# Great Expectations: Where Next For The CFO Role?

## Global CFO Turnover Index Annual Report

# Foreword

For six years, we've tracked data from the world's leading stock indices to identify patterns and trends among C-suite roles that are shaping global businesses and their future leaders.

Our research has found continued high turnover in the CFO role, with 2024 global CFO turnover reaching 15.1%, above the six-year average of 14.8% and markedly above the six-year average turnover rate of CEOs at 11%. As the role continues to evolve with expanding responsibilities and expectations, many experienced CFOs are considering alternative paths, including retirement, board positions, or private equity roles.

Today's CFOs face challenges on multiple fronts—from technological transformation to regulatory complexity and increasing activist pressures. The pace of change is demanding, requiring continuous adaptation.

These shifts not only create a complex landscape for seasoned CFOs. They also create a particularly demanding environment for those ascending to the CFO seat for the first time.

Here we examine three core themes that have emerged from this year's research that could inform how boards look at the needs of their organization:

- The reasons for increasing CFO turnover and shorter tenures.
- The specific skills CFOs will need to succeed in the role.
- The growing importance of robust CFO succession plans.

It's our hope that this data and our expert analysis will help global leaders move forward and have the confidence in developing the next generation of CFO talent. Throughout the year we will continue to update our findings with our quarterly Global CFO Turnover Index to ensure that our clients are always ahead of the trends.

We look forward to working with you in 2025.

Russell Reynolds Associates' Financial Officers Practice

# Chapter One: Why are CFOs leaving?

In 2024, global CFO turnover across the world's 12 largest indices (listed in the methodology section) reached 15.1%, with 275 new CFOs being appointed, just shy of the record global turnover witnessed in 2023 of 16.2%.

Turnover was highest in the S&P 500, matching the peak set in 2021. The S&P TSX Composite also reached a four-year high, while the FTSE 250 reached a six-year high.

The average CFO tenure in 2024 was 5.8 years, down from 6.2 years in 2023.

Our analysis reveals four key factors behind the rising turnover trends.

**1. High CFO retirement rates**

In 2024, 54% of outgoing CFOs retired or moved exclusively to board roles, an increase of up to 1000 basis points year-over-year. Notably, the average age of retirement or transitioning to a board portfolio is 56.6 years old—the lowest average in six years.

**2. High CEO turnover**

High CFO turnover trends closely mirror CEO turnover across the same indices, which Russell Reynolds Associates (RRA) has tracked since 2019. Our analysis shows CEO departures globally reached a record high in 2024 with 202 CEOs leaving their positions, a 9% increase on 2023 levels.

As Jim Lawson, co-leader of RRA's Global Financial Officers Practice, explains: "Naturally, a new CEO will want to choose their own executive, perhaps, because their strategy doesn't align with the current CFO's retirement horizon."

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### 3. More complex demands on the CFO role

Lawson expects executive turnover to continue to increase in light of ongoing activist pressures, with investors wanting to make changes to management teams globally. "In response, CFOs will need to be more operational—stronger on strategy, capital allocation, and investor relations," he says.

CFOs are also dealing with stricter regulations and higher inflation. Ben Jones, co-head of RRA's European CFO Practice, explains: "Market pressure on the CFO is fierce given some of the uncontrollables in the global context, such as regulation, tariffs, and inflation. It makes it a demanding role with increasing levels of stress." He points to the impact on the healthcare sector as an example, where 60% of CFOs retired or moved to a board role in 2024, above the global average of 54%. "Given the valuations that exist within healthcare in particular—and therefore where performance sits within that sector—there must be a link between performance and turnover."

Adelin Choy, head of RRA's APAC CFO Practice, "The way the CFO needs to balance risk and the risk portfolio outlook now looks quite different. Companies are looking for CFOs who have dealt with similar challenges, and who are in a better position to advise the CEO or the board on what they need to do financially to prepare for some of the regulatory battles they're facing."

### 4. More attractive post-CFO career opportunities

Our analysis shows a broadening suite of options open to CFOs, including the prospect of a CEO role, COO role, or an operating partner role at a private equity firm. Of the outgoing CFOs taking on new roles in 2024, 34% moved to a President or CEO role, 15% to a Division CEO role, 6% to a COO role and 15% to another C-suite position, including corporate strategy and risk.

As Lawson explains: "There are more options post-CFO than there were in the past. We are seeing more CFOs going into general management roles. Likewise, the need for qualified financial experts on boards continues to be a trend. And private equity firms are tapping more CFOs to be operating partners."

Jones also observes that CFOs moving to private equity portfolio companies earlier in their careers due to regulatory pressures. "Given the increasing regulatory pressures in the listed environment, more CFOs are opting out of a public limited company career and into a career as a portfolio company CFO."

# Chapter Two: Meeting great expectations

Today's CFO role demands an exceptionally diverse skill set. Beyond financial expertise, CFOs must serve as strategic partners to CEOs, often positioning themselves as potential successors. They need sophisticated communication abilities to navigate complex regulatory environments while addressing activist investor concerns. Additionally, they must leverage emerging technologies to drive innovation.

As CEOs and CFOs take a more rigorous approach to CFO succession, it's important they create structured opportunities for potential successors to gain exposure to the full spectrum of modern CFO responsibilities—including the critical skills below.

## The CFO as a strategic operator

The CFO role has undergone a fundamental transformation in recent years, evolving from a traditionally finance focused function to a position with far broader strategic influence.

As Lawson explains: "Trends are often in multi-year cycles. If you take a step back, 2003 to 2010 was the era of the audit and accounting focused CFO. From 2010 to 2020 there was an operations focus. Since 2020, we're seeing demand for capital allocation and strategy-focused CFOs. Much of that is driven by the fact that there's now sophisticated data analysis of companies and their performance."

Jenna Fisher, co-leader of RRA's Global Financial Officers Practice, adds: "There's been a shift in the archetype of a CFO. Today the CFO has almost become the de facto COO with more direct reports —whether it's real estate, facilities, IT or legal—and so the role has become more complex."

## The CFO as a CEO-in-waiting

Fisher increasingly sees boards appointing CFOs almost as CEOs-in-waiting. "Often boards want somebody who could be a CEO successor and are asking for that at the outset: they want somebody with great leadership, who has built teams, who can help train a successor. They want somebody who's had broad exposure, both internally and externally.

"This is good news as we know more and more CFOs want to become CEOs. That's a very real opportunity. It does vary by industry: some industries, like biotech, for example, are less likely to put a CFO in as CEO. Likewise technology, where they might favor engineering or sales talent. But certainly consumer organizations or diversified industrial and financial services organizations are encouraging of CFOs becoming CEOs, which also has the effect of dissipating CFO talent."

## The CFO as a storyteller

The ability of CFOs to communicate effectively and own the financials—with both the board and investors—has never been more paramount, and can be key to a CFO's initial success, as Lawson explains: "When a new CFO fails to effectively communicate with the board and investors, it is typically early on in their tenure, which is something they may not recover from. The right training, onboarding, and continued development can mitigate this—after all, CFOs are vetted and bring a high degree of expertise. But now they need to be able to influence, tell a story, and maintain trust internally and externally."

Fisher agrees. "There's the accounting controls piece, which CFOs need to at least be able to oversee. But boards want someone strong in financial planning and analysis, someone who's had an opportunity to be a part of investor relations—even if they haven't led these before—who's had exposure to the board, can present the company well, and can be a thought partner to the CEO. It used to be that the CEO was the face of the company, and the CFO could ride sidecar. Now, CEOs often say, 'I can't do this all by myself'."

## The CFO as a leader of transformation

Another shift in the demands of the CFO role is the growing importance of the ability to use AI to drive efficiencies and cost savings and stay ahead of productivity dynamics and automation to remain competitive.

"The fact that technology, particularly AI, has advanced at such a fast pace means that what companies need from the finance function has changed a lot," says Choy. "There are two AI priorities for CFOs: First, the potential opportunities that the business can capture in revenue terms, and second, how to optimize the use of AI to become more efficient and reduce operating costs. Finance has always been a partnering function. CEOs and boards don't necessarily expect the CFOs to be AI native, but they do expect them to understand its implications on efficiencies and ultimately profitability."

## The CFO as a political navigator

2024 was a historic election year, with more than two billion voters in 50 countries. Choy points out the impact of this.

"So many countries had major elections last year that it contributed to turmoil in different jurisdictions across the world. The skill set that companies require from a CFO looks quite different. It's no longer someone who's just 'good with numbers'. The CFO needs to have strong business acumen, understand technology, and have a clear view on the impact of geopolitics".

## The CFO as an intermediary

The ability to communicate plays differently in different markets and indices. Last year, only 15% of CFO appointments in the Nikkei 225 were external appointments and in the Hang Seng appointments were exclusively internal.

Choy explains: "More than 50% of the largest 30 firms by market value on the Hong Kong Stock Exchange are controlled by founders and founder descendants. Many Hong Kong  listed companies are family controlled, which means that it takes a long time for anyone new to build trust with the families. The value of employees with institutional knowledge, a strong internal network and trust with family members is crucial."

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# Chapter Three: The need for robust CFO succession practices

With growing expectations of CFOs, our research shows a shift in CFO hiring patterns, with experienced hires (previously served as public company CFO) accounting for 40% of all CFO hires globally—up from the five-year average of 36% and the highest level we've recorded since we began tracking CFO turnover data in 2019. Companies in the industrial sector were most likely to hire an experienced CFO—46% compared to the next highest sector, healthcare, where 44% of CFO hires were experienced.

The combination of higher turnover and shorter tenures is having a significant impact on talent availability. As Fisher explains: "Some businesses will only look at experienced public company CFOs. Activist investors and private equity funds are chomping at the bit to buy companies and to help increase performance. The shareholder time horizon is shorter than ever, and so if a CFO can't effectuate change quickly, the question arises 'who's next?' Unfortunately, there's nobody next. There are so few people, it's become a challenge. Today, businesses need to get creative and consider other analogous industries where they might hire that experience. We have to make CFOs successful because there isn't an endless supply of them."

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of CFO hires in 2024 were experienced

In this context, the importance of succession planning has never been clearer. Organizations need a robust pipeline of future-ready internal first-time successors who have what it takes to ascend to the CFO role. This is the responsibility of not only the CEO and board, but also CFOs themselves.

As Fisher explains: "CFOs should be thinking about who is on their team—or who they need to get on their team—and what experiences they need to give them to make them succession-ready. That takes years, not months. Companies have been addressing CEO succession with some frequency. Now they need to apply this rigor to CFO succession as well."

There is a clear benefit to prioritizing CFO succession. The average departing tenure of internally appointed outgoing CFOs is relatively higher than for those who were externally appointed. "Even with well-planned out succession processes, external recruitment will never go away, given external forces such as activists and macroeconomic changes, as well as internal dynamics such as CEO succession and board dynamics."

Investing in succession planning practices has repercussions for improving gender diversity. Of the 275 CFOs appointed last year across the world's largest global indices, 70 were women—the highest number of women CFO appointments we've recorded in the past six years. Over half of these—54%—were internal appointments. Yet overall, women remain underrepresented in the CFO role — with only 18% of CFOs in our index being women.

Additionally, Fisher sees opportunities for women in the demand for diverse boards, noting this is also contributing to the lower number of women in CFO roles. "Once a woman becomes a public company CFO, she's besieged with opportunities to go plural and sit on multiple boards full-time. That can be very appealing. If you pick the right boards, it can be financially lucrative and tends to be less onerous than a CFO public company job."

In APAC, Choy outlines the challenges faced by Asian women CFOs in securing overseas experience and the impact of that: "One of the reasons the majority of CFOs have been men in the greater China region is that some organizations are looking for CFOs with overseas experience and exposure to dealing with overseas operations and investors. As a selection criterion, that can hinder some women CFO's candidacies, whose life circumstances may have prevented them from gaining that experience."

Some may look to the technology and financial services industries for insight, given the strides they have made in gender diversity. In 2024, 36% of technology and 39% of financial services incoming CFOs were women, a record high and twice the 2023 number.

# Conclusion

The data reveals a clear trend: as investor scrutiny extends across the C-suite, boards / CEOs must prioritize building robust internal leadership pipelines and equipping CFOs with the skills and support required to thrive in today's dynamic business environment.

We see three key ways boards and CEOs can take action:

**Mitigate turnover** by ensuring first-time CFOs are equipped to be successful in the role. This means ensuring they have the right team behind them to balance out their strengths and weaknesses and the ongoing support of an objective mentor who understands the role and can share lessons learned is an invaluable resource.

**Attract leaders for the long term.** Organizations that are looking to attract and retain experienced CFOs must partner with them to ensure their career goals, development, and succession timelines work for both the CFO and the organization.

**Invest in succession.** As organizations assess talent beyond their top team, they need to invest in a succession plan and ensuring the next generation has the key competencies they'll need to step up into the CFO role. This means defining what the success profile of a CFO looks like for that organization and assessing and developing talent against it. Given the lack of gender diversity in CFO roles, boards would be well advised to pay attention to women with the talent and skill to step up. For those with CFOs near retirement, organizations also need to work to ensure their succession timeline aligns with their CFO's plans.

In 2025, we need to look both to ensuring the success of CFOs, and beyond, to the people behind them—to strengthen their position today, invest in talent, and build a longstanding foundation for tomorrow's C-suite teams.

# Methodology

Source: Russell Reynolds Associates analysis of incoming and outgoing CFO executives for the following stock indices; ASX 200, CAC 40, DAX 40 EuroNext 100, FTSE 100, FTSE 250, HANG SENG, Nikkei 225, NSE Nifty 50, S&P 500, S&P/TSX Composite, STI, N = 1822, 2019-2024

The Global CFO Turnover Index is an analysis of the 12 leading indices globally and the rate at which CFOs depart and are hired from their roles. It can be a helpful indicator of wider CFO market trends, including talent pools, academy finance training and broader economic trends.

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# About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory firm. Our 500+ 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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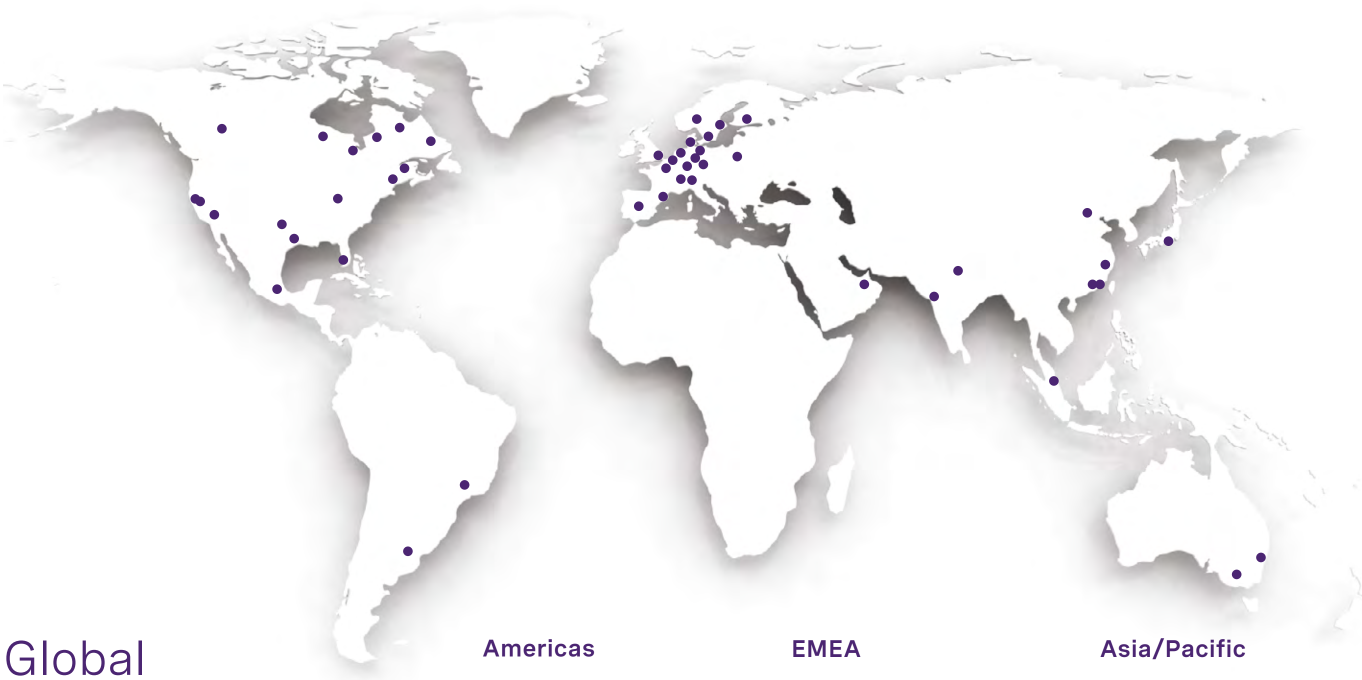

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