



The Chief Financial Officer Perspective

CFOs weigh in on trends in the C-suite and the 2013 Outlook

An Exclusive Pearson Partners International Survey

Editor's Note: Pearson Partners International, Inc., together with The University of Texas at Dallas Naveen Jindal School of Management and the Institute for Excellence in Corporate Governance, recently surveyed Chief Financial Officers on a broad selection of topics relating to their key role in the C-suite. The survey respondents represented a diverse group of North American companies ranging in size from \$50 million to Fortune 1000 multinationals. Below are the highlights of the findings, and the full responses follow.

Fortune 1000 snapshot: The majority of Fortune 1000 CFO respondents have been with their current company for more than 10 years. Only 11% are female. Well over half (60%) are over 50. Nearly all Fortune 1000 CFO respondents would advise others to follow the CFO career path—an indicator of a high level of job satisfaction.

Successful CFOs: The most important factors for a successful CFO are providing accurate financial results, managing risk, and working with the CEO's agenda. Respondents overwhelmingly indicated that the CFO's most important role is company strategy (80%), followed by reliability of the reported numbers (63%) and reliability of budgeting and planning (22%). Regulatory compliance, managing financial relationships, and managing cash flow were other important roles cited by respondents. Among larger companies, following the CEO's agenda was considered far more important to success than among respondents from the smaller companies, who felt providing financial advice to top management was more important to their success.

Changing environment: The majority of respondents (60%) reported seeing increased shareholder activism and lack of trust from investors and boards of directors towards C-suite officers. Smaller companies appear to experience more shareholder activism, while risk management requirements are higher with larger companies.

Greater responsibilities: Respondents agreed that CFO skill set requirements have increased in the last decade, primarily because of increased risk management (94%), increased regulation such as SOX, IFRS, etc. (91%) and globalization of the economy (92%).

Global issues: Are today's CFOs adequately prepared in their formal and professional education to manage how the global economy will impact their businesses? Half of the survey respondents said yes. Those who disagreed or were unsure cited insufficient exposure to factors such as the global/political economy, varied cultural experiences, and critical thinking skills.





Financial education: Less than half (44%) of the Fortune 1000 CFOs believe today's U.S. accounting and finance graduates' formal education adequately prepares them to be a successful C-level officer. In contrast, 53% of smaller-company CFOs indicated that their formal training was sufficient.

Career path: The majority of Fortune 1000 respondents (75%) believe that a successful CFO of a \$100 million company would not be as successful at a company of \$5 billion or more. The top three reasons were insufficient exposure to multiple functions in a large organization, insufficient years/depth of experience and insufficient global exposure.

Recruitment patterns: A significant portion of the respondents (72%) were recruited from outside their company, while only 28% were promoted from within, indicating that companies are seeking CFOs with varied exposures and experiences. The survey also indicated that small companies tend to hire more from outside than large companies.

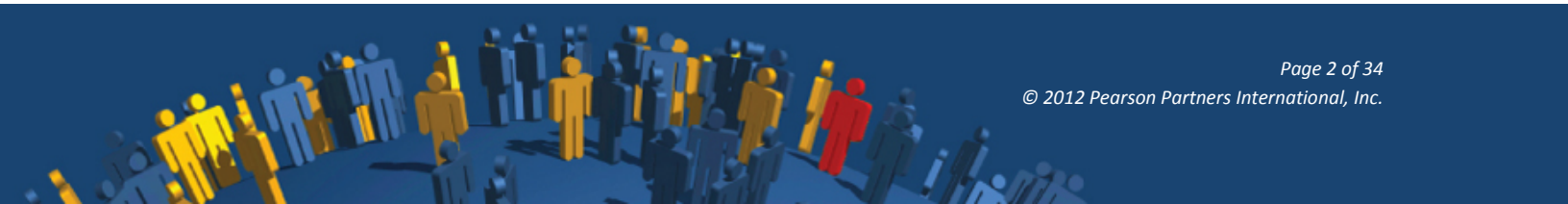
Succession planning: A majority (85%) of Fortune 1000 respondents agreed that the CFO is the logical choice for the successor to the CEO. One reason they cited is that regulations such as Sarbanes-Oxley and Dodd-Frank have brought the roles of the CEO and CFO closer together.

Social networking: About half of the CFOs feel that they are not prepared to manage the risks inherent in employee social networking. While most of the CFOs found little to no professional value in most of the social networks, LinkedIn was cited as a source of networking and information by more than half the respondents.

Information Technology: A majority of CFOs reported that Information Technology functions report to them. In addition, more than half of the respondents (63%) indicated they felt prepared to manage the risks inherent in cloud computing.

Human Resources: Only about 34% of larger-company CFOs report that Human Resources functions report to them, versus about 80% of smaller-company CFOs.

Positive outlook: A majority of CFOs have positive expectations for the economy over the next year. Approximately 50% of respondents indicated that their company's hiring plans in the next six months will remain the same as last year, while 25% indicated they will hire more employees and 25% indicated they will hire fewer workers.





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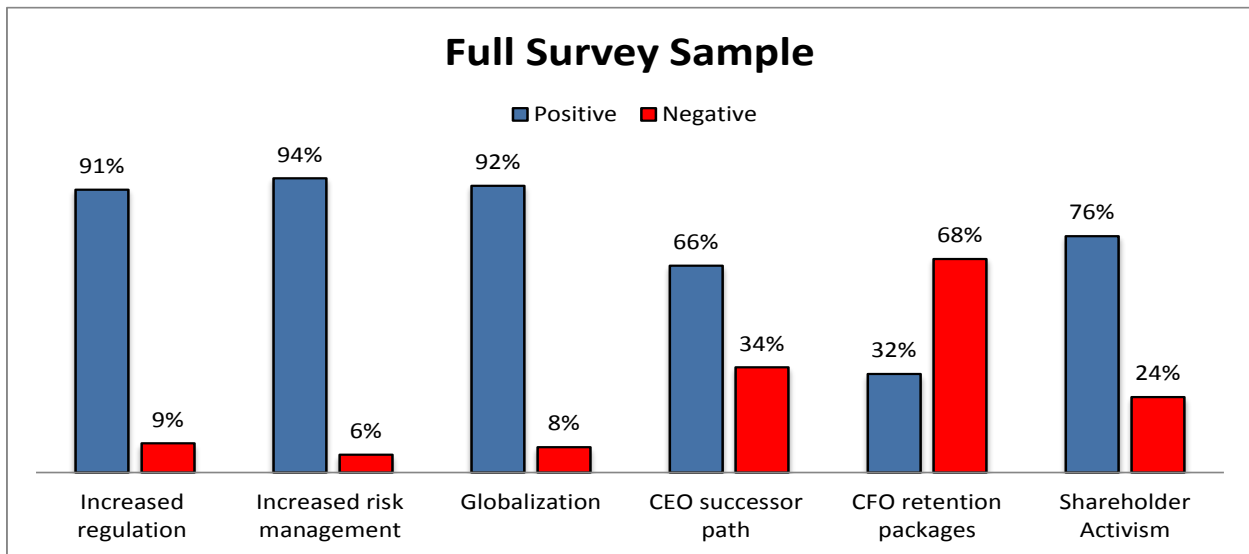


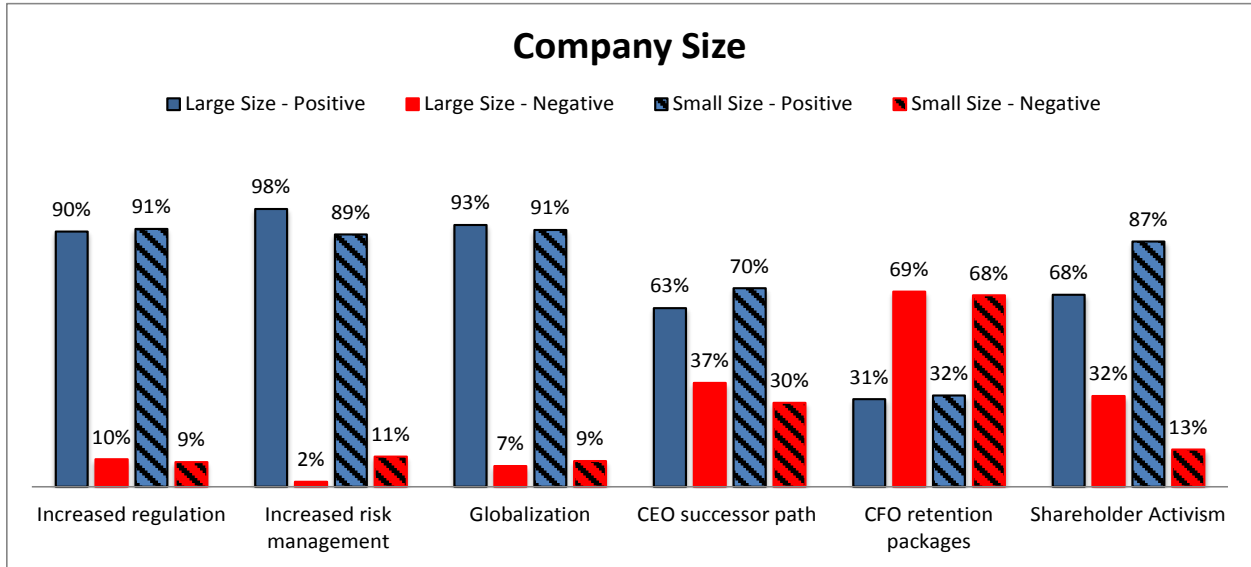
Section I – The CFO Role in General

I.1. The requirements for the CFO skill set have increased substantially in the past decade. How much do you think the following factors have contributed to this change?

Overall: The number one reason cited for the substantial increase in the requirements for the CFO skill set in the last decade was increased risk management requirements, according to 94% of respondents. The second and third most important factors cited were globalization of the economy (92%) and increased regulation such as SOX, IFRS, etc. (91%)

Company Size: Smaller companies appear to experience more shareholder activism, while risk management requirements are higher with larger companies. It may be that there is a wider spread in the number of shareholders in smaller companies than in larger companies. Consequently, the CFO is more likely to receive inquiries in smaller companies while larger companies typically have a separate shareholder services group. Regarding risk management, larger companies are faced with many types of risks and their handling of risk is much more closely evaluated by the rating agencies.





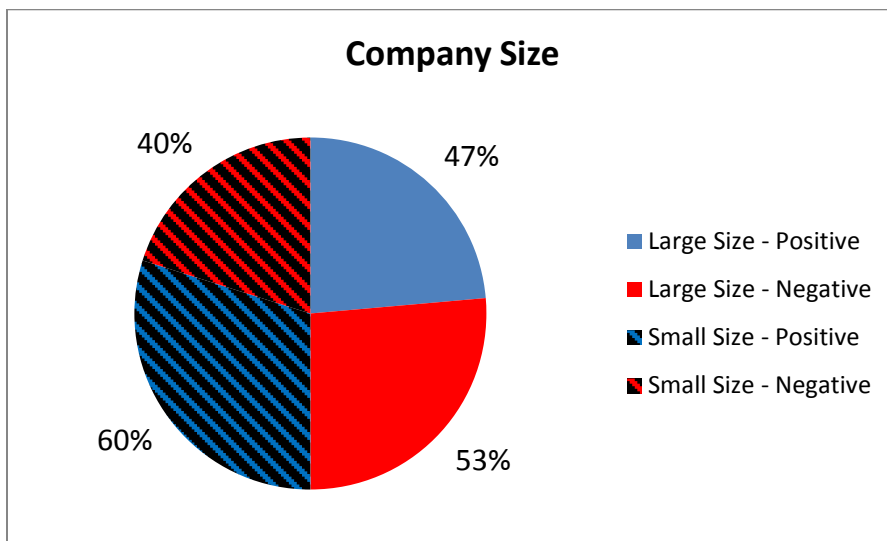
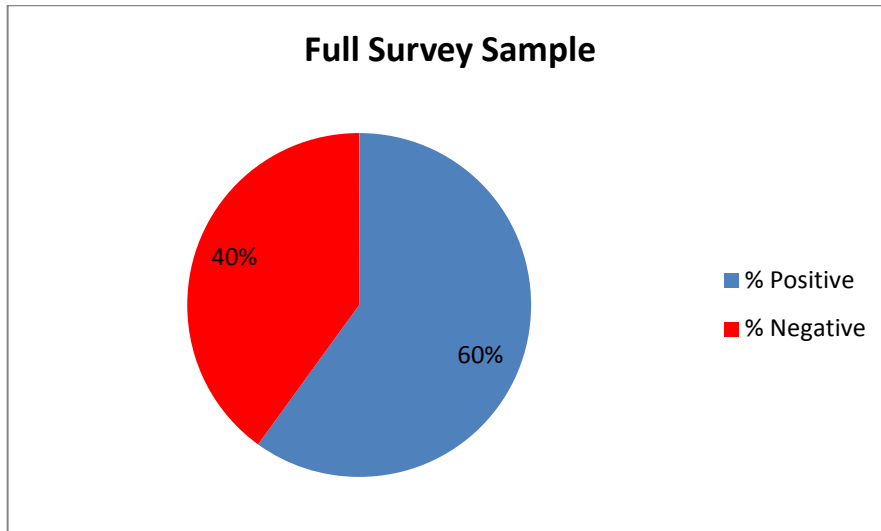
Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Very Much, Reasonably Much
Negative	Not Much, Not At All





I.2. Do you feel that the corporate environment is characterized by increased shareholder activism and lack of trust from investors and boards of directors towards C-suite officers?

Overall: 60% of respondents believe that the corporate environment is characterized by increased shareholder activism and lack of trust from investors and boards of directors towards C-suite officers. This represents the turmoil and volatility in the markets, the many incidents that led to this condition, and the events that led to increased legislation and regulations.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Very Much, Reasonably Much
Negative	Not Much, Not At All

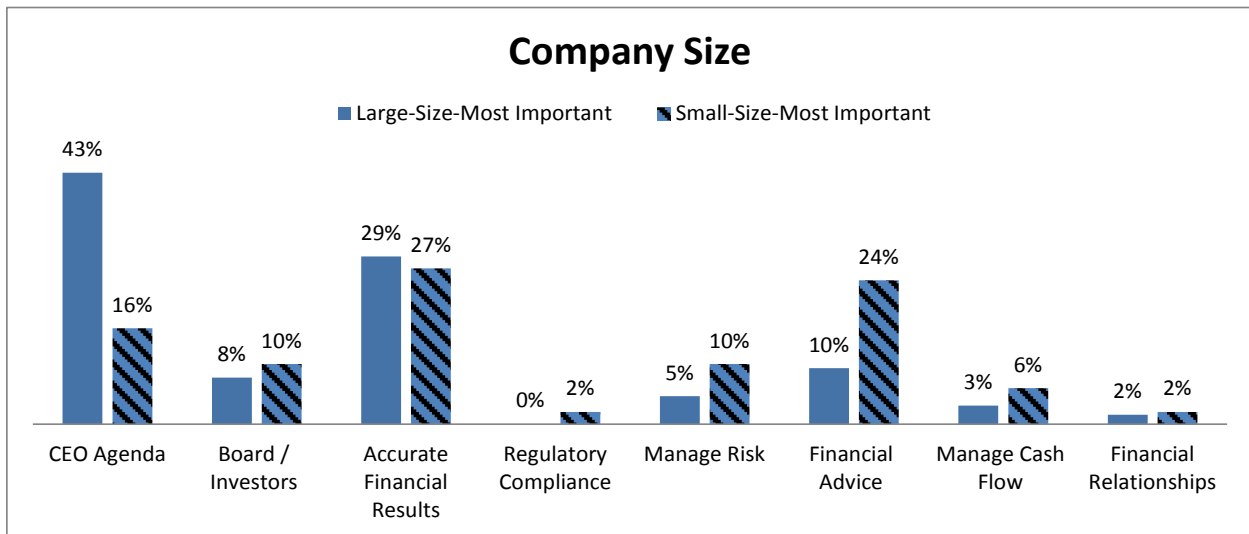
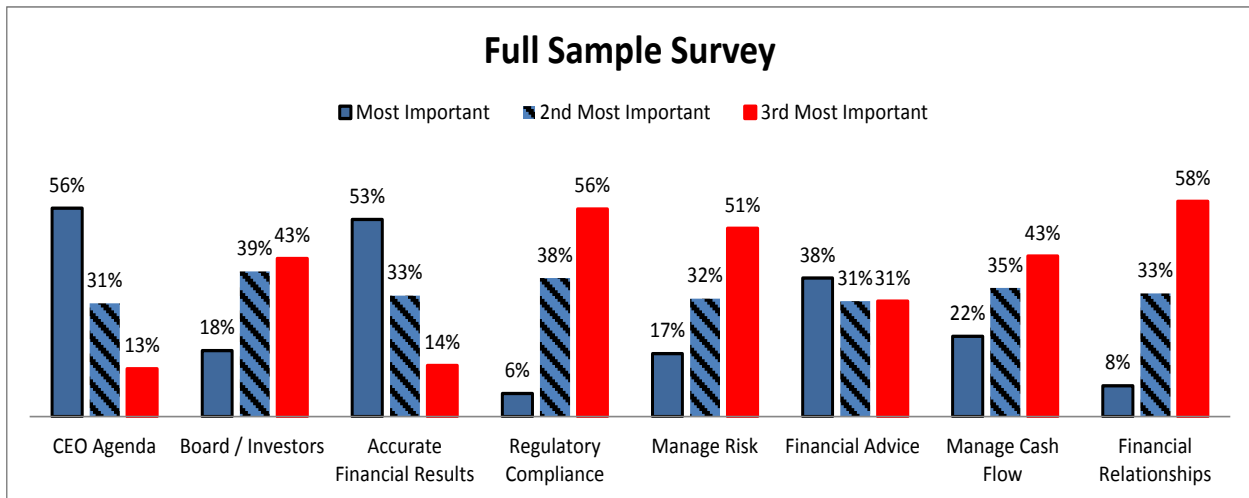




I.3. Which three of the following traits would you consider the most important for a successful CFO?

Overall: It is evident that the CEO’s agenda and accurate financial reporting are the top two choices as the most important aspects of the CFO’s role. Regulatory compliance, managing financial relationships, and managing cash flow are among the third-most-important factors cited by respondents.

Company Size: Following the CEO’s agenda is considered far more important for success by those in larger companies than by those in smaller companies, while financial advice to top management is more important for success to those in smaller companies.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million

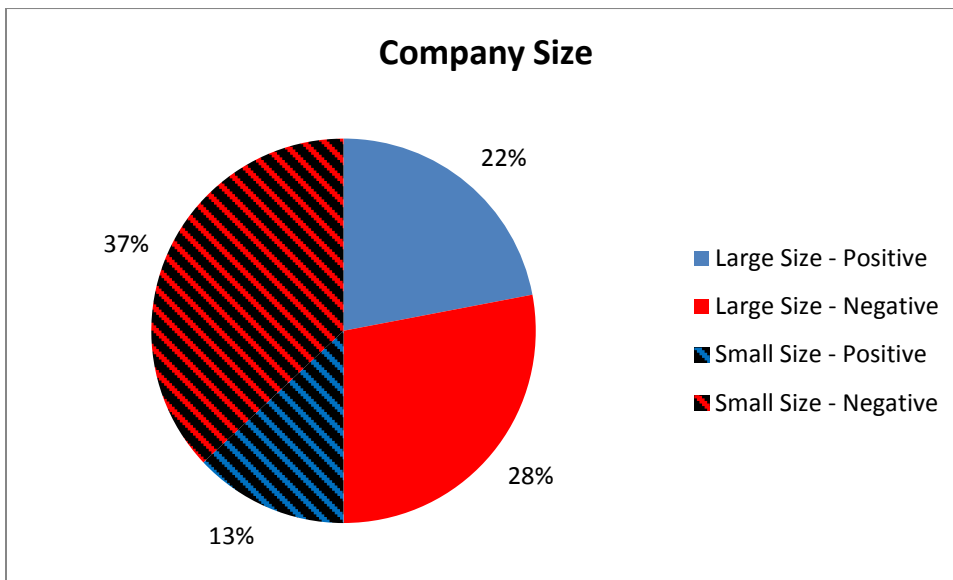
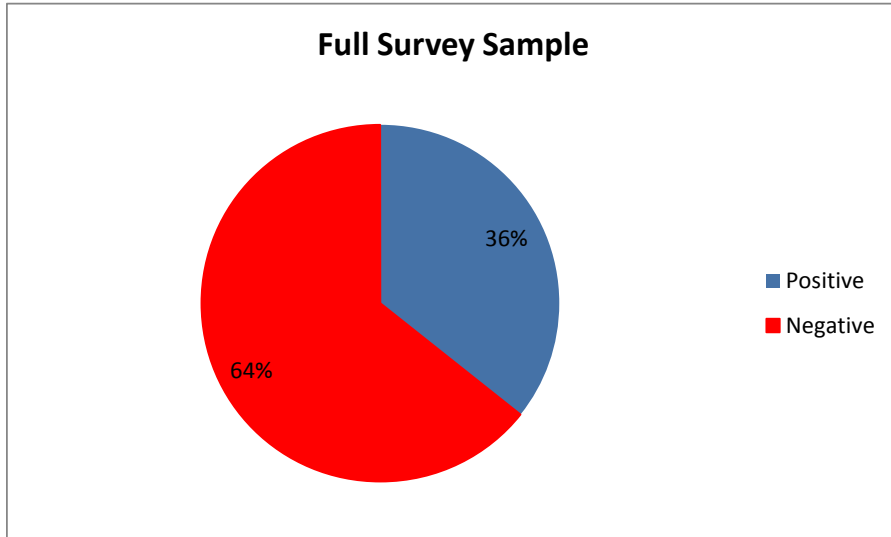




I.4. Do you think that most CFOs are adequately prepared in their formal and professional education to manage how the global economy will impact their businesses?

Overall: More than half the respondents believe that CFOs are not adequately prepared by their formal education to manage the impact of the global economy on their businesses.

Company Size: This insufficient preparation is felt more strongly by CFOs of smaller companies.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Definitely, Probably
Negative	Probably Not, Definitely Not

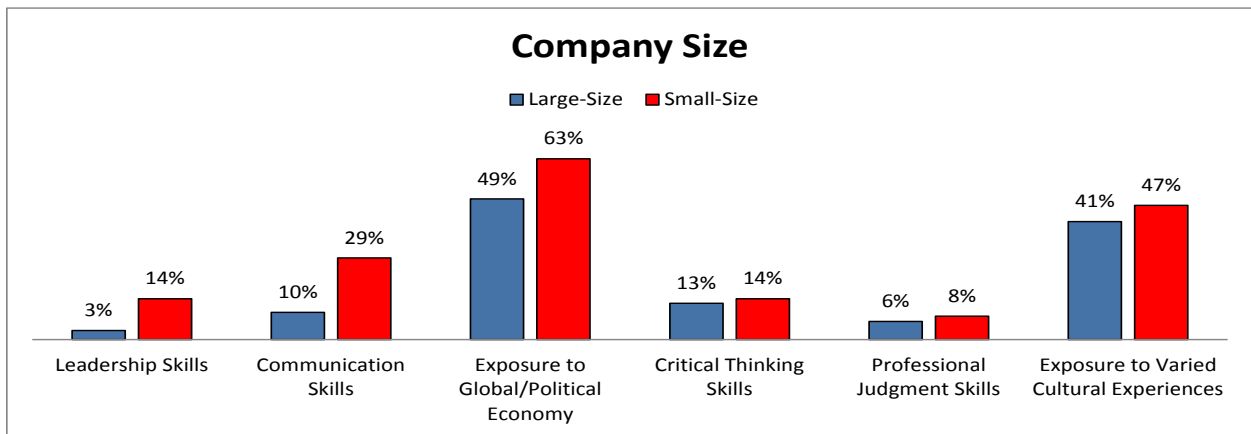
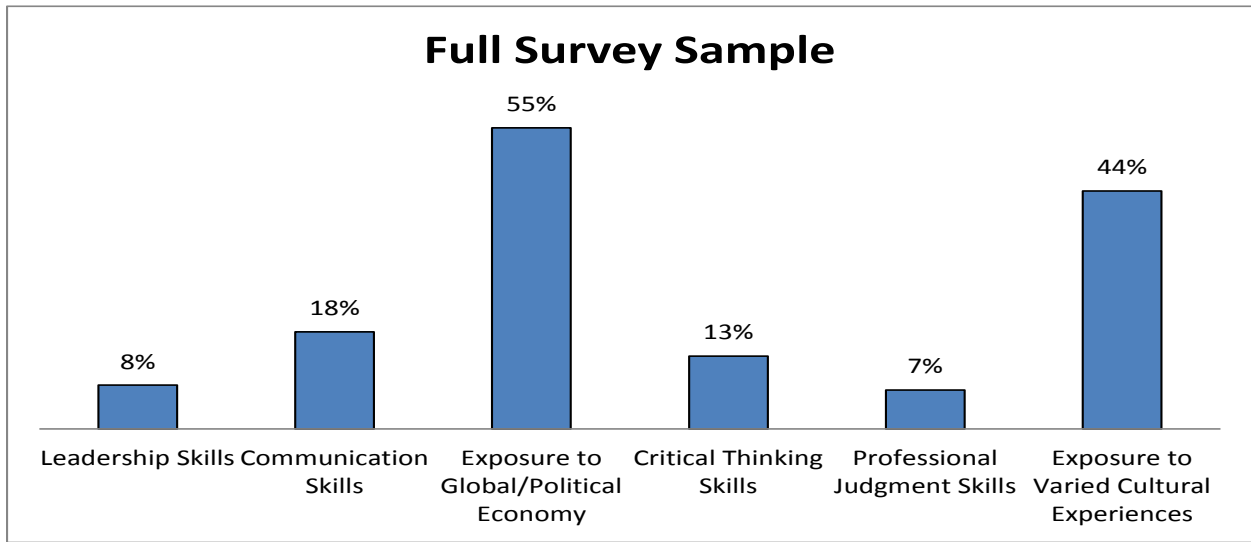




I.5. If you answered “Definitely not”, “Probably not”, or “Not sure” in Question 4 above, why are CFOs not prepared? What are they lacking? (Can choose multiple.)

Overall: Of those who said no or were unsure, the top reasons cited were a lack of exposure to the global/political economy, a lack of exposure to varied cultural experiences, and a lack of critical thinking skills.

Company Size: As noted above, the majority of respondents perceiving that CFOs are less adequately prepared for managing in a global economy tend to be from smaller companies. Their reasons appear to be related to communication skills and exposure to the global/political economy. These attributes tend to increase with experience and professional growth.



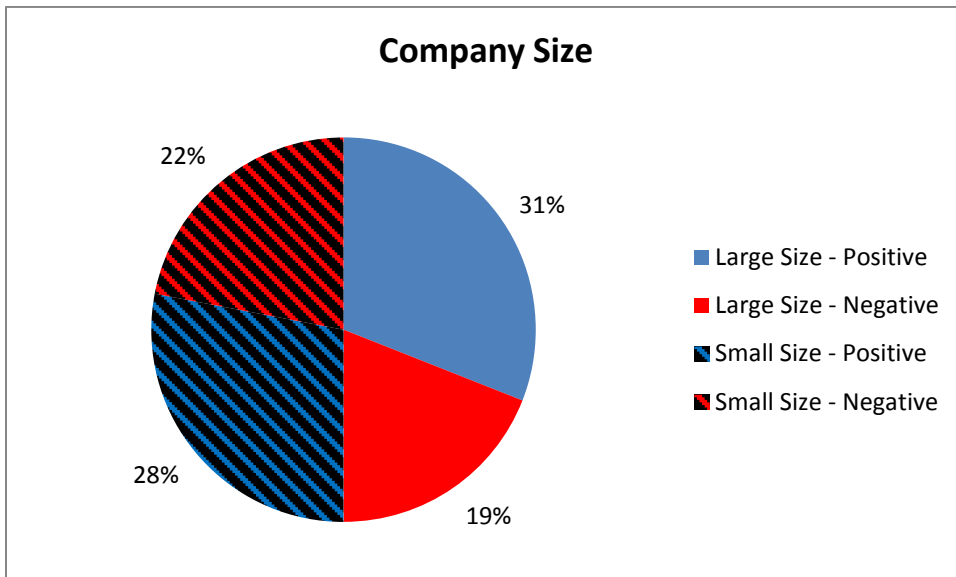
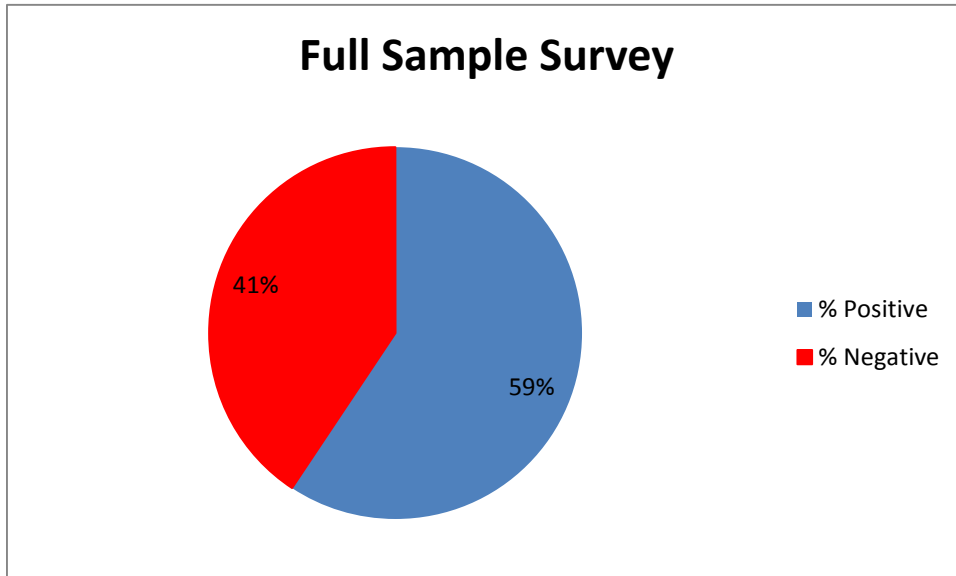
Large-Size	Over \$500 Million
Small-Size	Under \$500 Million





I.6. Do you think today’s accounting and finance graduates in the United States are prepared with the requisite formal education to become a successful C-level officer?

Overall: More than half (59%) of respondents believe U.S. accounting and finance graduates’ formal education adequately prepares them to be a successful C-level officer, regardless of company size.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Definitely, Probably
Negative	Probably Not, Definitely Not

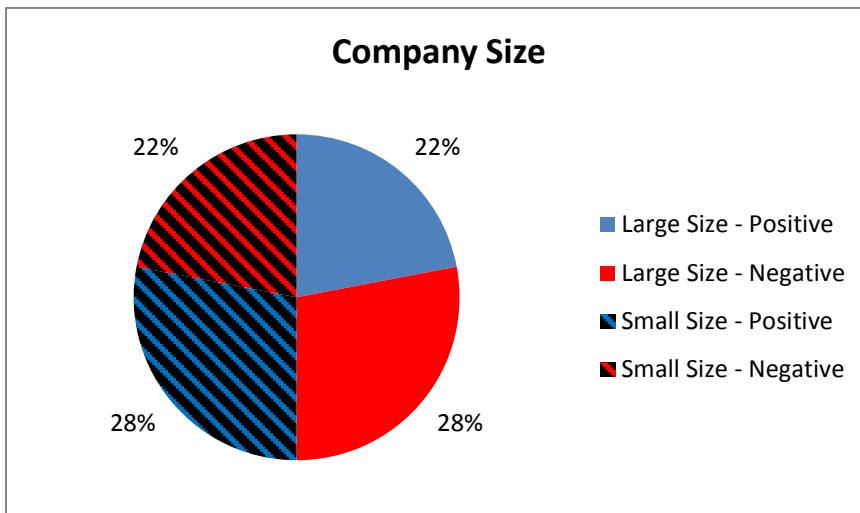
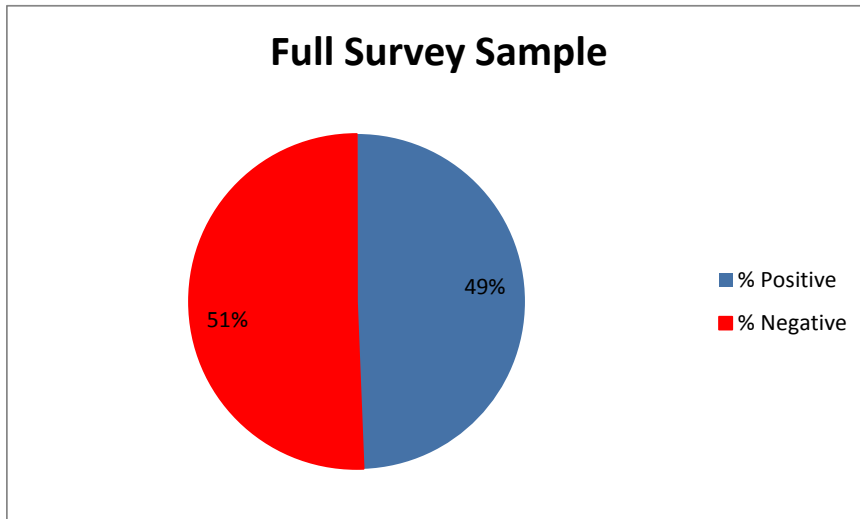




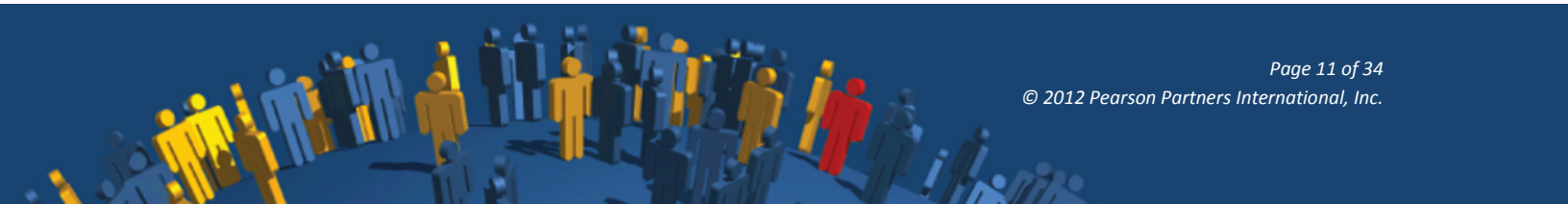
I.7. Do you think that a successful CFO of a \$100 million company can be as successful at a company of \$5 billion or more?

Overall: The respondents are divided almost equally in their perceptions of the ability of a \$100 million company CFO to perform as well as a CFO of a \$5 billion or more company.

Company Size: Larger-company CFOs tended to disagree with smaller-company CFOs (28% versus 22%), likely because larger-company CFOs have more areas of concern to monitor.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Definitely, Probably
Negative	Probably Not, Definitely Not

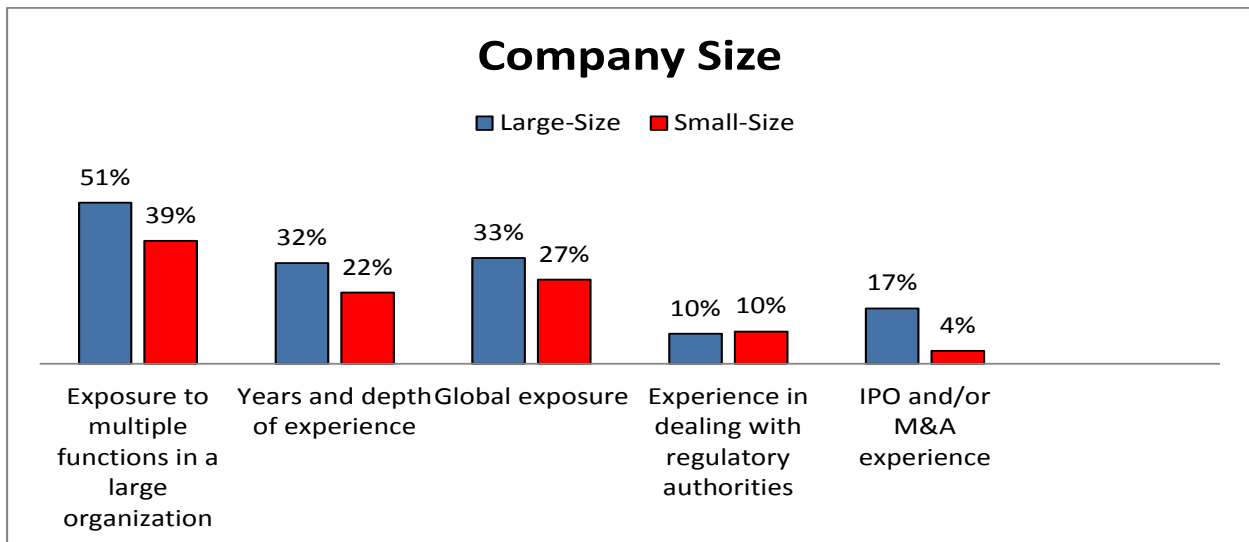
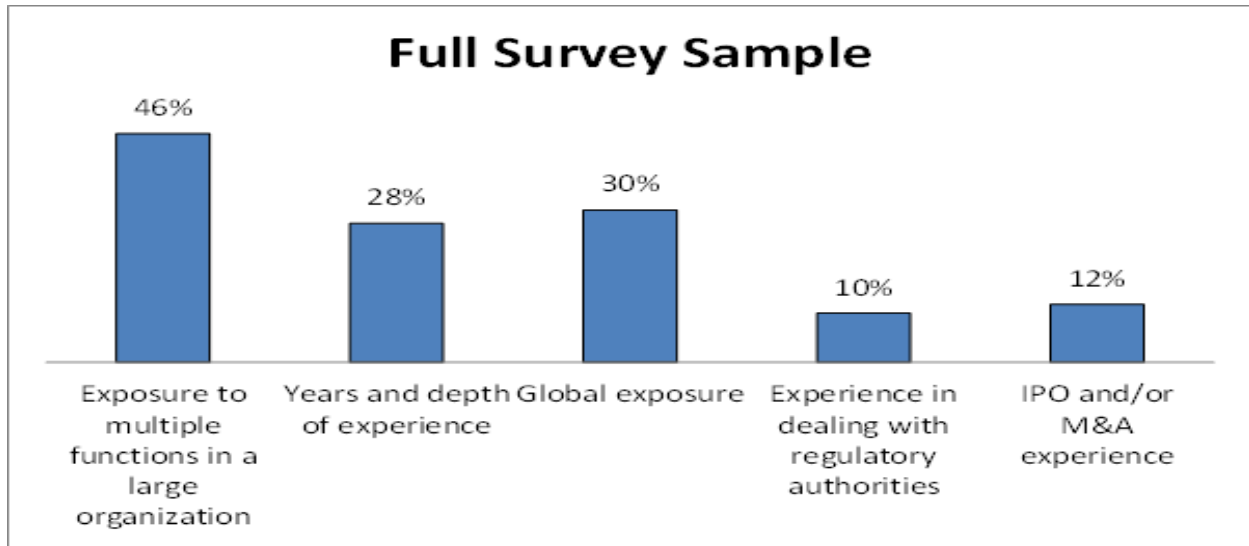




I.8. If you answered “Definitely not”, “Probably not”, or “Not sure” in Question 7 above, why not? What do you think the typical CFO lacks? (Can choose multiple.)

Overall: Respondents cited insufficient exposure to multiple functions in a large organization, insufficient years/depth of experience, and insufficient global exposure.

Company Size: When distributed by company size, respondents cited lack of exposure to multiple functions, years of experience, and global exposure. Their reasons likely related to functions such as IPOs, M&A, risk management, and compliance.



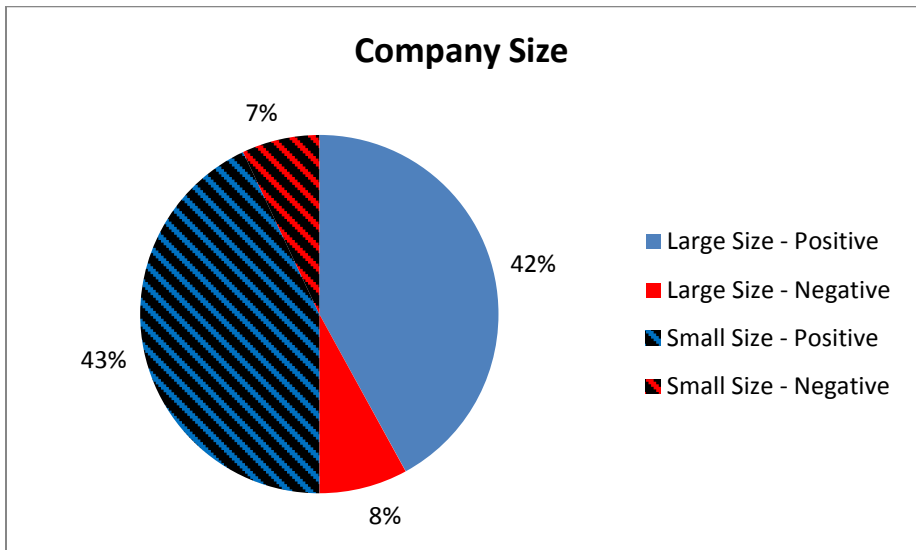
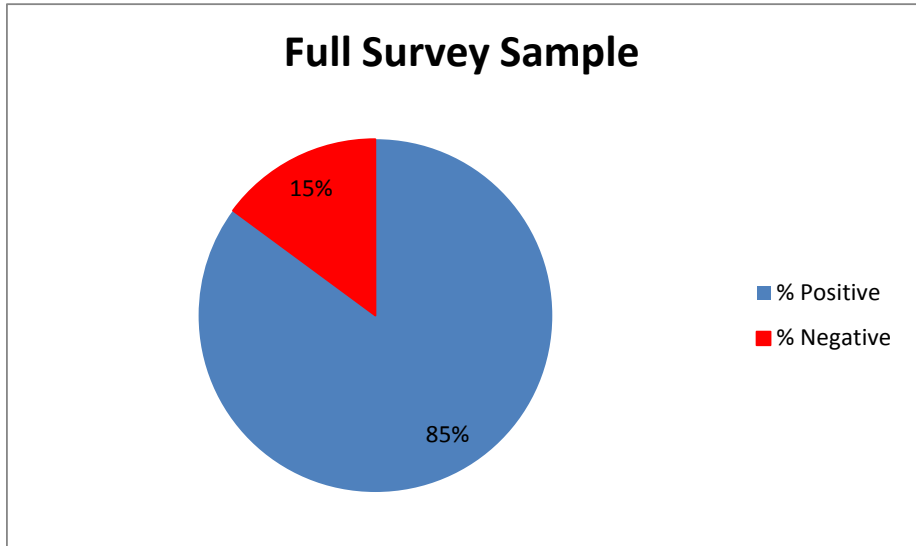
Large-Size	Over \$500 Million
Small-Size	Under \$500 Million





I. 9. Given the expanding scope and responsibility of the CFO role, do you think the CFO is the logical choice for the successor to the CEO?

Overall: 85% of respondents agreed that CFOs are the logical choice for the successor to the CEO. This is reasonable, especially for publicly listed companies because of regulations such as Sarbanes-Oxley and Dodd-Frank which require joint assertions by the CEO and CFO. In addition, this has brought the roles of the CEO and CFO closer together.



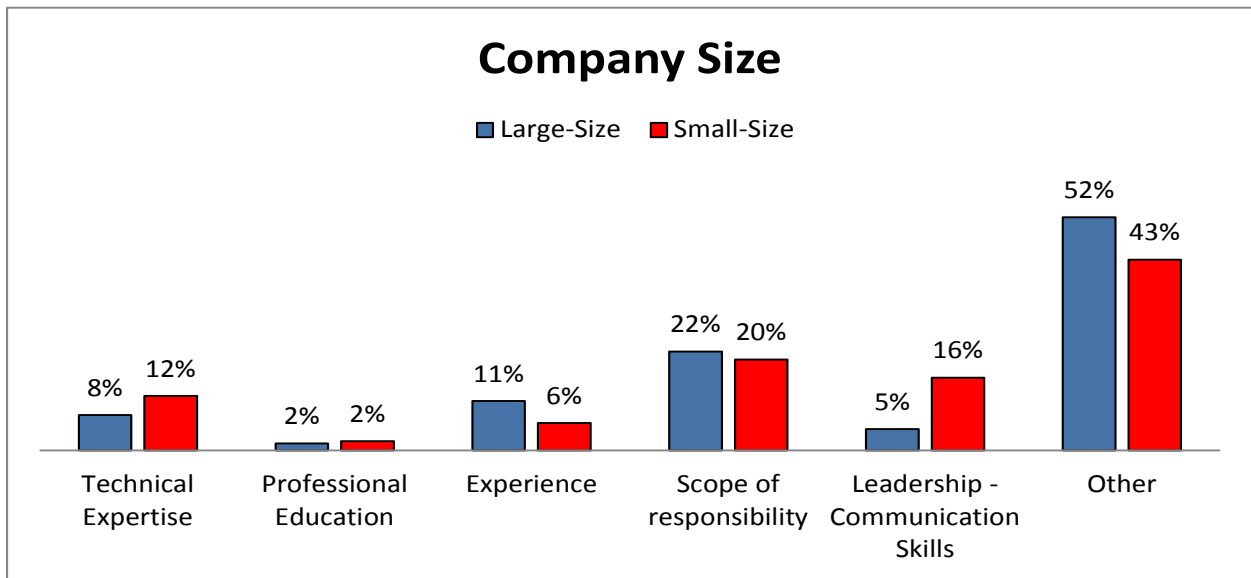
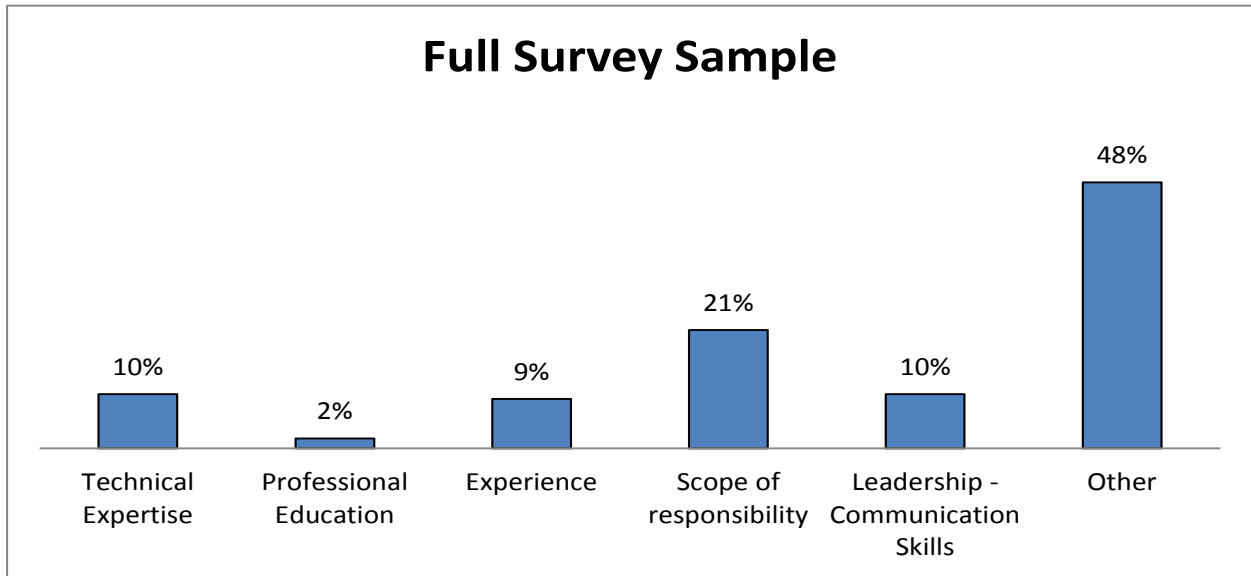
Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Definitely, Probably
Negative	Probably Not, Definitely Not





I.10. If you answered “Definitely not”, “Probably not”, or “Not sure” in Question 9 above, why not? What do you think the typical CFO lacks? (Can choose multiple.)

Overall: Reasons cited include scope of responsibility, and leadership and communication skills.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million



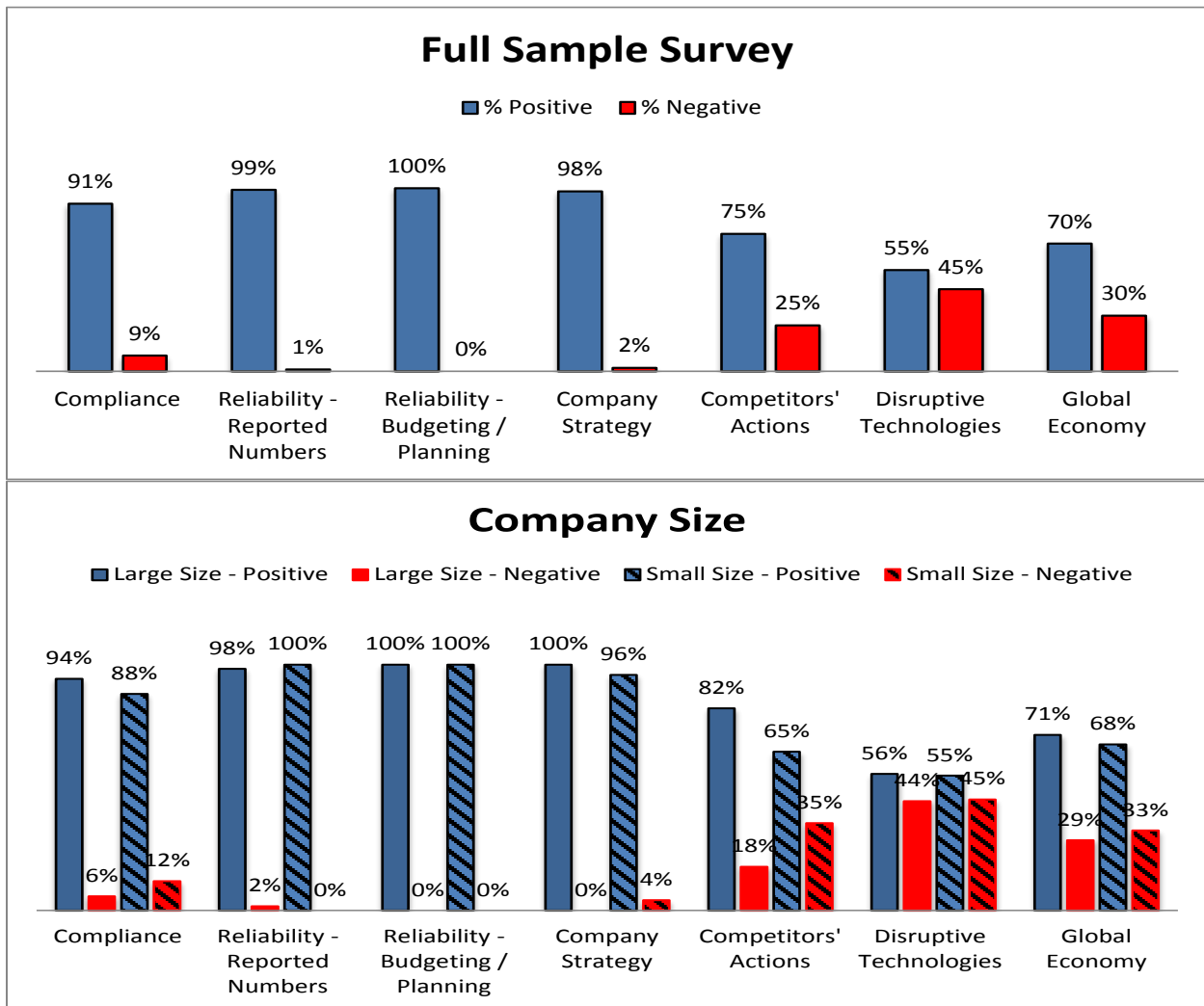


Section II – Your Role as a CFO

II.1. Which of the following factors/issues are the most important in your position?

Overall: Respondents indicated that the most important factors in the role of the CFO are reliable financial reporting (99%), reliable budgeting and planning (100%) and corporate strategy (98%).

Company Size: CFOs from larger companies placed more importance on compliance and competitor actions, likely because they are subject to more regulation, while smaller companies are more at risk due to their relative size.



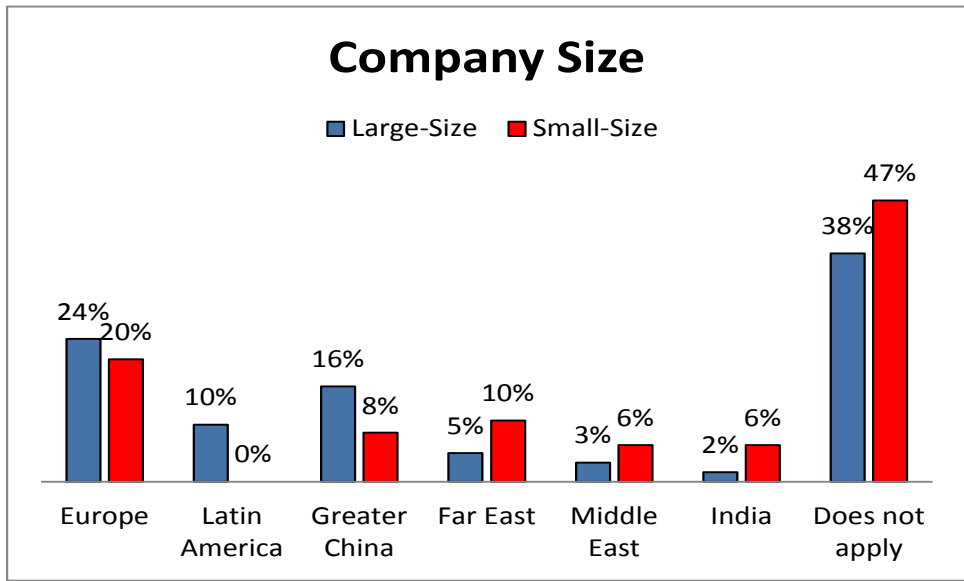
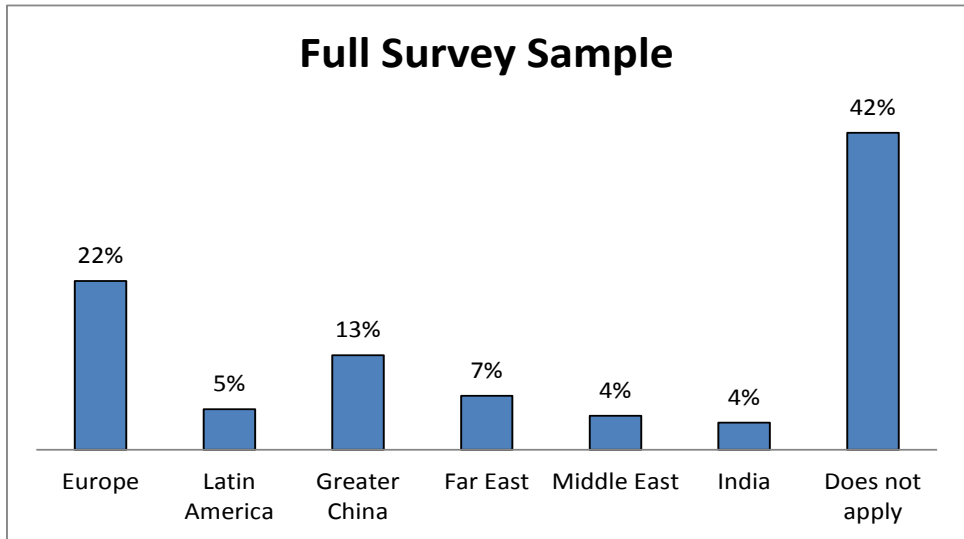
Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Very Much, Reasonably Much
Negative	Not Very Much, Not At All



II.2. Which area outside the United States is most demanding of your time?

Overall: Europe (22%) and Greater China (13%) are the most demanding of U.S. CFOs' time.

Company Size: CFOs from larger companies are more involved in Greater China and Latin America than CFOs of smaller companies.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million

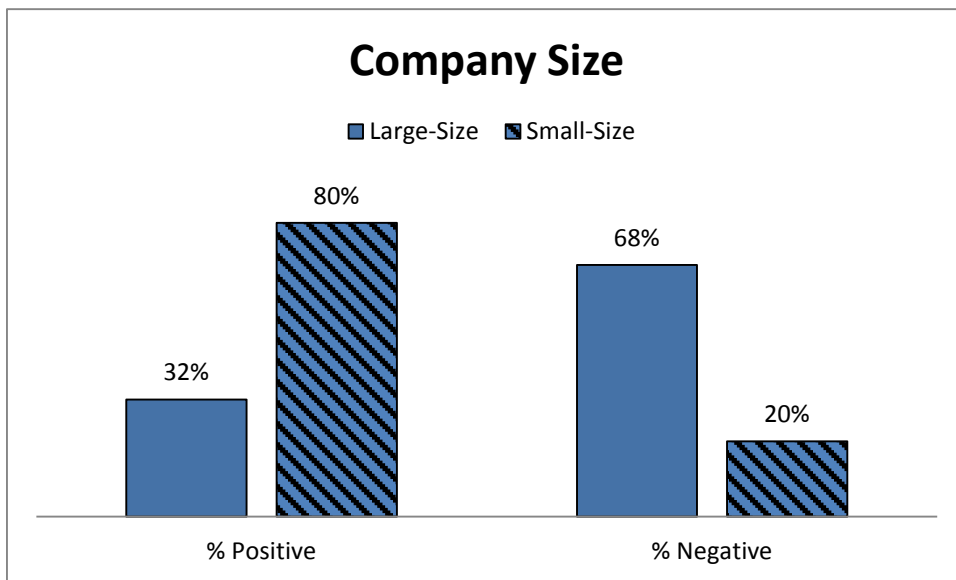
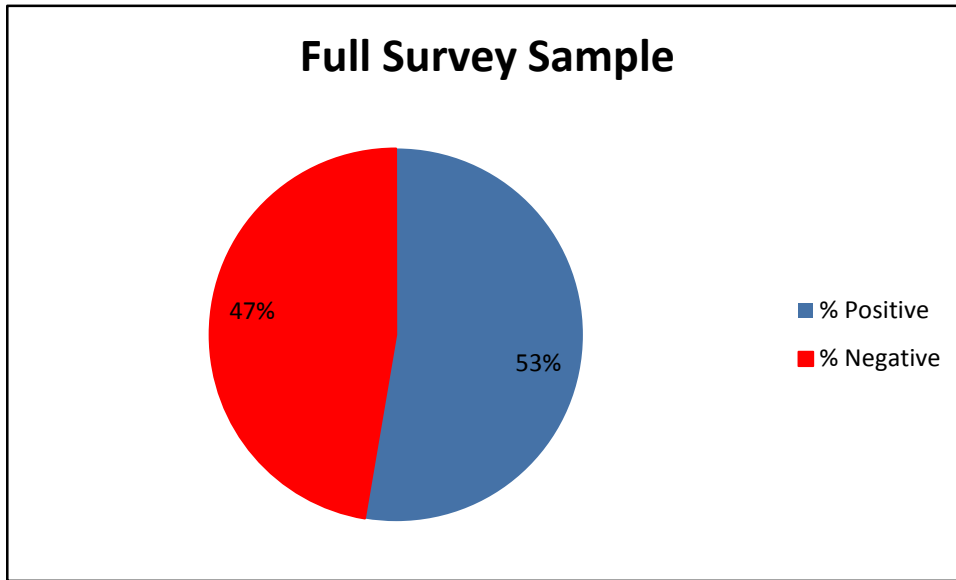




II.3. To what degree have Human Resources functions fallen under your area of responsibility?

Overall: More than half (53%) of respondents indicated that Human Resources reports to the CFO.

Company Size: Smaller-company CFOs play a larger role in the Human Resources function than those of larger companies.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Very Much, Reasonably Much
Negative	Not Much, Not At All

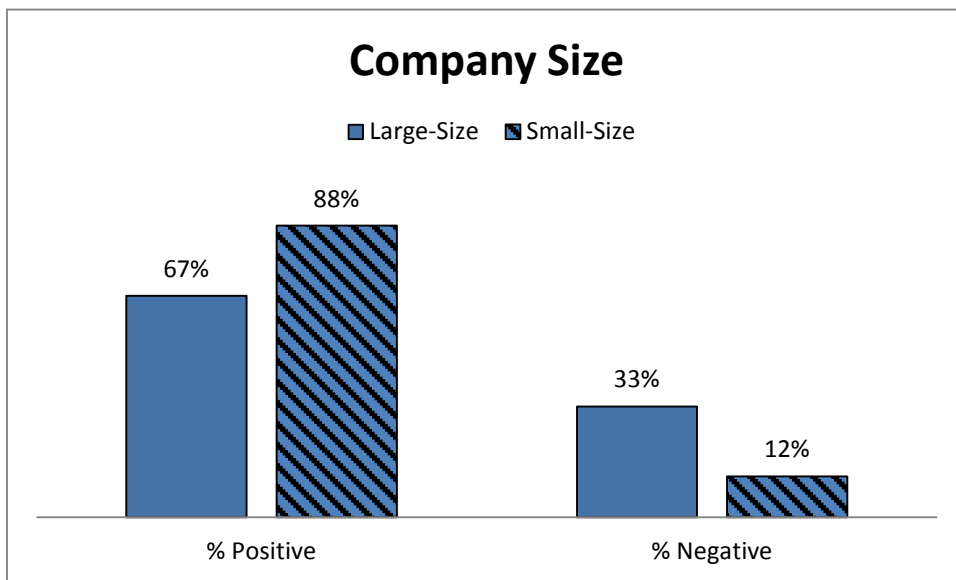
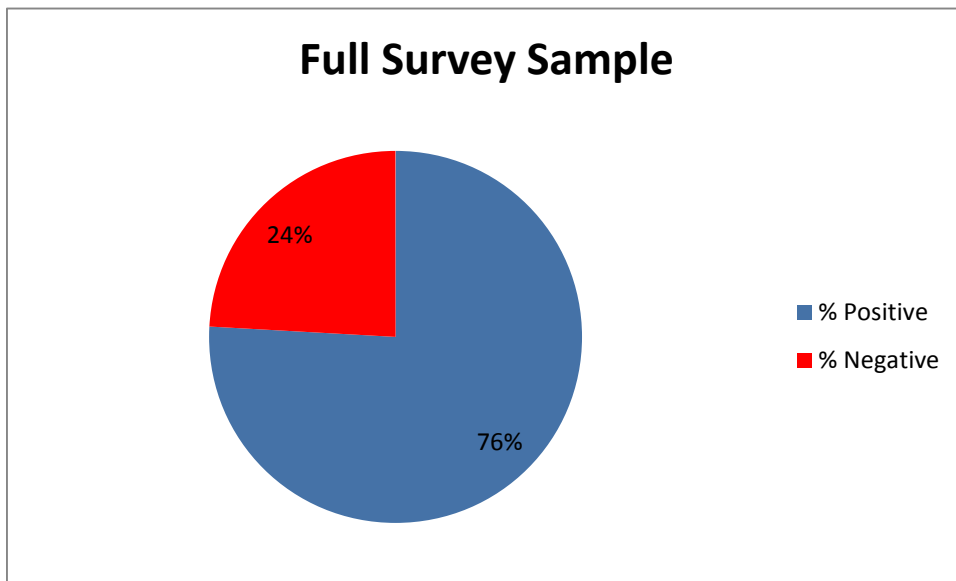




II.4. To what degree have Information Technology functions fallen under your area of responsibility?

Overall: A majority of CFOs (76%) say that Information Technology functions report to them.

Company Size: CFOs from smaller companies play a larger role in the Information Technology function than their counterparts in larger companies.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Very Much, Reasonably Much
Negative	Not Much, Not At All

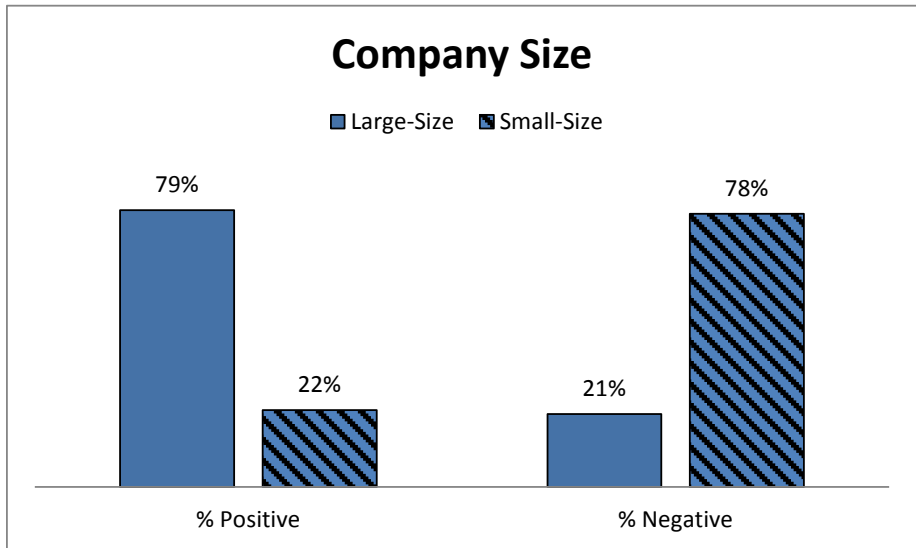
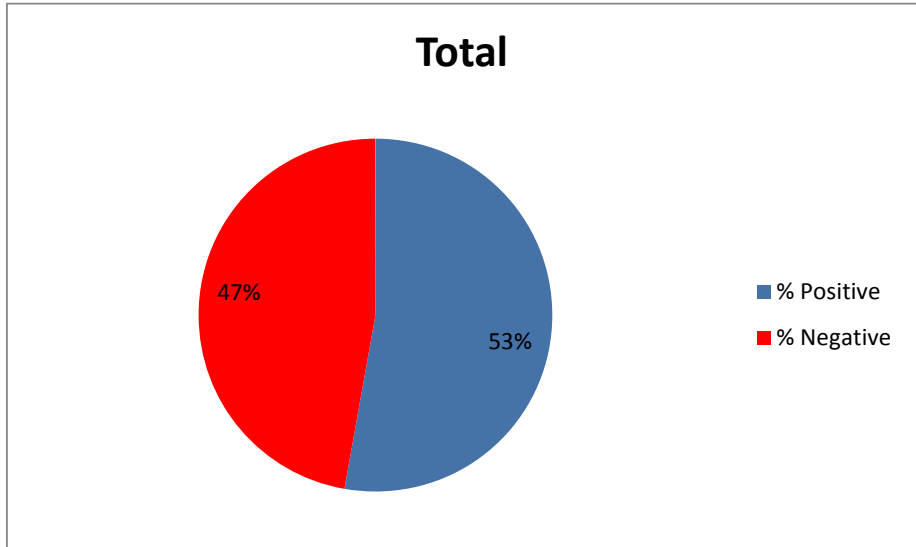




II.5. How well defined is your company's succession plan in case of the departure of one of your C-level executives?

Overall: Only about 53% of respondent CFOs indicated that they have detailed succession plans in place.

Company Size: CFOs from larger companies indicated that they are more prepared with succession plans than CFOs from smaller companies.



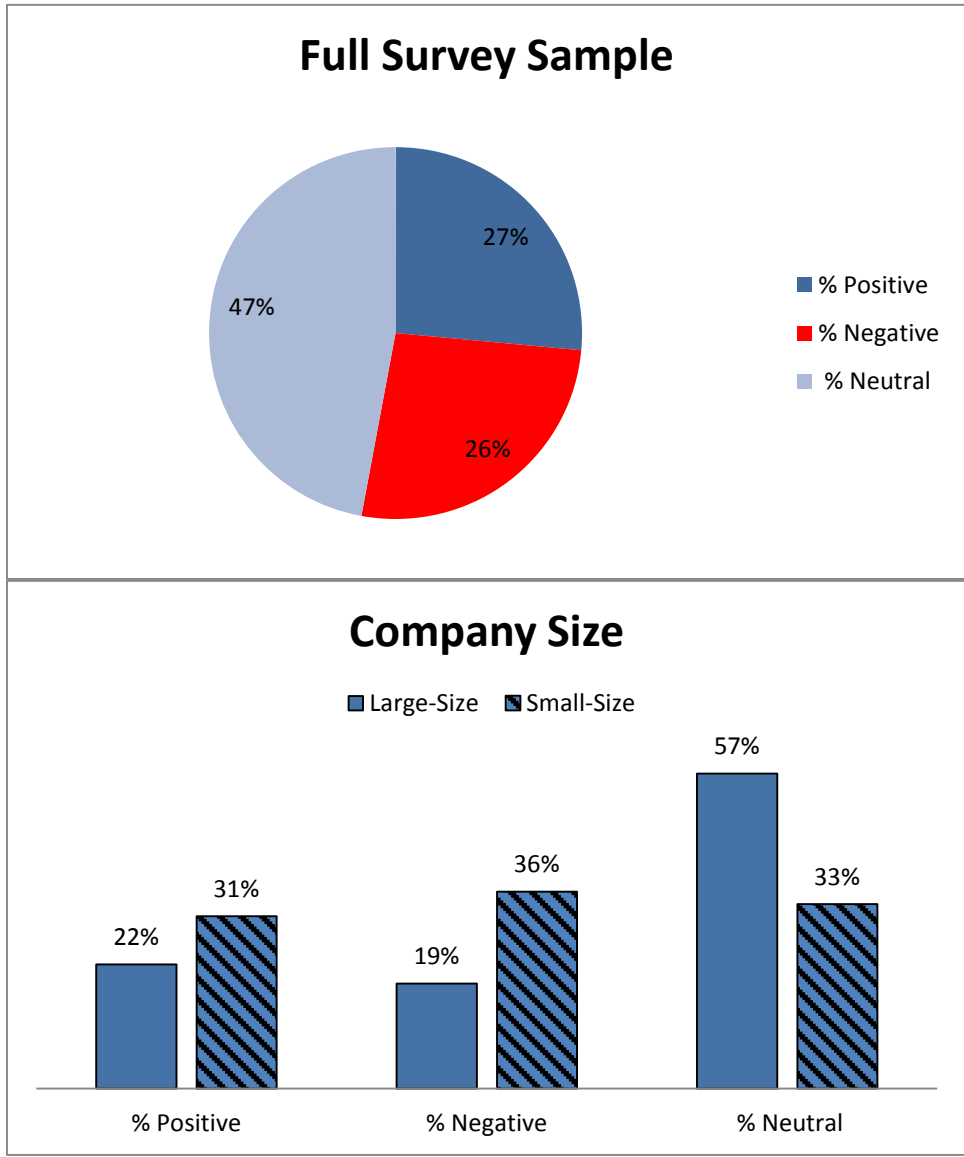
Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Fully Prepared, Somewhat Defined, We Are Planning
Negative	We've Discussed But Not Begun, Not Defined At All





II.6. How much does your company plan to hire or replace key executives in the next 6 months?

Overall: About half of the respondents indicated that their company’s hiring plans in the next six months will remain the same as last year. 27% indicated that they will hire more, and 26% indicated they will hire less. Company size had little impact on responses.



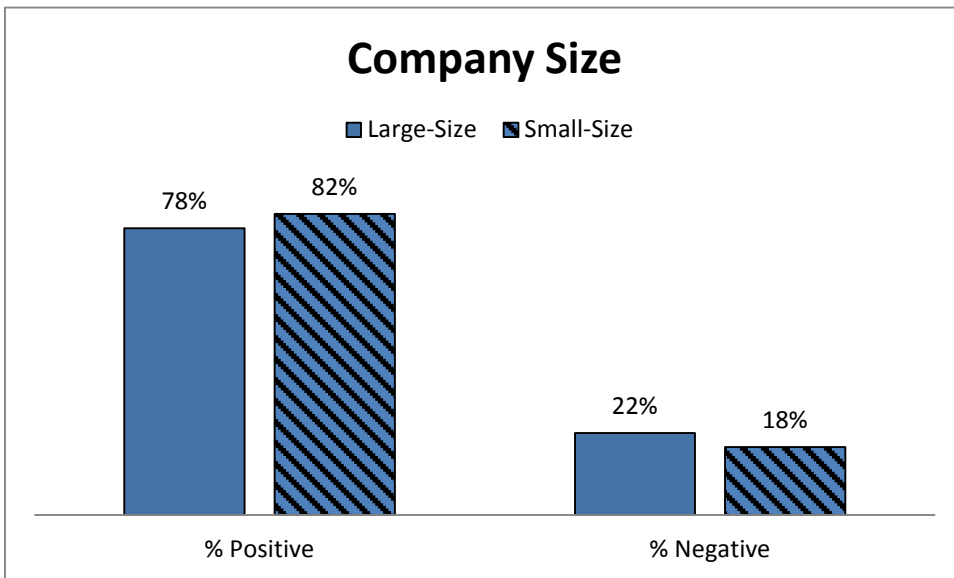
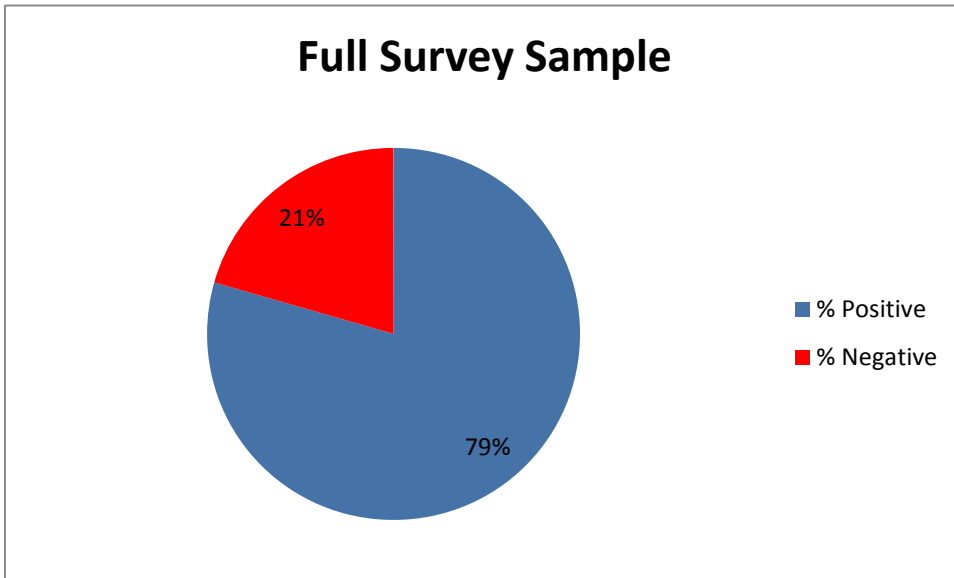
Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Much More Than Last Year, Slightly More Than Last Year
Negative	Much Less Than Last Year, Slightly Less Than Last Year
Neutral	About The Same As Last Year





II.7. Do you think the economy will fare better or worse over the next year?

Overall: The majority of CFO respondents have positive expectations for the economy over the next year. There was no significant difference in responses based on company size.



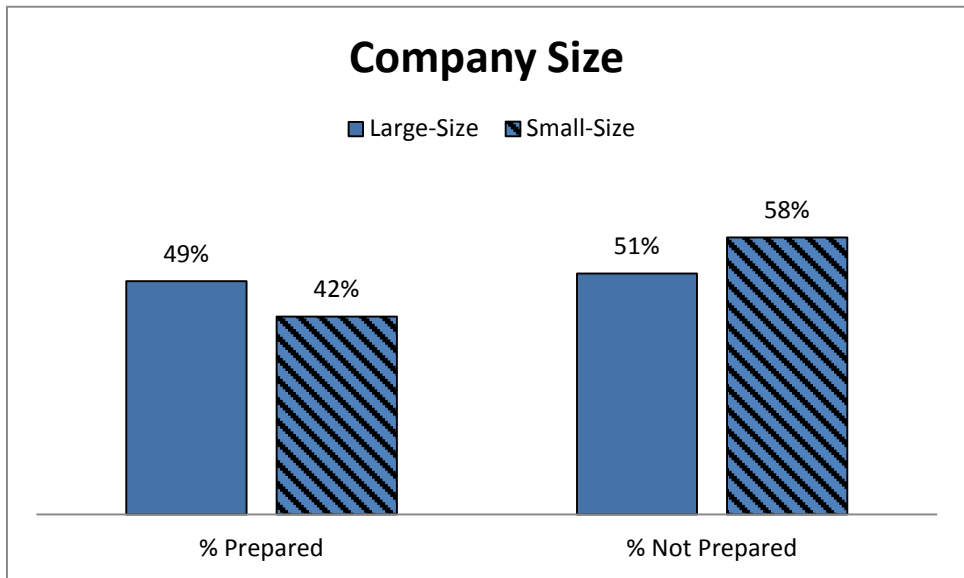
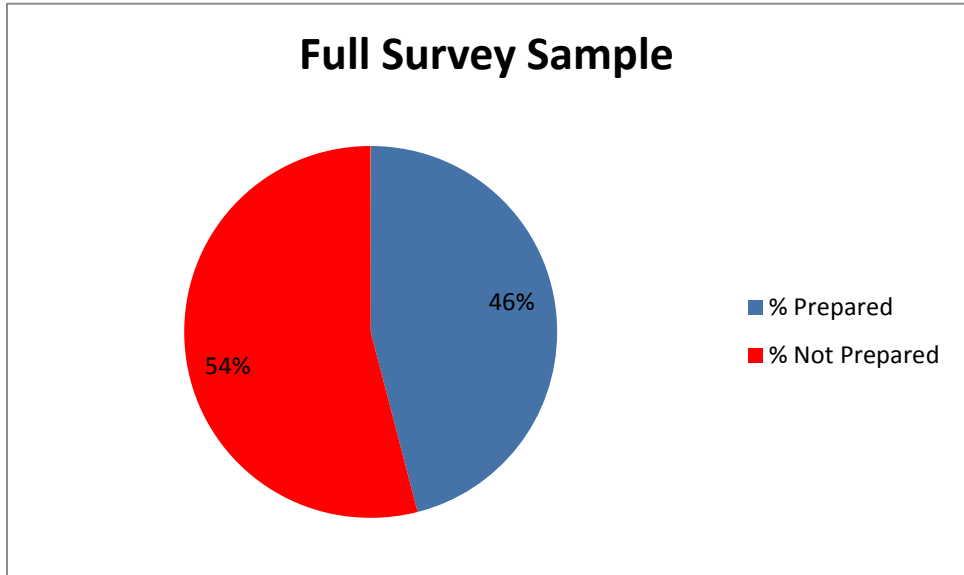
Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Much Better Than Last Year, Slightly Better Than Last Year
Negative	Much Worse Than Last Year, Slightly Worse Than Last Year



II.8. Do you think your company is adequately prepared to manage the risks inherent in employee social networking?

Overall: A little more than half (54%) of respondents feel that they are not prepared to manage the risks inherent in employee social networking.

Company Size: Smaller-company CFOs report that they are less prepared than those of large companies.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million

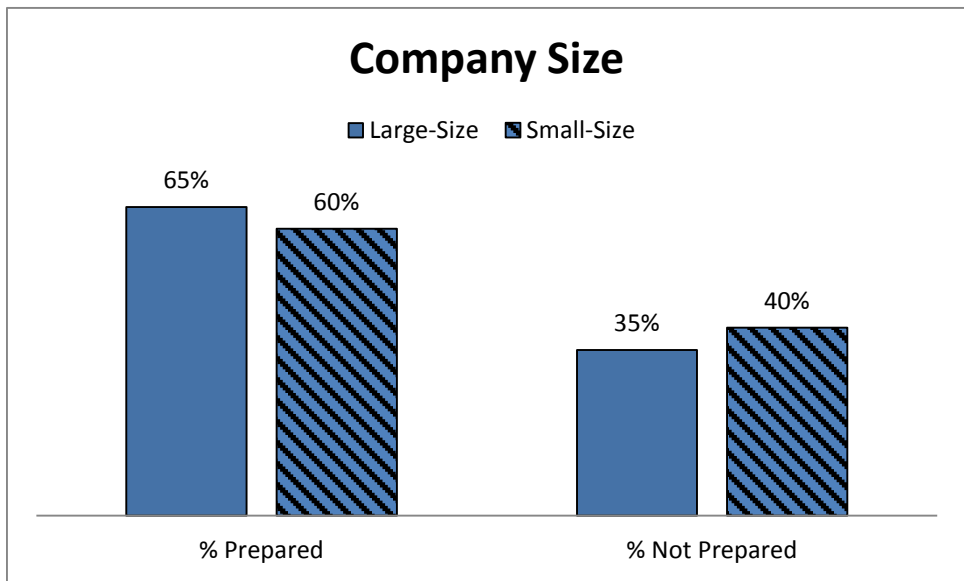
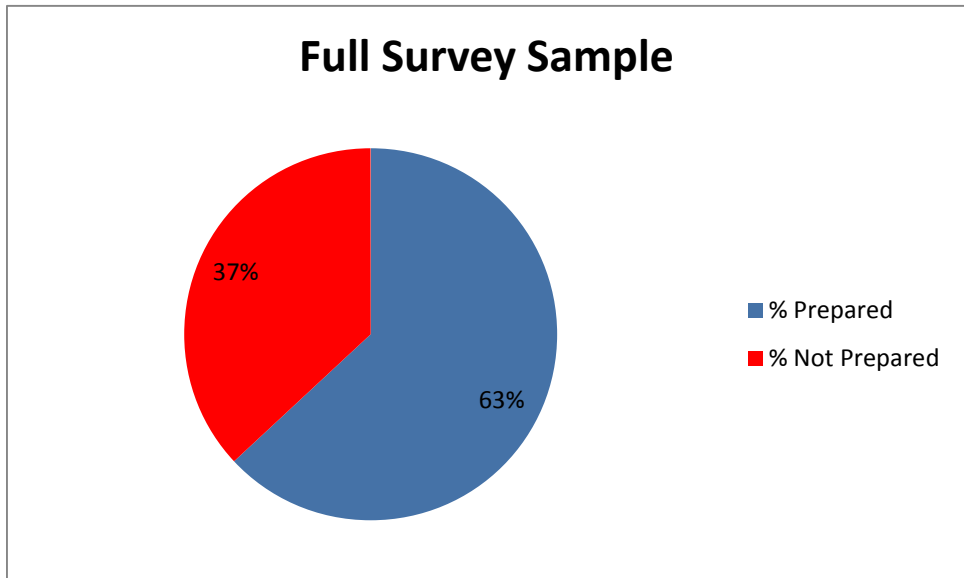




II.9. Do you think your company is adequately prepared to manage the risks inherent in cloud computing?

Overall: More than half of respondents (63%) indicated that they are prepared to manage the risks inherent in cloud computing.

Company Size: Smaller-company CFOs seem to be less confident, likely due to a lower level of cloud security investment and/or infrastructure.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million

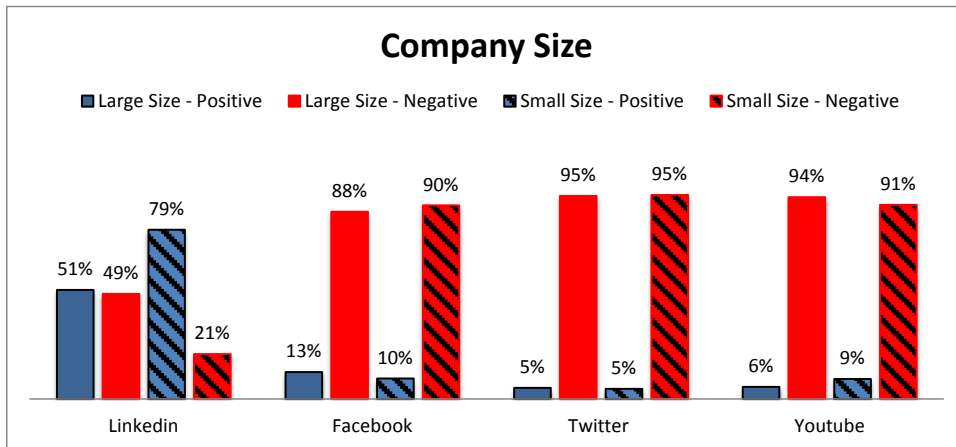
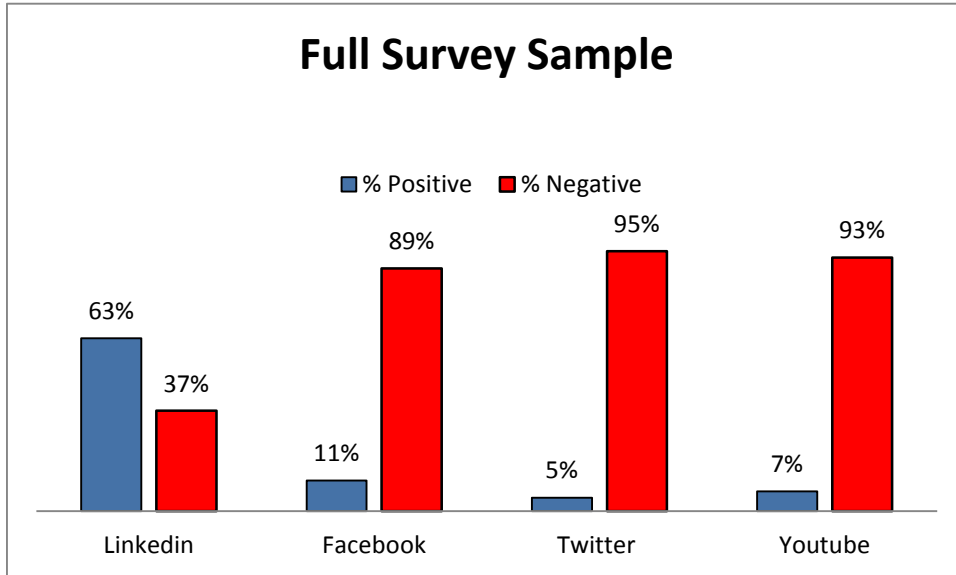




II.10. How much do you value the following social networks in your professional life?

Overall: While a majority of CFOs reported that they find little to no professional value in social networks, LinkedIn has gained the support of nearly two thirds (63%) of the respondents.

Company Size: Over three quarters (79%) of CFOs from smaller companies find LinkedIn useful for their business.



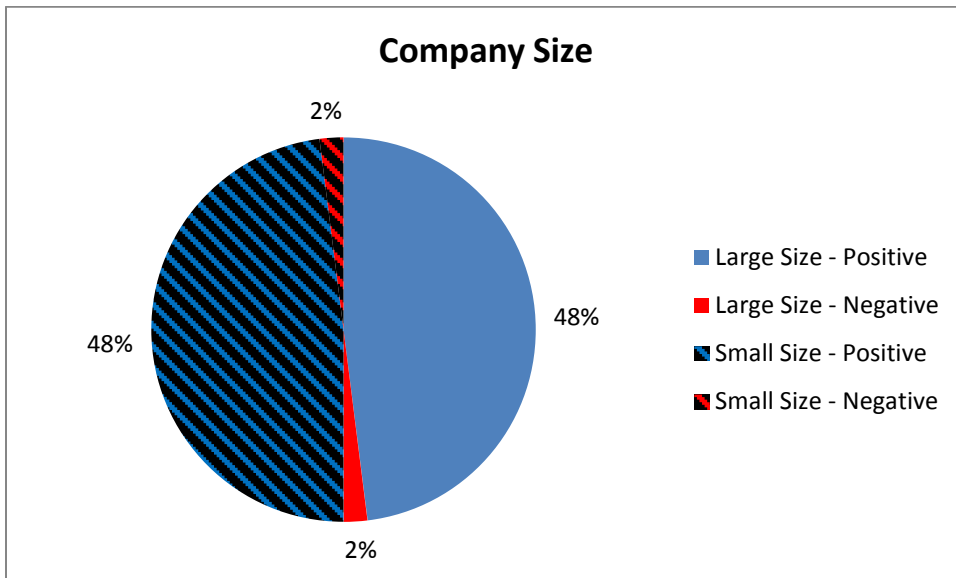
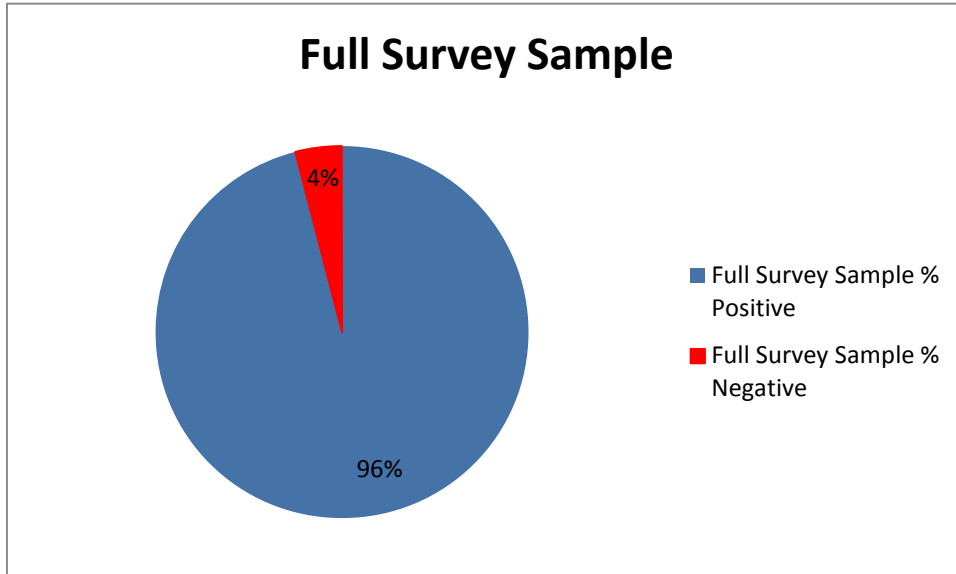
Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Very Much, Reasonably Much
Negative	Not Much, Not At All





II.11. Would you advise others to follow the career path towards CFO?

Overall: Nearly all of the CFO respondents (96%) would advise others to follow the CFO career path. This indicates a high level of job satisfaction among the respondents, regardless of company size.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million
Positive	Very Much, Reasonably Much
Negative	Not Much, Not At All



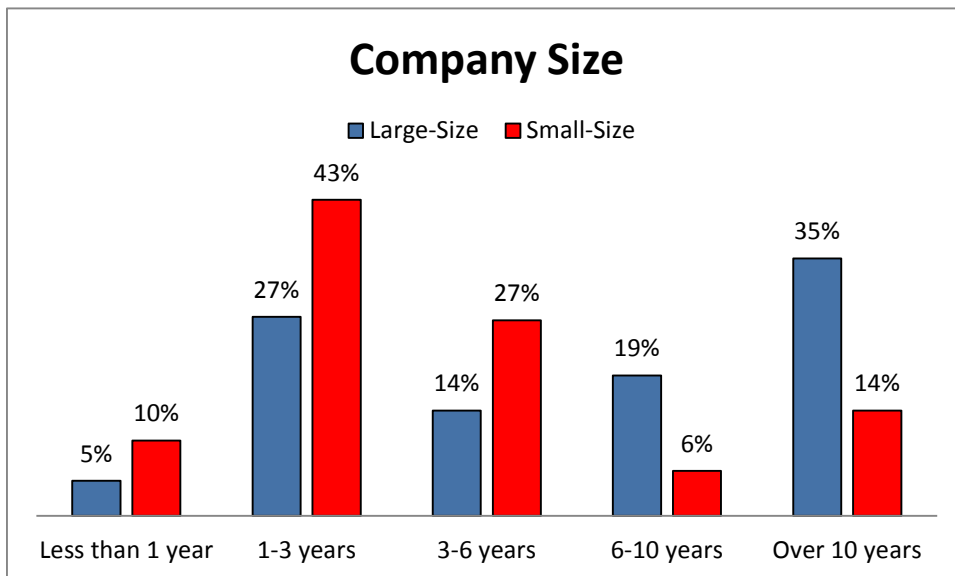
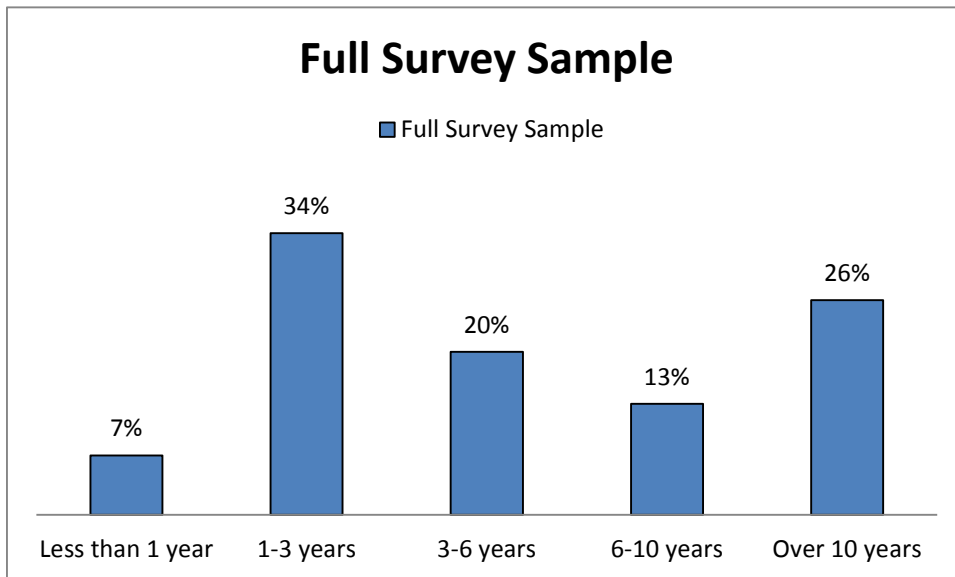


Section III – Demographics

III.1. How long have you been with your current company?

Overall: 34% of the CFOs have been with their company for about 1-3 years, and 26% for over 10 years.

Company Size: Respondents from larger companies have been with their firms for longer than those from smaller companies.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million

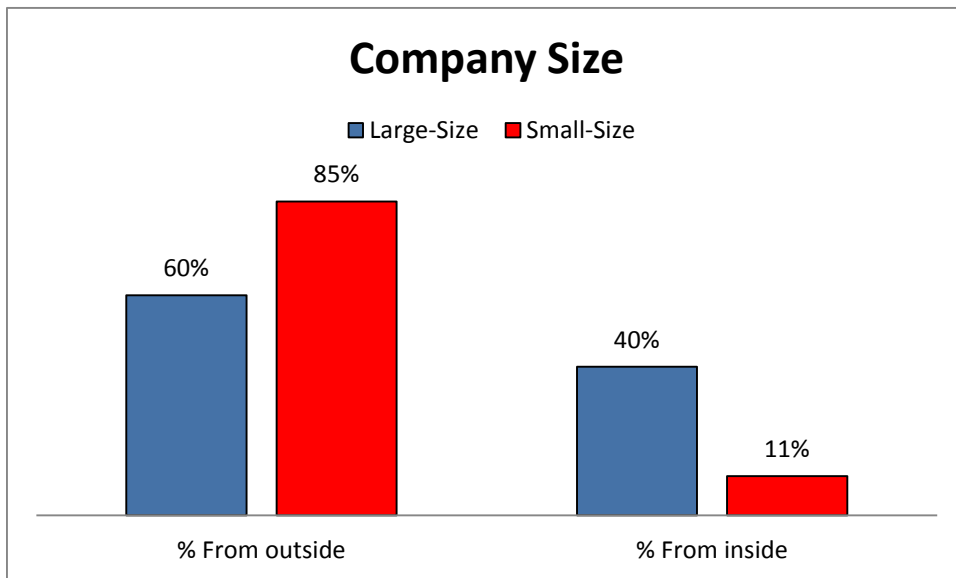
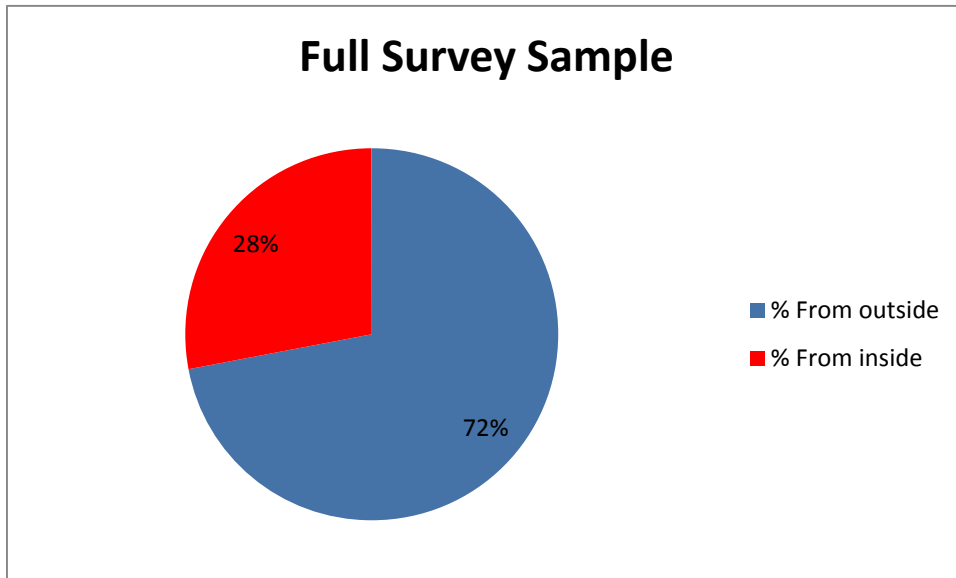




III.2. Were you recruited to the CFO position from outside the company or from within?

Overall: A significant section of respondents (72%) were recruited from outside their company, while only 28% were promoted from within. This suggests that companies are seeking CFOs with more varied exposure.

Company Size: Respondents indicated that smaller companies tend to hire more from outside than do large companies.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million

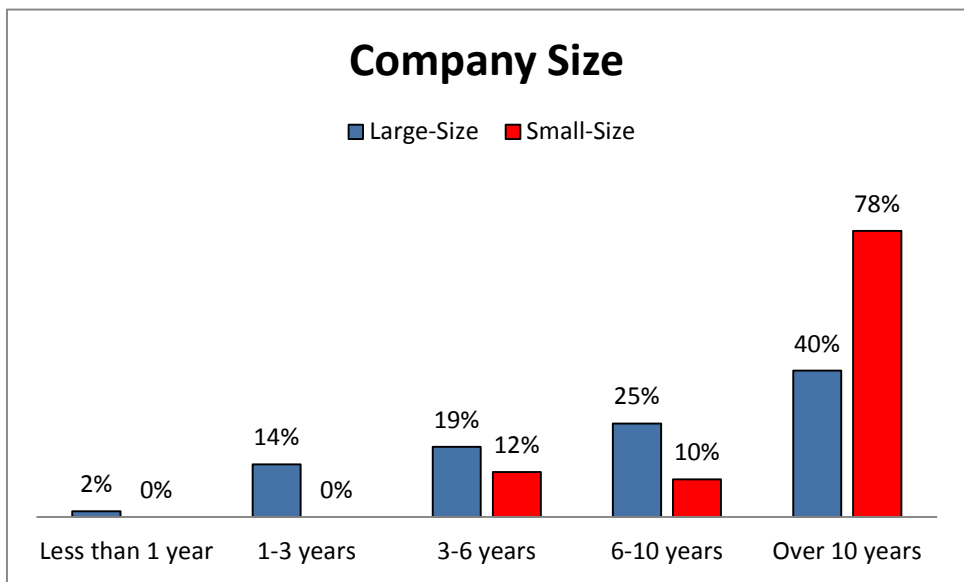
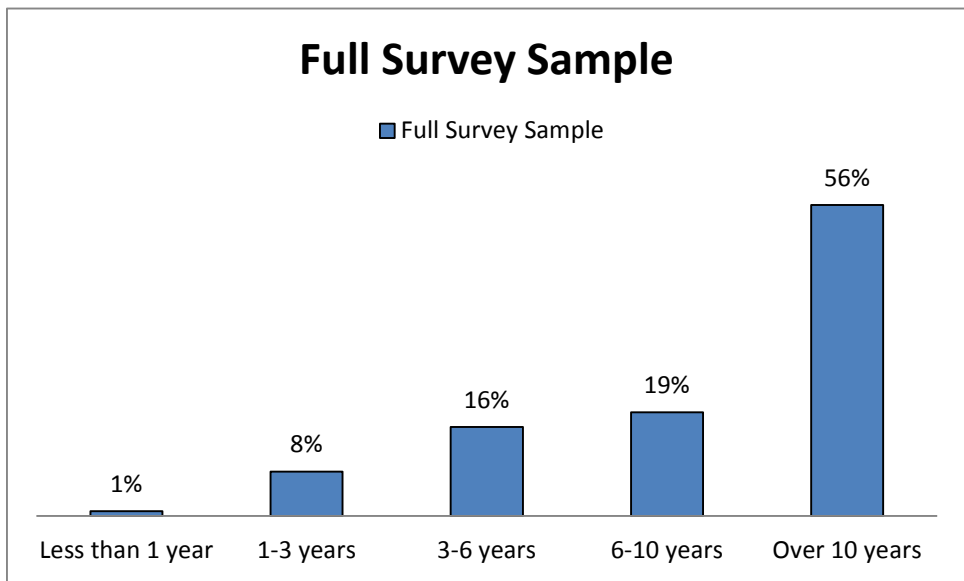




III.3. For how many years in your career have you been a CFO / finance head?

Overall: 75% of respondents have been CFOs for more than 6 years, while 56% of respondents have been CFOs or finance heads for over 10 years.

Company Size: About 78% of respondents from small companies have been CFOs for over 10 years.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million

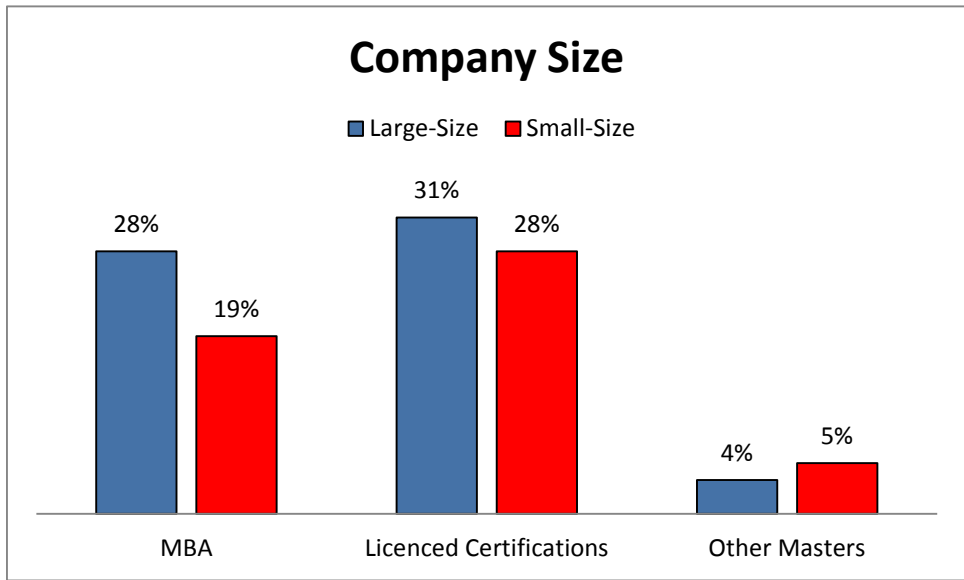
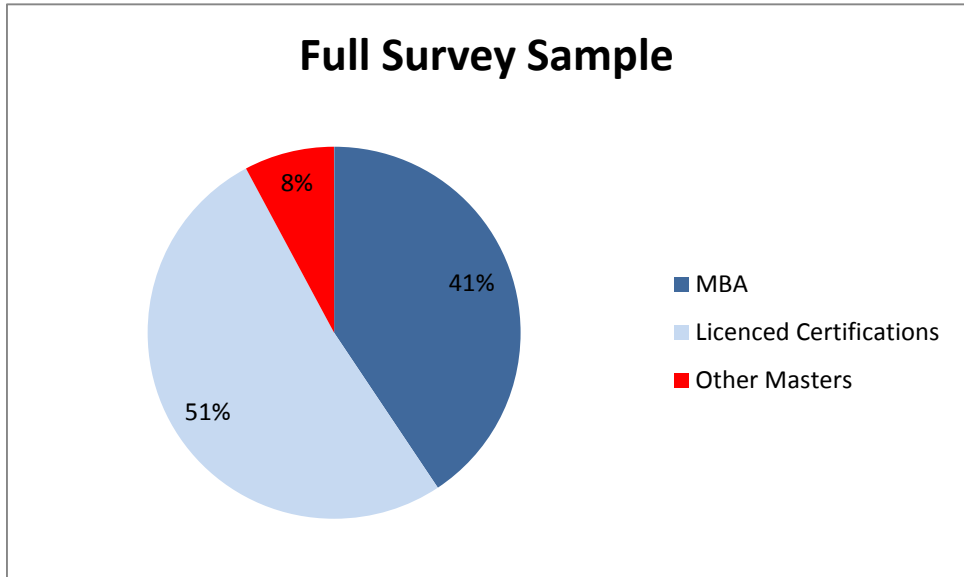




III.4. Which of these degrees/certifications do you hold? (Can choose multiple)

Overall: About half of respondents possess licensed certifications, and 41% have an MBA.

Company Size: Relatively more CFOs of large companies have an MBA than those of smaller companies.



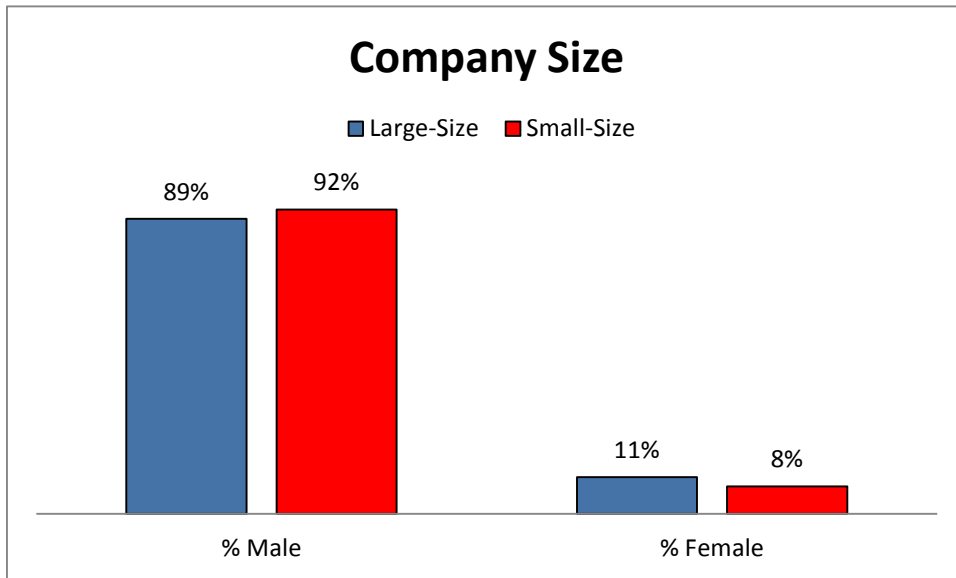
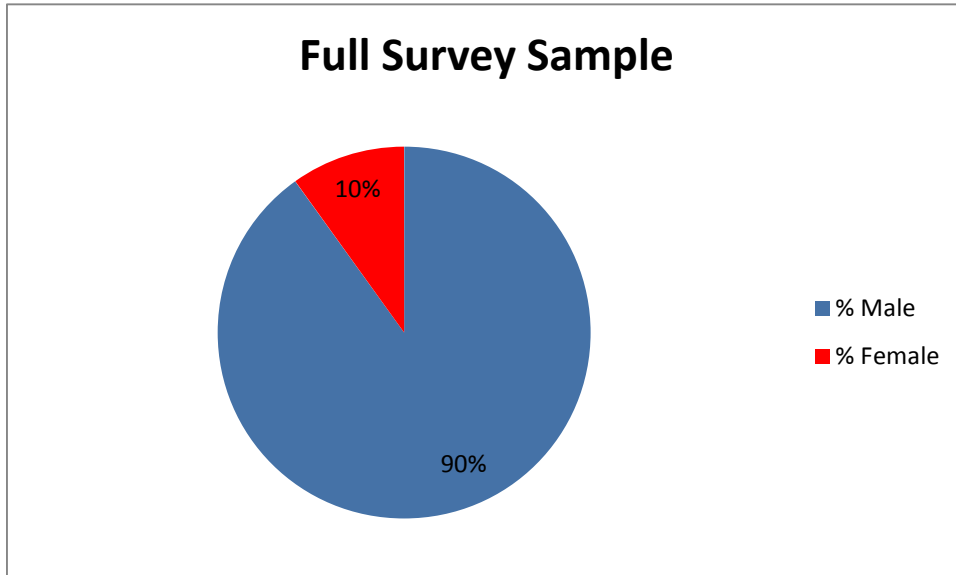
Large-Size	Over \$500 Million
Small-Size	Under \$500 Million



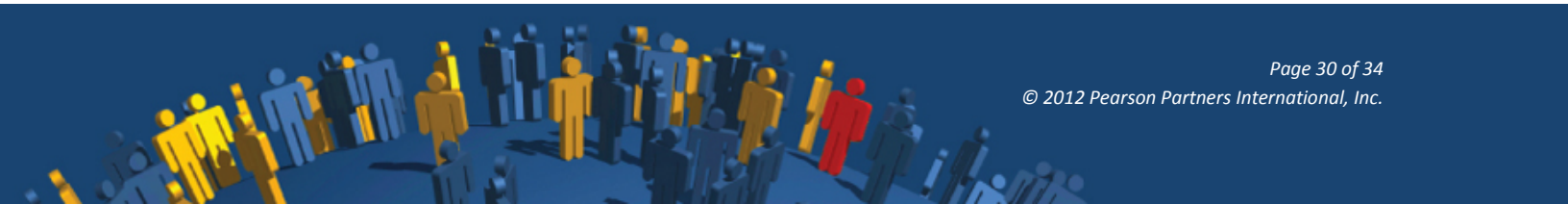


III.5. Gender

Overall: Only 10% of CFO respondents are female, with little difference according to company size.



Large-Size	Over \$500 Million
Small-Size	Under \$500 Million

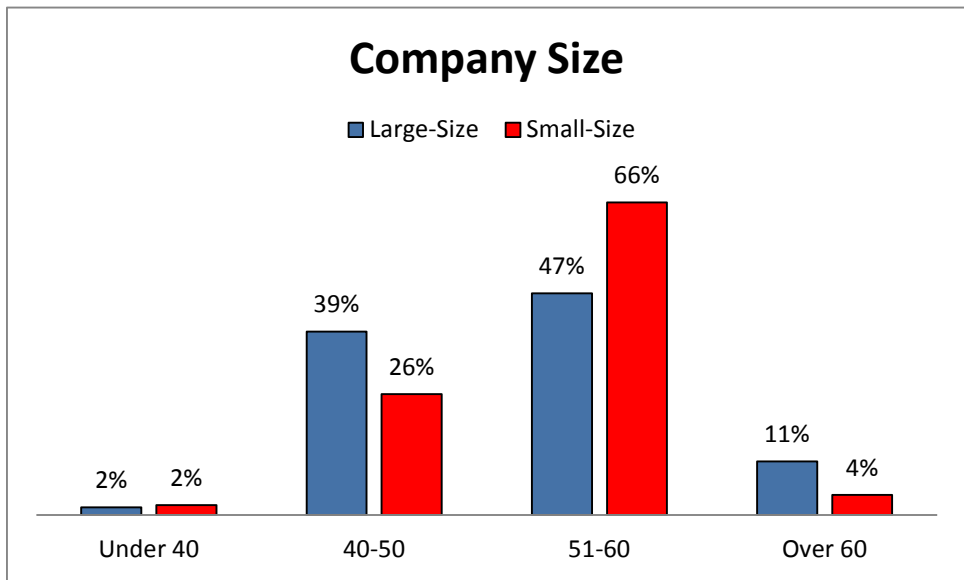
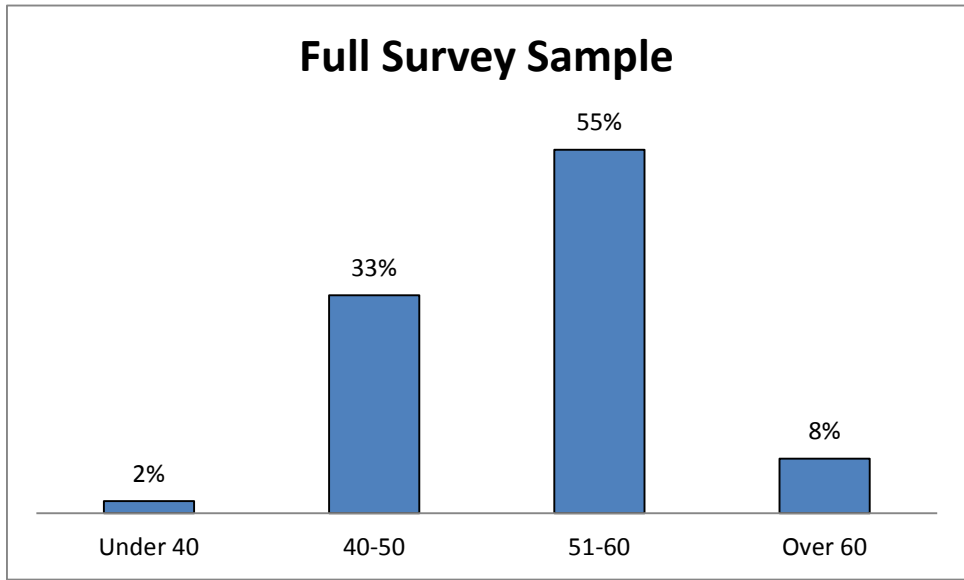




III.6. Age Range

Overall: Well over half (60%) of CFO respondents are over age 50.

Company Size: It is interesting to note that CFOs of larger companies tend to be younger than those of smaller companies.

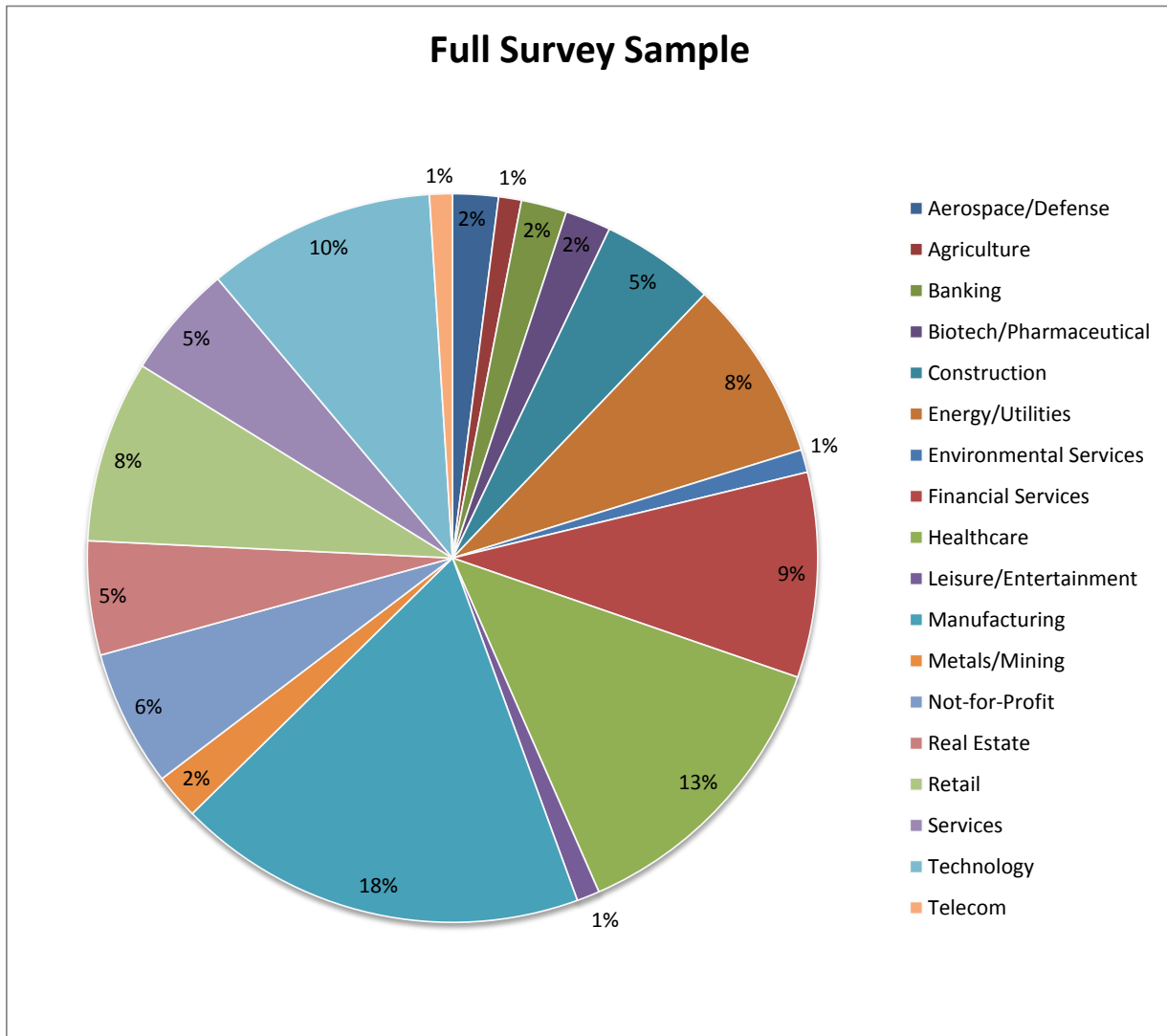


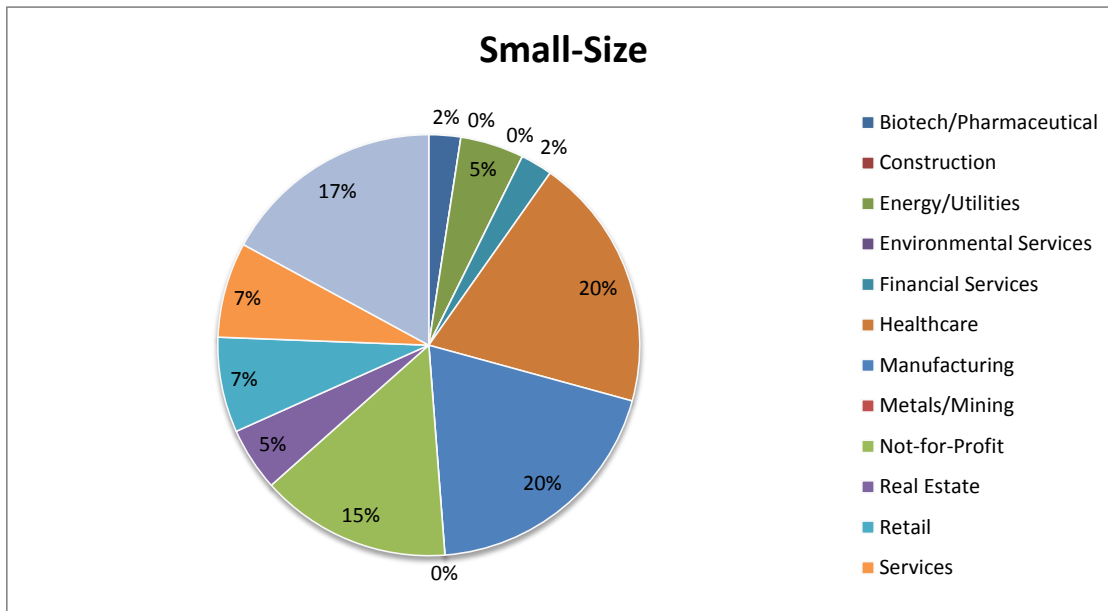
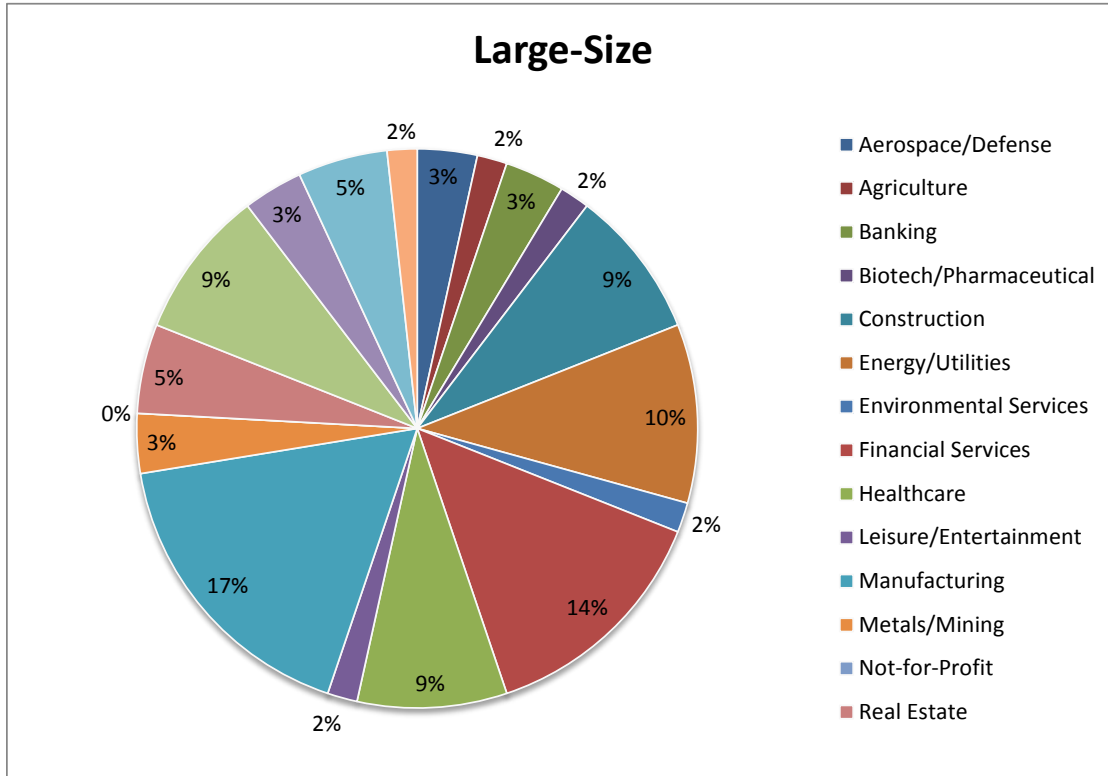
Large-Size	Over \$500 Million
Small-Size	Under \$500 Million



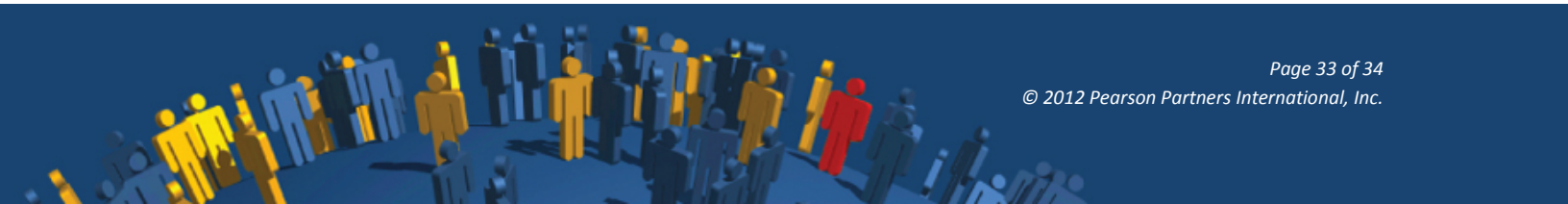


III.7. Industry Distribution





Large-Size	Over \$500 Million
Small-Size	Under \$500 Million





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