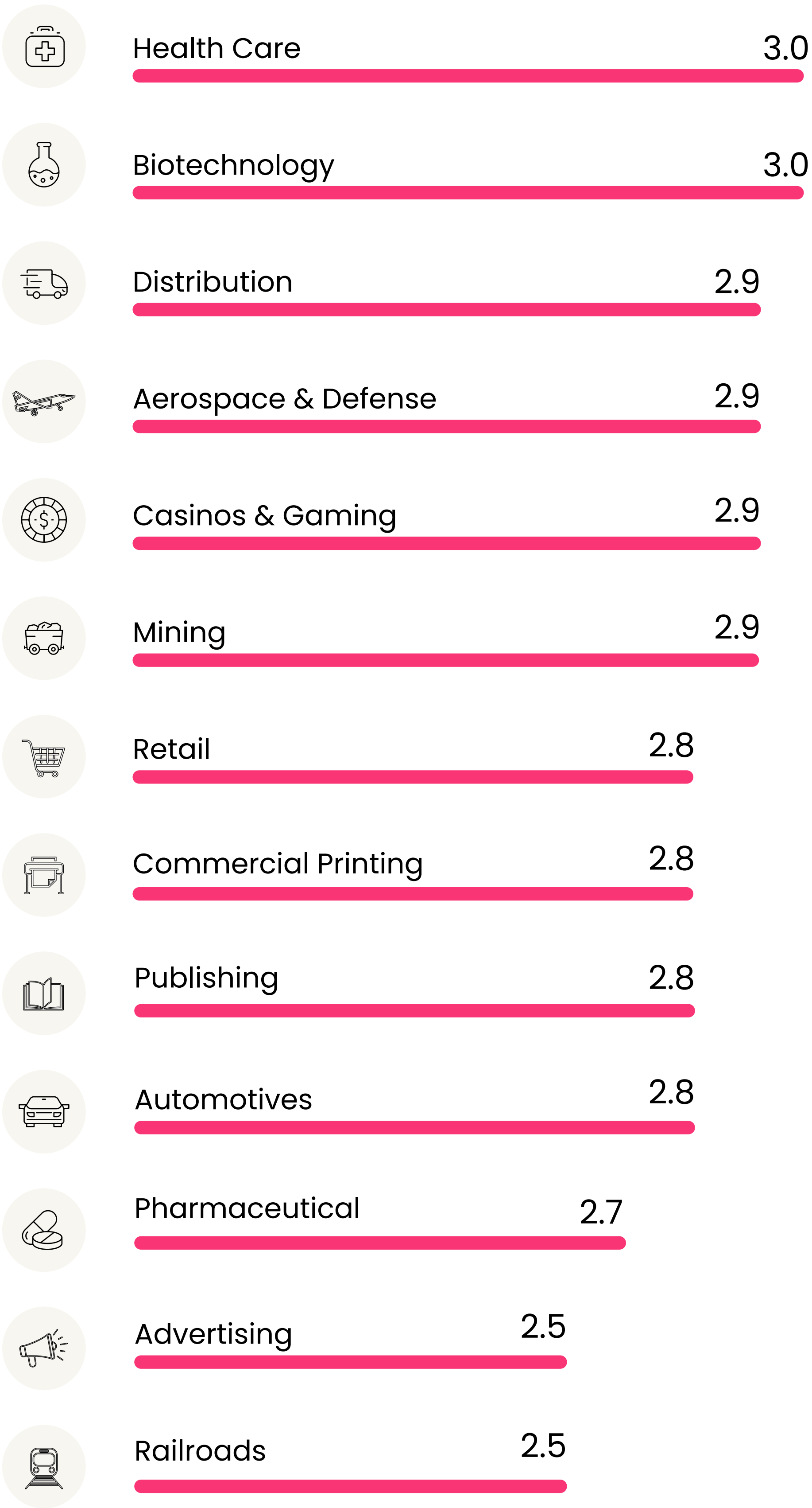
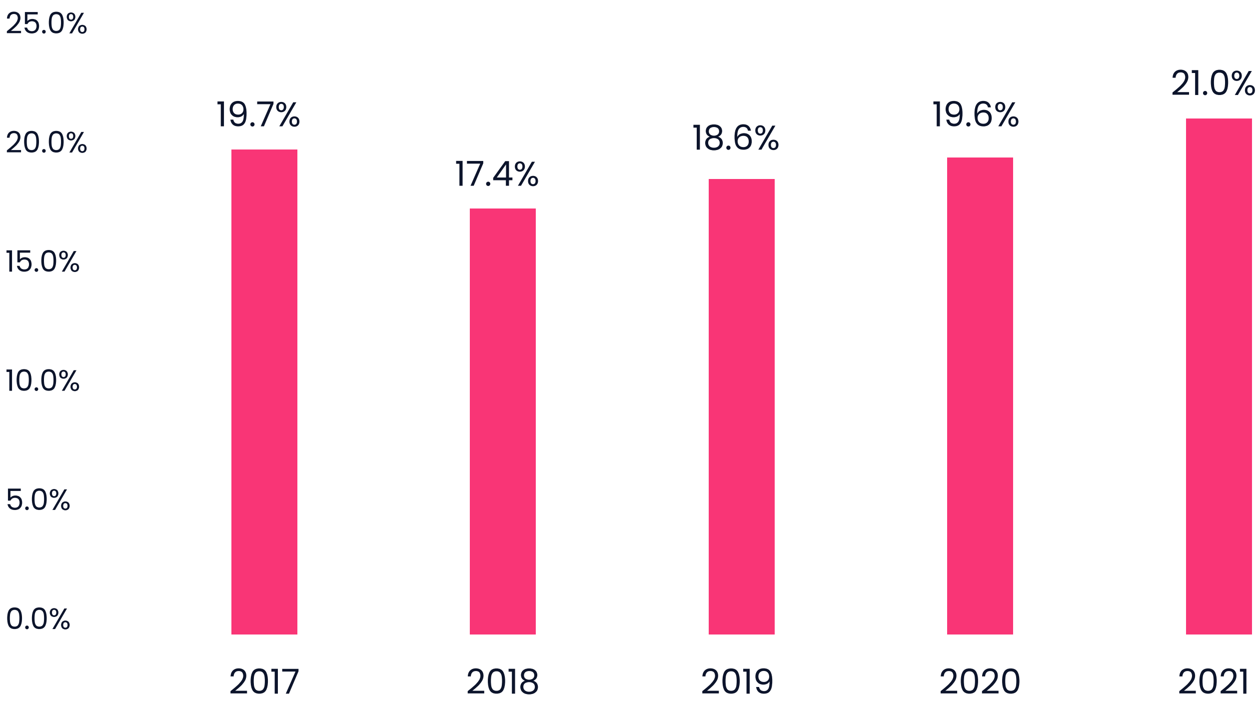


CFO Turnover by Year



In 2021 CFO turnover reached a high point–fully expected to be overtaken by a high concentration of departures throughout 2022 and into 2023.

2022: Cost cutting, pressure to perform, & failure to forecast behind CFO departures

Though full US SEC records for 2022 are not available, the past year has revealed a similar picture of CFO exodus. In 2022 through a sample of statements to the market, we find at least 87 of the 2056 companies analyzed, saw high profile CFO shake ups.

In 2022, retail CFOs continued to head out the door, a long term trend in the sector. Between 2016 and 2021 the average retail CFO managed only 2.8-years in post during this period. This continued in 2022. Within the 2056 US companies
analyzed, CFOs at these retail brands were replaced in 2022: Nordstrom, Foot Locker, Tanger, Walmart, TJX, Walmart, Performance Food Group, Dollar Tree, Kirkland, GameStop, Jo-Ann Stores, and Lowe's.

Within the retail sphere, CFOs faced urgent pressure to perform as the pandemic of 2020 and 2021, was followed in 2022 by high inflation, weak consumer spending, and war in Ukraine. This hit corporate balance sheets and the economic outlook and saw companies struggle to forecast. This became a particular challenge in retail where comparable store sales weren’t meaningful because of pandemic-induced store closures.

CFO's Out:

(From a sample of 87 CFOs who left in 2022)

61
Replaced

19
Retired

7
Promoted

We analyzed a sample of 87 CFOs who were replaced, retired, or were promoted in 2022 based on PR Newswire announcements among our 2056 companies. This represents only a small sample of the eventual number - in 2023 official figures will trickle into SEC filings providing complete 2022 data. Nevertheless, we see the frenetic pace of CFO replacement set to break records.

Retiring out of the game – average age is 60

The average age of CFOs retiring in 2022 was 60, based on this smaller sample of 87 CFOs who left in 2022. The youngest CFO to retire in 2022 was Banc-Corp's Christopher J. Del Moral-Niles aged fifty; the oldest was 70 (WD-40's Jay Rembolt at 70 years old).

Part 2: CFO Pay

CFO Pay averages $3.5million

The CFO has lived through unprecedented economic factors in the past two to three years. Any of these challenges alone could be considered one-in-a-generation flashpoint.

But pay has steadily increased to meet this burden.

The average CFOs pay, involving salary, bonuses, stock awards and options rose from $2.4million in 2016 to $3.5 million in 2021 – a 40% increase over the five-year period.

CFO stock awards jumped to 63% of overall compensation in 2021

Pay continues to shift towards stock awards and away from salary, bonuses, and stock options.

The percentage of total pay that came from stock awards in 2021 jumped to 63%, up 10% from the 2016 value of 53%.

CFO: Pay per sector in 2021

Average Total Pay by Broad Sector, 2021

Sector	Average Total Pay of CFO
Cable & Satellite	$8.1m
Hotels, Resorts & Cruise Lines	$6.3m
Tech	$4.5m
Casinos & Gaming	$4.4m
Pharmaceutical	$3.7m
Aerospace & Defense	$3.3m
Professional Services	$3.2m
Airlines/Air Freight	$3.2m
Biotechnology	$3.0m
Mining	$2.6m
Manufacturing	$2.5m
Automotives	$2.4m
Retail	$2.4m

CFO: Pay per sector in 2021

Average Total Pay by Broad Sector, 2021

Sector	Average Total Pay of CFO
Insurance	$2.3m
Railroads	$2.2m
Agricultural Products	$2.1m
Advertising	$2.1m
Financials	$2m
Health Care	$2m
Construction	$1.9m
Utilities	$1.9m
Commercial Printing	$1.9m
Broadcasting	$1.8m
Distribution	$1.6m
Publishing	$1.5m
Education	$1.1m

Cable and satellite CFOs achieve blockbuster $8.1m pay annually

Despite being a large industry with a revenue estimated at $170 billion there are only a few major players in the cable and satellite industry. It is a plum job. CFOs in the sector raking in an average of $8m in 2021. This is due to the dominance of stock awards and options as part of the overall pay of CFOs in the sector. In 2021, basic wages made up only 12% of their compensation, bonuses 4%, while stock awards comprise 45% of their pay and options a further 40%.
In 2021, the highest paid overall in the sector, was Michael J. Cavanagh of Comcast getting $18.7 million. Behind him was Michael J. Grau of cable giant, Altice USA, receiving $10.3 million and Christopher Winfrey of cable operator Charter Communications $8.8 million.
Despite high turnover in other industries, the top-paying cable and satellite sector is joint top CFOs for staying power, remaining in post for 3.5 years out of 5 years (between 2016 and 2021).This contrasts with the average CFO at a listed railroad or advertising company who made it only to an average of 2.5 years.

Travel sector CFOs (surprisingly) flying high with $6.3million

Despite grounded flights for much of the world in 2020 and 2021 and a cruise industry in crisis, travel CFOs saw two of their best years for compensation. In 2020, travel CFOs saw average total pay of $6.2m (2020) rising to $6.3million in 2021. Expedia Group's Eric Hart saw his compensation increase from $4.9m to 6.8m in 2021 because of stock awards. Jason Liberty of Royal Caribbean Group CFO also saw improvements through stock awards – from $4m to $11.4m between 202 and 2021. Stock awards were behind CFO Michelle Allen at Wyndham Group's total compensation jumping from 2m to $3.1m in 2021.

In 2021 salary made up 11% of travel CFO pay, but stock awards were at 83% and options, at 6%.

This was ahead of the buzzy tech sector which had a stellar pandemic, but which fell down to earth in 2022. But tech sector CFOs achieved an average compensation of $3.4 million in 2020, and $4.5million in 2021.

Male vs Female CFOs

The level of female CFOs has slowly increased from 11.4% of top CFOs being women in 2016, gradually rising to 13.7% female CFOs in top companies by 2021. Women remain underrepresented in the CFO position but are certainly not undercompensated. Median CFO pay for females continues to grow faster than their male counterparts. In 2021, median female CFO pay grew at 22.4%, while median male CFO pay grew at 16.0%.

Demographics of CEOs (full 2021 data)

Male

86%

Female

14%

Average Age of US CFOs (full 2021 data)

55.1 years

53.1 years

Part 3: Pain Points in 2023

2023: Pain Points Hurting Staying Power and Pay

Economic factors impacting CFO staying power, pay, and pain points are at their most pressing for a generation. During the pandemic, the most common challenges CFOs faced related to low customer demand, working capital, liquidity, cash flow, supply chain continuity, and slowdown in customers' decision-making. In 2022, this was replaced by price pressures, adapting to changing customer demands and increasing risk exposure.

On the eve of 2023, Deloitte's Q3 2022 CFO Signals Survey finds that persistent inflation is the most pressing concern among North American companies (73%) ranking more than recession fears (27%). In any event, 46% expect the North American economy to be in a recession by 2023 creating ongoing challenges in almost all sectors.

In addition, an ongoing pain point in getting things done is manual work. Deloitte analyzing priorities for 2023 finds that, more than half of CFOs pointed to financial planning and analysis (52%) and information technology (50%) as the capabilities that most require investment to help them get the job done. In a previous Datarails study we found that US finance chiefs consider themselves to have the most painful manual processes within the entire C-Suite. Taken together with this new study, we find a correlation. The least automated and most manual position in the C-Suite, the CFO, is also the most likely to leave, or be asked to leave. In such a challenging environment technology which allows better insights into numbers, forecasting and strategic impact is unsurprisingly high on the CFOs wish list.

Conclusion

The CFO has emerged as second only to the CEO in terms of responsibility and accountability for business performance. This has brought prestige and pay to top CFOs who are architects of their business. However, the pressure on the CFO is immense and this impacts their tenure in the role. The CFO is consistently the most likely to exit compared to any other C-suite colleague. With more economic challenges ahead, the pain points fueling this exodus are unlikely to be soothed in 2023.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