SpencerStuart

Argentina CFO Route to the Top

When we recruit for the CFO position, clients often ask whether the candidate has previous experience in the position, and which industries we should consider. This study is intended to answer these and several other important questions, as well as offer general guidelines around the CFO's route to the top in Argentina.

Over the past 10 years, Spencer Stuart has analyzed the background and demographics of CFOs of the largest and most important companies in the United States, Europe and Asia. This is the first time we've studied the CFO route to the top for executives in Latin America.

We have performed a rigorous analysis of the careers of CFOs at leading companies in Argentina to better understand what has prepared them for the leadership positions they now occupy. This report pays particular attention to CFOs' functional experience, their academic background and the difference in profiles between internal and external hires.

EXECUTIVE SUMMARY

» Gender: 95% men/5% women

» Average age: 50 years old

» Country of origin: 95% of CFOs in Argentina are local

» Average tenure: 6.3 years

» Internal vs. external: 62% are internal hires

GENDER DIVERSITY REMAINS AN ISSUE

The percentage of woman among Latin American CFOs is extremely low, and Argentina is no exception — only 5% of Argentine CFOs are female. In other words, there are only two female CFOs in the Merval 25. By comparison, 13% of all Fortune 500 CFOs, 8% of Latin-American CFOs and 6% of European CFOs are women.
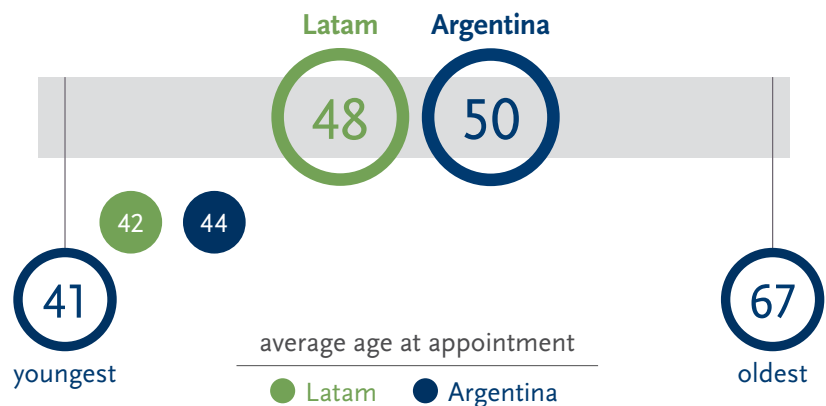
While Latin American gender diversity is low, we anticipate this trend will change over the next several years as our clients are increasingly focusing on female talent when hiring.

95% of all CFOs are men

CFOS IN ARGENTINA ARE OLDER THAN IN LATIN AMERICA

The average age for CFOs in Argentina is 50, two years older than the typical Latin American CFO age of 48. In Argentina, CFOs were typically about 44 when appointed to their current position, also two years older than the Latin American average. European companies tend to hire CFOs in their mid-40s and Fortune 500 companies hire executives who average 50 years old.

Latam   **Argentina**

48   50

42   44

41   youngest

67   oldest

average age at appointment

● Latam   ● Argentina

## CFOS HAVE HELD THEIR CURRENT POSITION FOR MORE THAN 6 YEARS

CFOs in Argentina have an average tenure of 6.2 years, and there is a notable difference between the tenure for internally appointed CFOs (5.1 years) and their externally hired counterparts (8.1 years). By comparison, CFOs in the United States have an average tenure of 5.7 years, and UK CFOs average 4.9 years.

NEARLY ALL CFOS IN ARGENTINA ARE FROM THAT COUNTRY

Ninety-six percent of all CFOs are Argentine, which is a higher percentage of homegrown talent than among Latin American (86%) and European CFOs (almost 90%).

NEARLY 2/3 OF ARGENTINE CFOS ARE INTERNAL PROMOTIONS

When appointing their current finance leader, 61% of the companies we analyzed promoted internally and did not choose someone with proven experience to be CFO. By comparison, 69% of Fortune 500 CFOs, 68% of Latin American CFO hires and 54% of European CFOs are internal promotions.
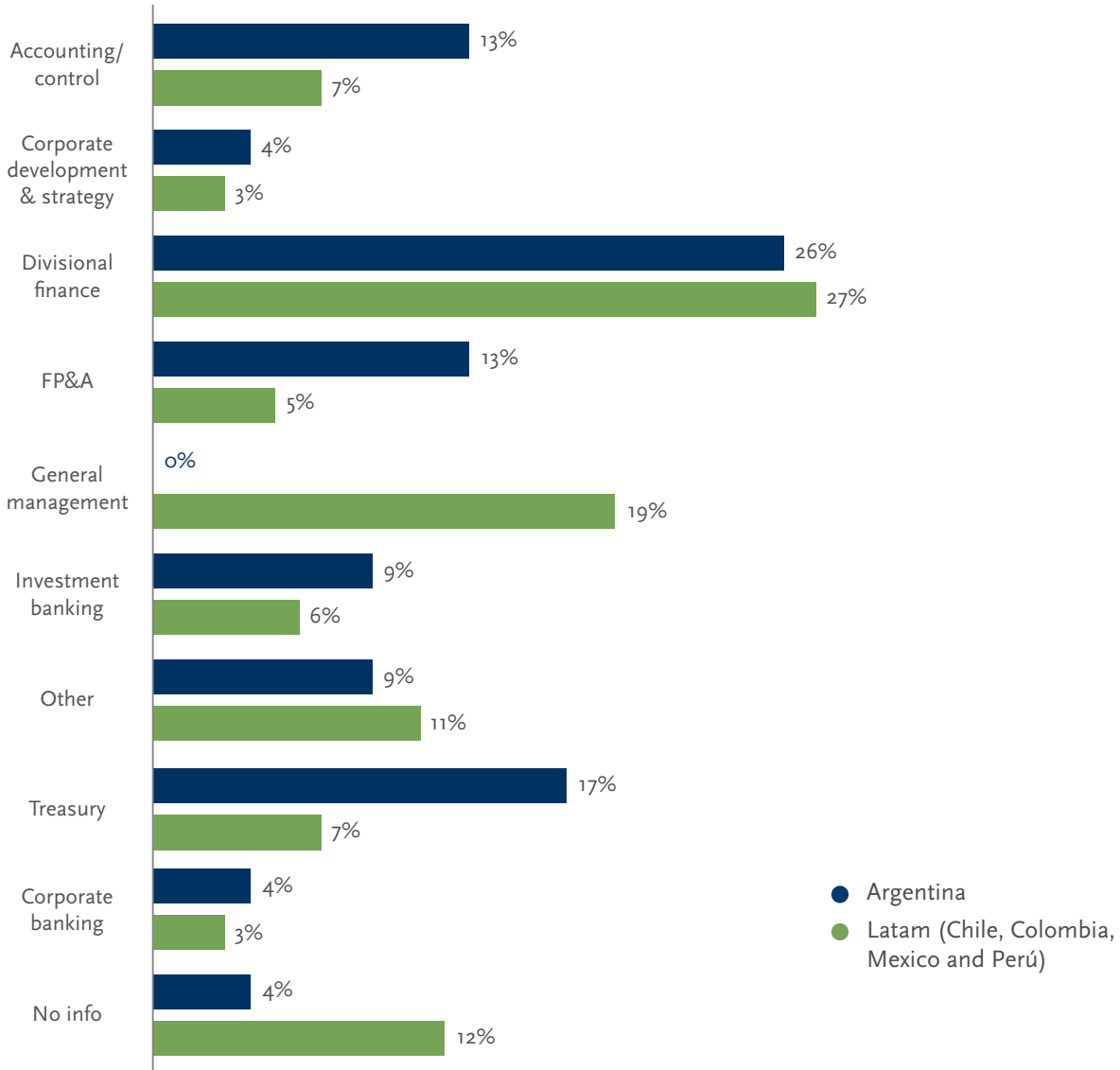

● Internal (61%)

● External (35%)

● No info (4%)
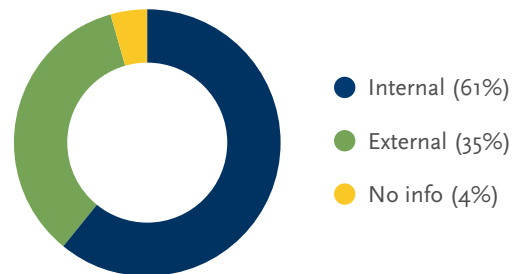
MOST EXTERNAL HIRES HAVE PREVIOUS CFO EXPERIENCE

When appointing their current finance leader, the majority of the companies promoted internally and did not choose someone with proven CFO experience. But when hiring externally, 63% of the hires had previous experience as CFO. Only 22% of the current CFOs had previous experience in the position in other companies.

ROUTE TO THE TOP

The most common primary routes to the CFO role are divisional finance (26%) and treasury (17%). The route up represents the function or discipline in which the CFOs spent the most time in their careers before assuming the top role.

Category	Argentina	Latam (Chile, Colombia, Mexico and Perú)
Accounting/control	13%	7%
Corporate development & strategy	4%	3%
Divisional finance	26%	27%
FP&A	13%	5%
General management	0%	19%
Investment banking	9%	6%
Other	9%	11%
Treasury	17%	7%
Corporate banking	4%	3%
No info	4%	12%

● Argentina
● Latam (Chile, Colombia, Mexico and Perú)

MOST ARGENTINE CFOS STUDIED ACCOUNTING

All Merval CFOs have a bachelor's degree. Broken down by major, 43% studied public accounting and 30% majored in business administration. Accounting was also the most popular course of study in Mexico, but more CFOs in other Latin American countries tended to major in business administration or engineering.
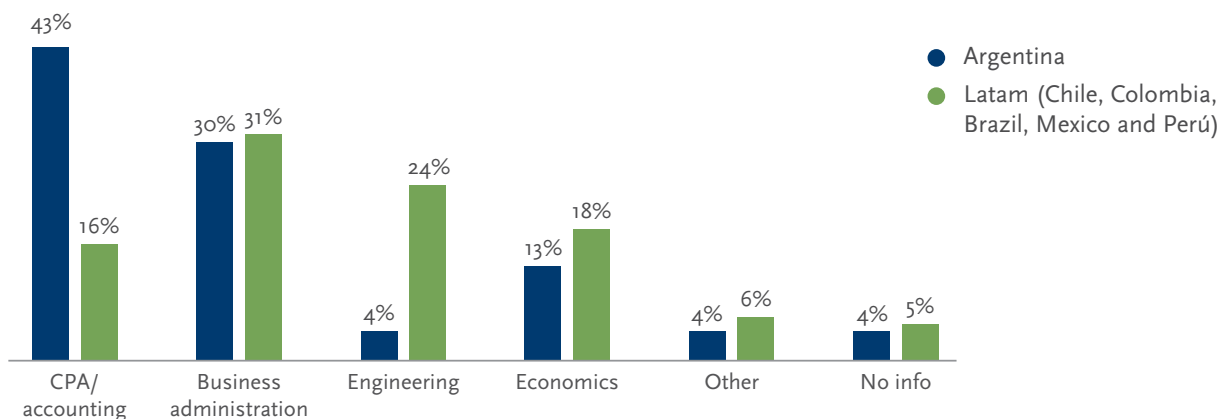
In Argentina, nearly three-quarters of the CFOs (73%) studied at Universidad de Buenos Aires or Pontificia Universidad Católica de Argentina.

	Argentina	Brasil	Chile	Colombia	México	Perú	Latam
Academic background*							
Accounting (CPA)	**45%**	12%	8%	10%	29%	12%	19%
Business administration	**35%**	34%	44%	35%	17%	47%	35%
Engineering (civil, industrial, systems, etc)	**5%**	23%	33%	30%	27%	18%	23%
Economics	**10%**	20%	8%	15%	16%	23%	15%
Other	**5%**	7%	4%	10%	4%	0%	5%
No information	**0%**	5%	3%	0%	6%	0%	2%

*Percentages may not total 100% due to rounding.

Sixty-three percent of all CFOs have a post-graduate degree. Within that group, 80% studied in Argentine universities (mainly in CEMA and IAE) and 20% studied abroad.

METHODOLOGY

For this report, Spencer Stuart conducted research during the first quarter of 2018 into the background and career trajectory of 592 CFOs serving the top companies in six leading indexes:

» **Argentina:** Merval 25 (25 companies)

» **Brazil:** Bolsa, Mais, Mais-Nivel 2, Nivel 1, Nivel 2 and Novo Mercado (373 companies)

» **Chile:** IPSA (40 companies)

» **Colombia:** Colcap (20 companies)

» **México:** México IPC (116 companies)

» **Perú:** Perú Select (17 companies)

This study is the first detailed analysis of the career path of Latin American CFOs, their academic and professional background, internal and external hires, nationality, gender and tenure, among other variables.

Our research goes beyond public information; rather, we have studied each individual's background since the beginning of their careers. This has enabled us to identify patterns and determine what experience is relevant for potential CFOs. This study concentrates on career histories for executives prior to being appointed CFO — specifically for the companies that are part of Merval.

Merval is the main index of the Buenos Aires Stock Market Exchange. The selection criteria for these stocks is based on the volume traded and the number of transactions in the last six months. The rebalancing of the Merval is done quarterly.

B3 - Bovespa Mais, Bovespa Mais Nivel 2, Novo Mercado, Nivel 2 and Nivel 1 were created in order to develop the Brazilian capital market. To make this index, it was necessary to have segments suitable for the different company profiles. All of these segments are valued by differentiated corporate governance rules. These rules correspond to the companies' obligations under Brazilian corporate law and are intended to improve the evaluation of those that voluntarily join one of these listing segments.

Chile Indice de Precio Selectivo de Acciones (IPSA Index) is the main stock exchange index of Chile. For the first quarter of 2018, this index was composed by the 40 stocks with the highest stock market presence.

This study concentrates on career histories prior to being appointed CFO for the companies that are part of the Colombian COLCAP Index, which includes the 20 most liquid stocks listed in the Bolsa de Valores de Colombia (BVC).

The S&P/BMV Indice de Precios y Cotizaciones (IPC) seeks to measure the performance of the largest and most liquid stocks listed on the Bolsa Mexicana de Valores. The index is designed to provide a broad, representative, yet easily replicable index covering the Mexican equities market.

Perú Select Index is designed to measure the performance of the largest and most liquid stocks listed in the Lima Stock Exchange (Bolsa de Valores de Lima S.A. or BVL).

Argentina Merval 25 companies list		
Aluar	G.F. Galicia	Siderar
Banco Macro	Gas Cuyana	Telecom
BBVA	Grupo Financiero Valores	Tenaris
BYMA	Grupo Supervielle	Transener
Cablevision	Loma Negra	TGN
Central Puerto	Metrogas	TGS
Comercial del Plata	Mirgor	YPF
Cresud	Pampa Energía	
Edenor	Petrobras	

Appendix*

	Argentina	Brasil	Chile	Colombia	México	Perú	Latam
Gender and age							
Total CFO's	**23**	373	36	20	116	17	585
Male	**95%**	92%	97%	85%	92%	76%	90%
Female	**5%**	8%	3%	15%	8%	24%	11%
Average age	**50**	50	48	49	49	47	49
Average age at tenure	**44**	No info	40	44	42	42	42
Internal hiring							
Internal	**61%**	No info	69%	50%	72%	65%	63%
External	**35%**	No info	28%	50%	22%	29%	33%
No info	**4%**	No info	3%	0%	6%	6%	4%
Nationality							
Local	**96%**	97%	78%	95%	93%	76%	89%
Foreign	**4%**	3%	22%	5%	1%	24%	10%
No info	**0%**	0%	0%	0%	6%	0%	1%
Previous CFO	**22%**	No info	33%	65%	7%	12%	28%

Company breakdown by industry

	Argentina	Brasil	Chile	Colombia	México	Perú	Latam
Company breakdown by industry							
Total companies	**25**	373	40	20	116	17	591
Consumer goods and services	**0%**	13%	15%	10%	25%	12%	13%
Education, non profit & government	**0%**	2%	0%	0%	0%	0%	0.3%
Energy	**50%**	0%	18%	30%	2%	6%	18%
Financial services	**15%**	27%	15%	30%	28%	18%	22%
Industrial	**30%**	50%	43%	25%	30%	64%	40%
Healthcare	**0%**	3%	3%	0%	3%	0%	2%
TMT (Technology, Media & Telecommunications)	**5%**	5%	4%	5%	6%	0%	4%
Not defined	**0%**	0%	2%	0%	6%	0%	1%

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About our Financial Officer Practice

Our Financial Officer Practice has conducted more than 1,200 senior-level finance searches over the past two years for clients that include Fortune 500, FTSE 100, DAX 30 and HS 100 companies, as well as private equity firms and their portfolio companies, emerging companies and nonprofit organizations.

We have unrivaled access to senior finance executives and unparalleled experience finding the finance leaders required to succeed in a variety of capacities, including chief financial officer, accounting, audit, controls, corporate development, financial planning and analysis (FP&A), investor relations, risk, tax and treasury.

We are a dedicated team of about 80 consultants, many with finance backgrounds, allowing us to search across borders and industries to find finance leaders with the skills and cultural fit to match the needs of our clients. Working in partnership with our industry practices and colleagues across regions, we build the best team for each search.

Our team in Latin America

Pablo Taussig

Pablo brings 25 years of experience in financial services to Spencer Stuart. He manages the firm's Buenos Aires office and is a member of the firm's Consumer and Financial Services practices. Pablo holds a bachelor's degree in business administration from the Universidad Católica Argentina and a master's in economics from the University of Notre Dame. He also studied in the Tuck Executive Education program at Dartmouth College.

Fernando Aparicio

Fernando leads Spencer Stuart's Bogota office and conducts searches within the firm's Financial Services, Business & Professional Services, and Industrial practices. In particular, he has extensive experience in corporate and investment banking and in the mining sector. Fernando has a bachlelor's degree in economics from Universidad Javeriana in Bogota an MBA from Instituto de Empresa in Madrid.

Karin Karay

Karin is a member of Spencer Stuart's Consumer and Retail, Apparel & Luxury Goods practices, focusing on senior-level searches for companies in Brazil. Karin also leads the Private Equity, Financial Officer and Real Estate practices in Brazil. Karin previously led the Financial Services Practice in the country and has served clients in the industry for more than 10 years. Karin earned a bachelor's degree in business administration from Fundação Armando Álvares Penteado, and completed a specialization course in business administration, finance and banking from Fundação Getúlio Vargas (FGV) São Paulo. She is fluent in Portuguese, English and Armenian, and has a working knowledge of Spanish.

Nicholas Schmidt

Nicholas leads Spencer Stuart's Financial Officer Practice in Latin America and is a member of the firm's Financial Services Practice. He previously led the Santiago office and currently directs the firm's efforts in the financial services and professional services industries in Chile, focusing on investment banking, wealth management, consumer financial services, private equity, insurance and real estate. He holds a bachelor's degree in business administration from the Pontificia Universidad Catolica de Chile and an MBA from the Wharton School of the University of Pennsylvania. Nicholas is a native of Chile and speaks fluent Spanish, English and Portuguese.

José María Urquiza

José María brings more than three decades in the banking industry to his role in the firm's Financial Services Practice. Based in Mexico City, he has broad experience working with clients in Mexico, Spain and the United States. José María holds a bachelor's degree in economics and business from the Universidad de Deusto in Bilbao, Spain, and an MBA from the Columbia Business School.

Victor Vignale

Victor leads Spencer Stuart's Lima office and conducts a wide range of searches across industries and functions, with an emphasis on the industrial, energy, technology, media and telecommunications, and financial services industries. Working with clients throughout Perú and Latin America, he brings broad executive search expertise in areas including banking, legal, risk management, strategy, information technology, finance, human resources and marketing. He also has extensive experience in the telecommunications industry, where he served in a variety of leadership roles spanning operations, sales and marketing, regulatory and finance. Victor received a bachelor's degree in electrical engineering from Universidad Ricardo Palma, studied negotiation and marketing at University of California, Los Angeles, and completed the Executive Education Program at Harvard Business School. He speaks fluent Spanish and English, and basic German.

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ABOUT SPENCER STUART

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 60 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness. For more information on Spencer Stuart, please visit **www.spencerstuart.com**.

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