



2022 CFO Turnover: Is your CFO Next?

Why CFOs are increasingly becoming a flight risk

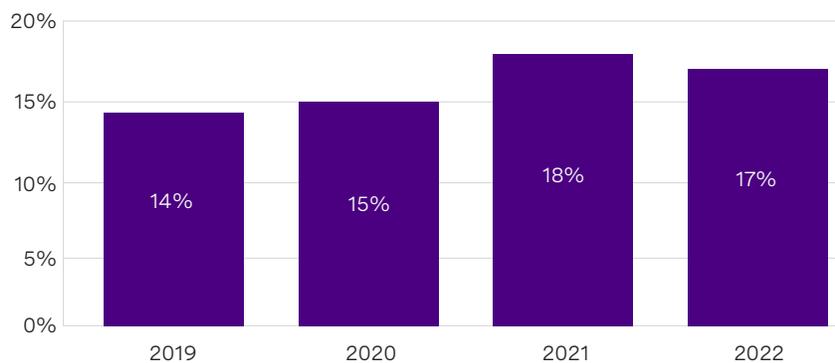
As a recession loomed in 2023, Russell Reynolds Associates wanted to understand the latest CFO turnover trends in an increasingly competitive market where experienced financial leaders are few and far between. Analyzing the CFOs of S&P 500 organizations from 2019 to 2022 (N=500), we found that:

- CFO turnover continues to be up across the board
- First-time CFO appointments reached a record high in 2022
- With next-generation talent comes increased levels of diversity
- CFOs are eyeing the top job more than ever before

CFO turnover: The new normal

In 2022, S&P 500 CFO turnover reached 17%, slightly down from 18% in 2021 (Figure 1.) Recent record levels of CFO turnover suggest that these increases are becoming the norm, as exhibited by multiple trends. Increasing retirement rates, the fight for gender diversity in the CFO role, and CFOs eyeing the top seat are all contributing to increased levels. This continuous churn brought a surplus of benefits for next-generation talent, including a record number of newly-minted CFOs stepping into the role, the continual development of succession plans, and more women promotions in finance.

Figure 1. Trending CFO Turnover

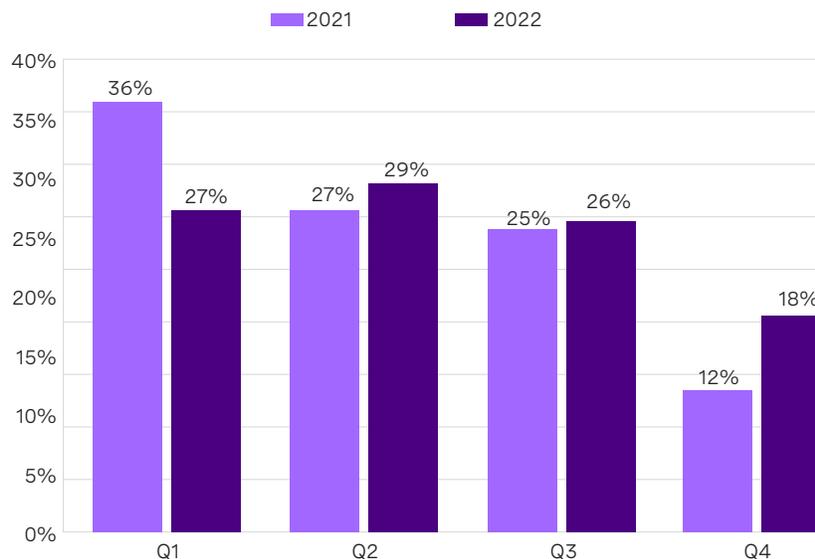


Source: RRA analysis of S&P500 CFOs from 2019 to 2022, N= 500

Note: 6 of the new CFOs are interim

Following a record year of IPOs in 2021 and a slow start to 2022, current increased market volatility had many CFOs favoring job security or putting off retirement until clear succession plans were in place (Figure 2). However, in the last four months of the year, we saw an unseasonal increase in CFO turnover as recessionary headwinds became clearer.

Figure 2. Quarterly Percentage of Annual CFO Turnover



Source: RRA analysis of S&P500 CFOs from 2019 to 2022, N= 500

Note: 6 of the new CFOs are interim

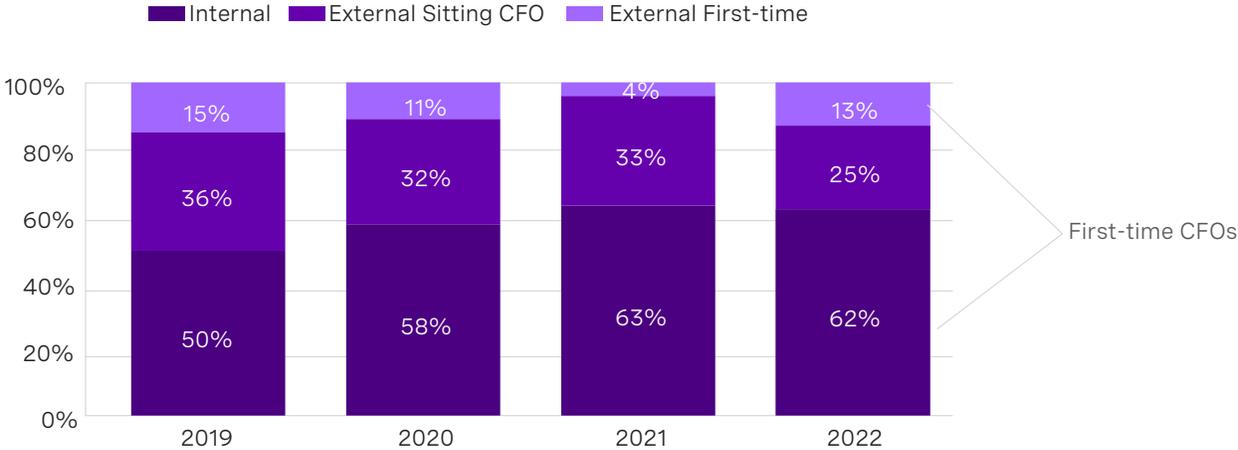
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First-time CFO appointments reach a record high as more companies become open to external finance leaders

For companies that had succession plans in place, CFO turnover poses little to no issue, with **62% of turnover being filled by succession candidates**. As more CFOs exit the market, to retire or to non-CFO roles, those searching externally are increasingly looking to first-time CFOs in a competitive market, bringing the number of **first-time CFOs to a record high of 75%** (Figure 3.)

Figure 3. Internal versus External CFO Appointments

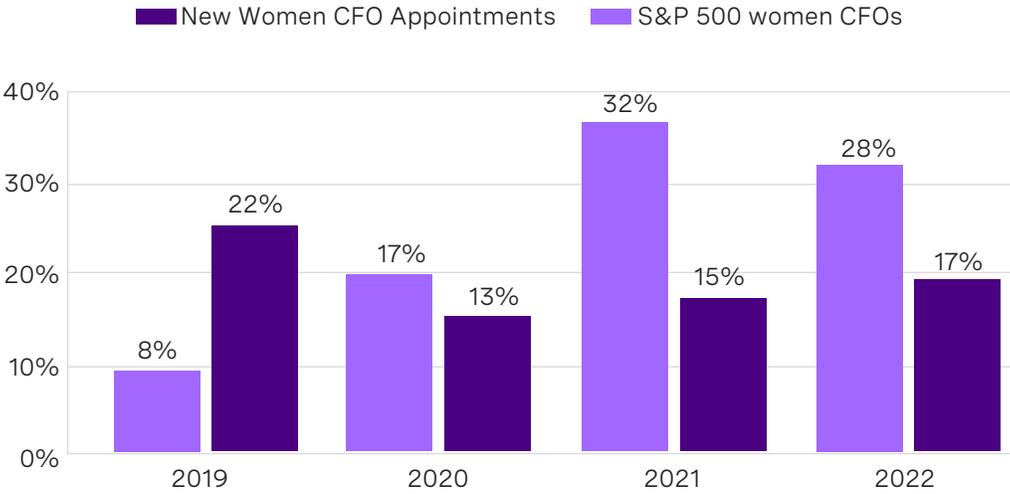


Source: RRA analysis of S&P500 CFOs from 2019 to 2022, N= 500
 Note: 6 of the new CFOs are interim

With next-generation talent comes increased levels of diversity

While the appointment of women CFOs decreased year over year, new women CFO appointments continue to outpace the S&P 500, contributing to **an uptick in gender diversity year over year** (Figure 4.)

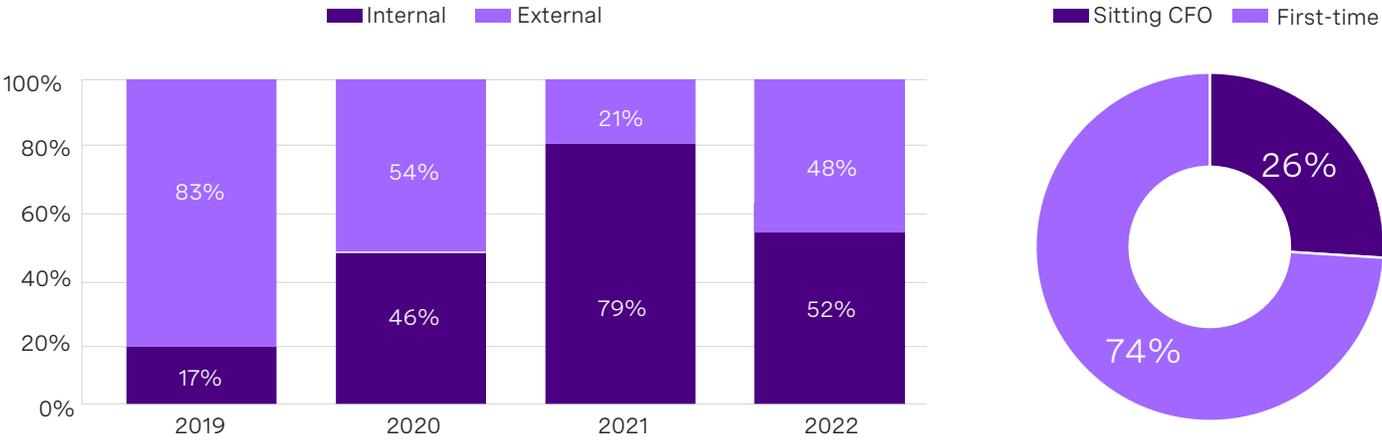
Figure 4. New Women CFO Appointments versus the S&P 500 Women CFOs



Source: RRA analysis of S&P500 CFOs from 2019 to 2022, N= 500

Succession planning continues to pay off, as the majority of women CFOs were appointed internally and as first-time CFOs (Figure 5.) As the number of women CFOs increase, sitting women CFOs are increasingly sought after, increasing the number of women CFOs who are poached from other S&P 500 companies.

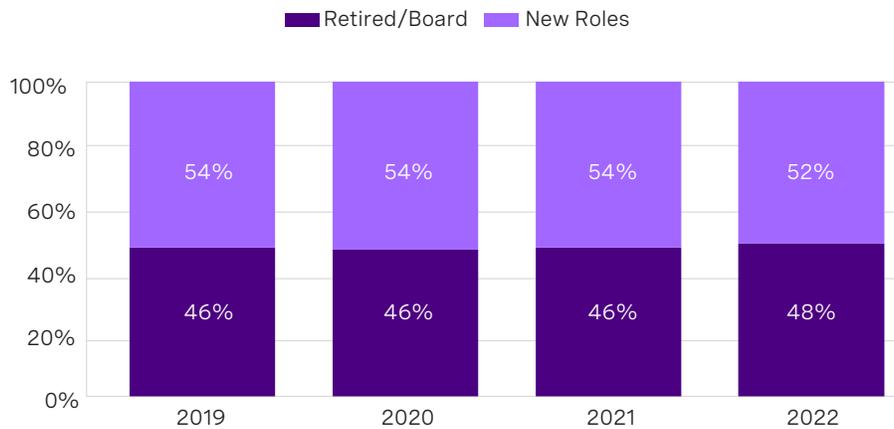
Figure 5. Women CFO's internal versus external appointments and experience



CFOs are eyeing the top seat

CFO retirement rates increased for the first time in three years (Figure 6), as the laggards of the baby boomer generation move to retire, having delayed retirement due to COVID-19 or uncertain economic outlook.

Figure 6. Trending CFO Departures

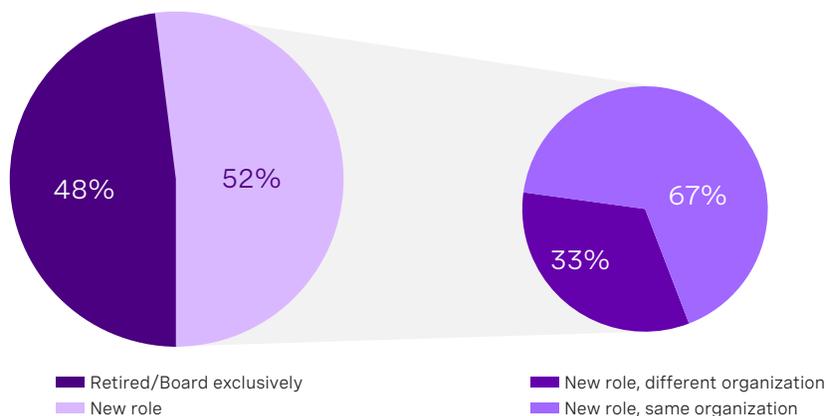


Source: RRA analysis of S&P 500 CFOs from 2019 to 2022, N= 500

As some move to retire, others are moving to take on their next challenge, having grown tired of the CFO role. Fortunately, many remain loyal, with 67% of those moving into new roles doing so at their current organization (Figure 7).

Figure 7. 2022 CFO exits

Source: RRA analysis of S&P 500 CFOs from 2019 to 2022, N= 500



Approximately four out of five CFOs are opting for non-CFOs roles, with the top role being President or CEO. In fact, in 2022, **four times more CFOs transitioned into the top seat, compared to 2021**. As organizations move to create optionality in their succession plans, the CFO is increasingly becoming a favorable choice to develop due to their competencies and board exposure.¹ If not ready for the top spot, CFOs are also transitioning into non-finance VP roles or division president roles, likely with the aim of developing the key skills and competencies needed for the top seat.

Is your CFO a flight risk?



With increased CFO turnover becoming the new norm, organizations should ask themselves: are we taking actionable and targeted steps to prepare for a potential CFO exit?

To plan for the probable, Russell Reynolds Associates recommends the following retention strategies to engage finance talent.

Engage in ongoing career development conversations to retain your CFO

- With CFOs increasingly eyeing the CEO role, take stock of their viability as potential CEO successors. Understand [the key competencies they need to possess to move into the top seat](#) and identify whether that includes expanding their current role, or taking a brief stint as COO or a division president/CEO to develop these competencies.

Plan for retirement

- The average age of the CFOs that retired or exclusively took board roles in 2022 was 56. Don't be afraid to open a dialogue around their plans for retirement based on career conversations.

Continue to invest in succession planning

- Based on career development conversations with your CFO, re-assess your CFO succession plan to ensure timelines align with your CFO's career goals. Pending approved timelines, further probe into whether you are looking deep enough in your organization, your assessment and development methodologies, and your overall transition plan.

Check in with underrepresented minorities

- Via our [2022 Global Leadership Monitor](#), Russell Reynolds found that the top reasons underrepresented executives left their jobs were seeking better pay, career advancement, and different company culture. Invest in creating clear job paths for finance talent with multiple entry points and progression routes and make these paths visible to all employees as part of their onboarding and development conversations. Furthermore, prioritizing the design and development of structured sponsorship programs that target underrepresented groups can further help retain talent.

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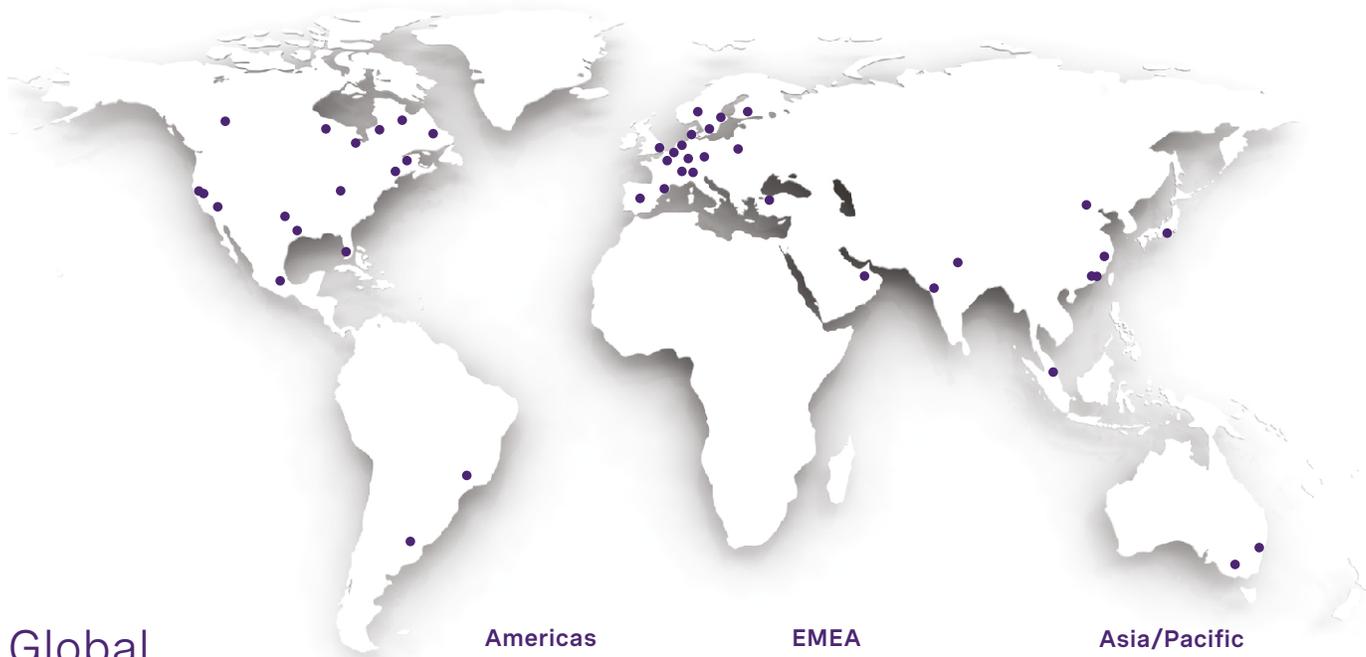
Additional RRA Reading

1. [Is the CFO the Right Next CEO?](#), Russell Reynolds Associates, 2022
2. [Global Leadership Monitor](#), Russell Reynolds Associates, 2022

About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory firm. Our 600+ consultants in 47 offices work with public, private, and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, sustainability, and political trends that are reshaping the global business environment. From helping boards with their structure, culture, and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

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