

CFOs – twice as mobile as General Counsel

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The 2014 figures are in and the contrast is stark: there were 18 CFO moves in the UK, compared to just seven among General Counsel. Why such disparity between the turnover of the CEO’s two most senior executives?

The answer is, in part, down to improving economic conditions. With the UK expected to record the fastest growth rate in the G7 in 2014, the business agenda has moved away from control and towards growth. CFOs tend to have their own specialist areas: some are experts at controlling costs, others excel when it comes to capital allocation and spending. The qualities demanded of General Counsel, by contrast, are far less dependent on fluctuations in the economic cycle.

Yet whatever the business climate, the position of the CFO is also much more sensitive to a change at the top of the organisation. In fact, our research shows that some 60% of CFOs change with a new CEO, evidence of how much importance is placed on the two roles working closely in tandem to implement a new management philosophy. The General Counsel, on the other hand, rarely moves on with a change in top management – often being seen instead as something of a custodian of the company, charged with leading the transition and bedding in the new CEO.

Hedley May – Functional Excellence

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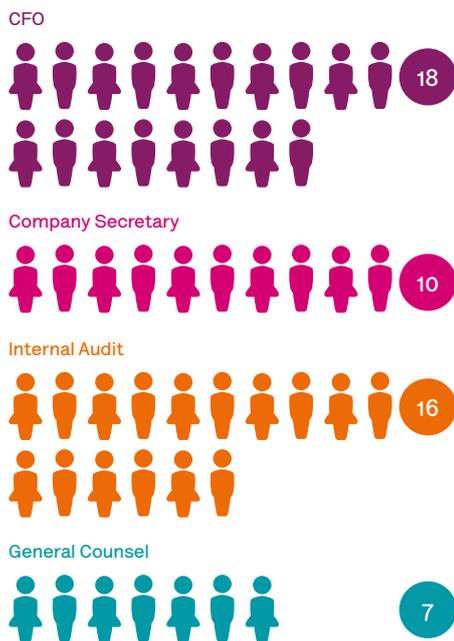
CFO and GC appointments 2008 to 2014

Out of the Legal, Governance and Risk appointments in 2014, CFOs accounted for 28%, compared with General Counsel at 14%. Since 2008, CFO hiring has increased by 14%, whilst General Counsel hiring has dropped to a low of -4%.

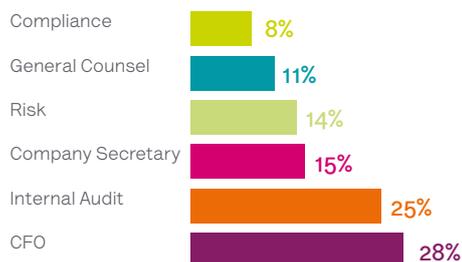


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FTSE 100 appointments 2014



% 2014 appointments by role type



2008 to 2014 % growth rate in roles



CFOs – progressing to become CEO

The upside of all this movement for CFOs is that they are very much in demand at the moment and have no shortage of options. What's more, unlike the role of General Counsel – which tends much more to be a final career destination – progressing to become CEO is a distinct possibility. But as is always the case, greater potential rewards also mean greater risk. Though the phone is ringing off the hook the news isn't always good; the buck often stops at the CFO's door, credit and blame alike. The General Counsel may get fewer phone calls but, as illustrated by a longer average tenure, also lives a lower-risk existence as the safe pair of hands entrusted with preserving institutional memory.

The crucial point is that, both in terms of the head of the company and the wider economic climate in which it operates, change tends to beget change for the CFO, whereas for the General Counsel it usually doesn't.

CFO

- 29 appointments in 2014 including Cable & Wireless Communications, Informa, Kier Group and Serco. A further eight appointees have started or are due to start imminently in 2015.
- Of these appointments, 20 were filled by externally hired candidates.
- Four organisations have a search out or an interim in post.
- Index at **RED**.

General Counsel

- 15 appointments including Halfords, JLT, Laird, Serco and TSB. Of those, five organisations also had a new CEO in 2014 or 2013. Two of these also changed or are currently changing their CFO.
- 13 of these searches resulted in an external candidate being hired.
- Five FTSE 100 and two FTSE 250 companies currently searching for a new General Counsel.
- Index at **AMBER**.

Company Secretary

- 11 appointments including Domino's Pizza, FirstGroup and Ladbrokes.
- Five companies hired their successful candidate from the external market.
- Four searches out in the FTSE 100 which will likely spark future changes in the FTSE 250.
- Index at **AMBER**.

Internal Audit

- Nine new appointments including Amlin, Millennium & Copthorne Hotels and Petra Diamonds and a further eight that left the role during 2014 and have not been replaced.
- In eight instances a change in Head of Internal Audit can be linked to a change in CFO.
- Half of all appointments were external.
- Index at **GREEN**.

Key

RED: Significant hiring activity. Real competition for talent and pressure on remuneration.

AMBER: Hiring activity in line with trend. Normal retention risk and remuneration movements.

GREEN: Below trend hiring activity. Little competition for talent in the market.