

NAW Billion Dollar CFO Roundtable

Attraction and Retention Strategies for Billion Dollar CFOs

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Today's Korn Ferry Speakers



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Agenda

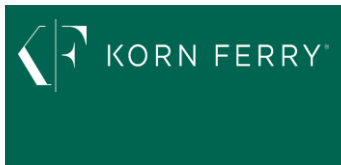
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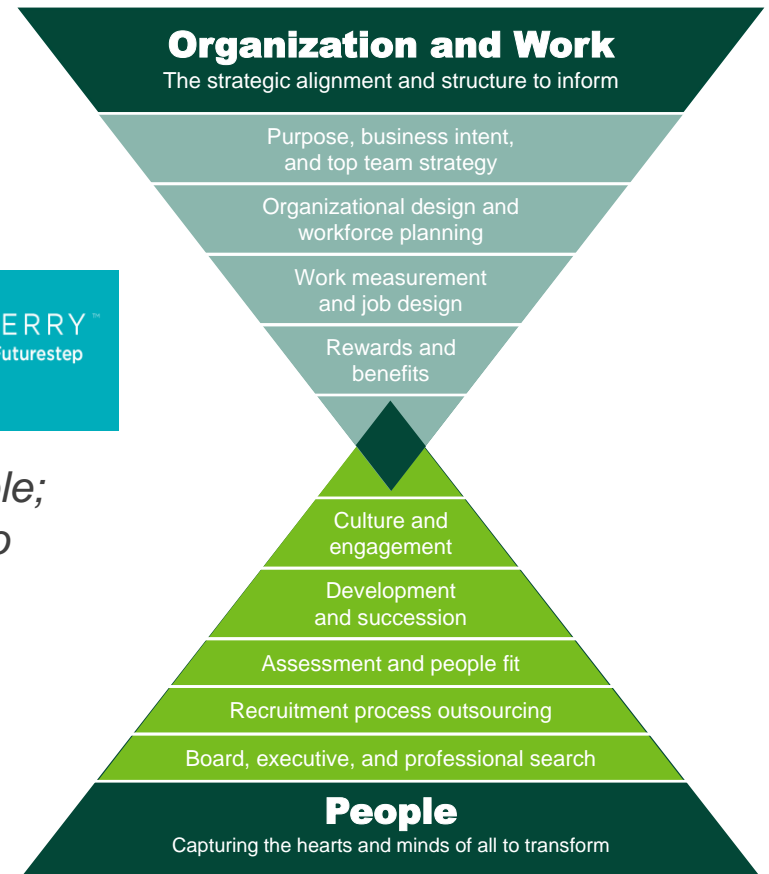
KORN FERRY



About Korn Ferry

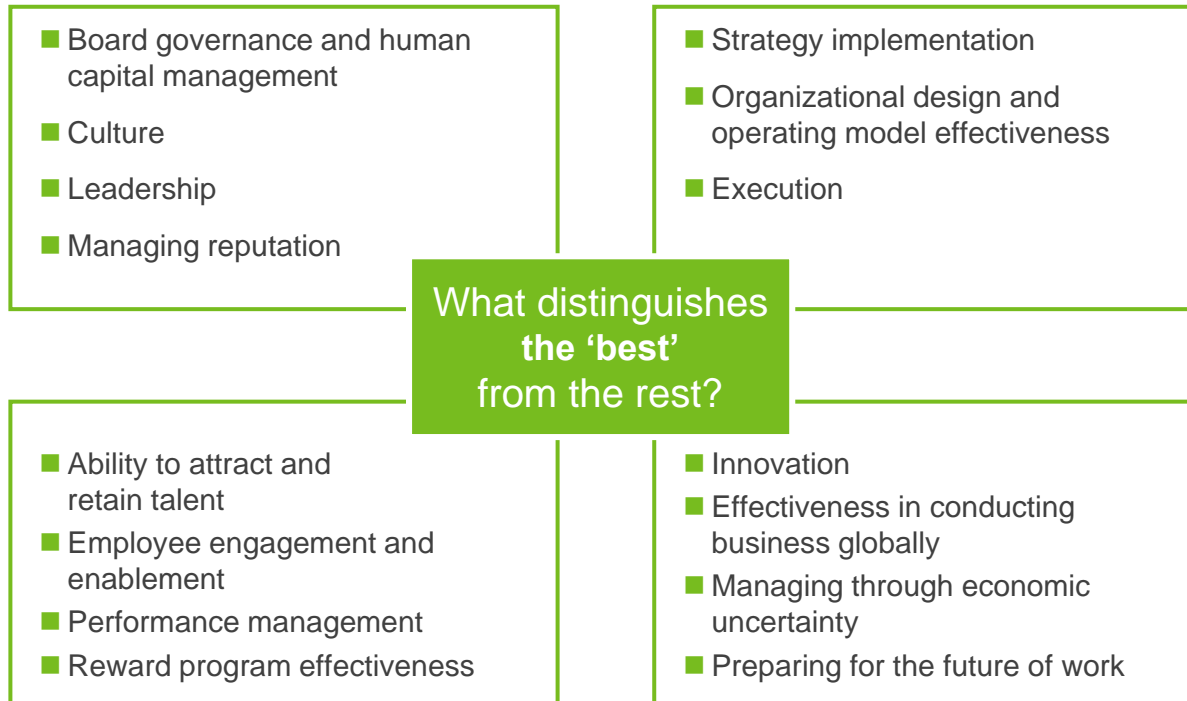


*We help you align your organization and people;
developing, engaging and rewarding them to
achieve business success*



Fortune's World's Most Admired Companies

20 year research partnership with Korn Ferry



FORTUNE
 WORLD'S MOST
 ADMIRABLE
 COMPANIES²⁰¹⁶



BERKSHIRE HATHAWAY INC.



**ATTRACT,
RETAIN AND
BUILD YOUR
TALENT**



Attracting and Retaining Employees

How do you find and keep the people you need? First, look to the future. Once you define where your strategy will take you, and what's likely to happen in your markets, you can:

Accurately identify the
people you need

Create the right programs
to develop them

Offer the rewards and
incentives that will keep
them loyal

It's a targeted way of finding and keeping people that gives you the best chance of matching talent to what your organization needs.



Countdown: Top 10 Reasons Why Employees Quit Their Jobs

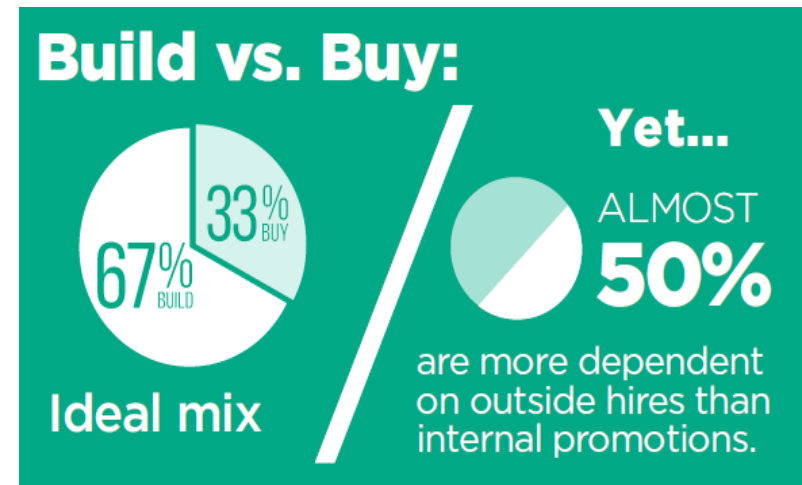
A checklist for talent retention

- 10 Management's recognition and reward of job performance
- 9 Overall corporate engagement, culture, and values
- 8 Organization's reputation and financial stability
- 7 Meaningfulness of job and impact on the world
- 6 Autonomy and independence in decisions and actions
- 5 Input into the organization's business goals
- 4 Opportunities to use skills and abilities
- 3 Relationships with coworkers
- 2 Challenging opportunities and career development
- 1 Relationship with their manager



How to Identify the People You Need

- Most candidate requirements don't differentiate your needs, such as:
 - Technical or functional expertise
 - Years of experience
 - Industry experience
 - Generic attributes
- However, employee branding attracts the RIGHT person into the RIGHT role:
 - What values do you share?
 - Achievement?
 - Status?
 - Social consciousness?
 - Do you want “stars” or “team players”?
 - What's more important: brains, people skills, leadership, entrepreneurship, innovation?
 - How do you define *fairness*?



If you get this wrong, your employees won't fit and “organ rejection” will occur



Value Proposition – Attracting the right employees

Getting reward right can inspire your people to perform better, meaning you'll see better results.

Do you deliver on your promise in these areas?



Key Ways to Develop Your Team

Great teams don't just happen and it is not just in the hands of HR, it is the role of the CFO to embrace the organizations entire value chain – Not only optimizing the financial performance of their company but tying that to employee engagement and talent management.

Some ways to achieve this are:

Provide connections to professional networks

Give Constructive Feedback

Remove Barriers

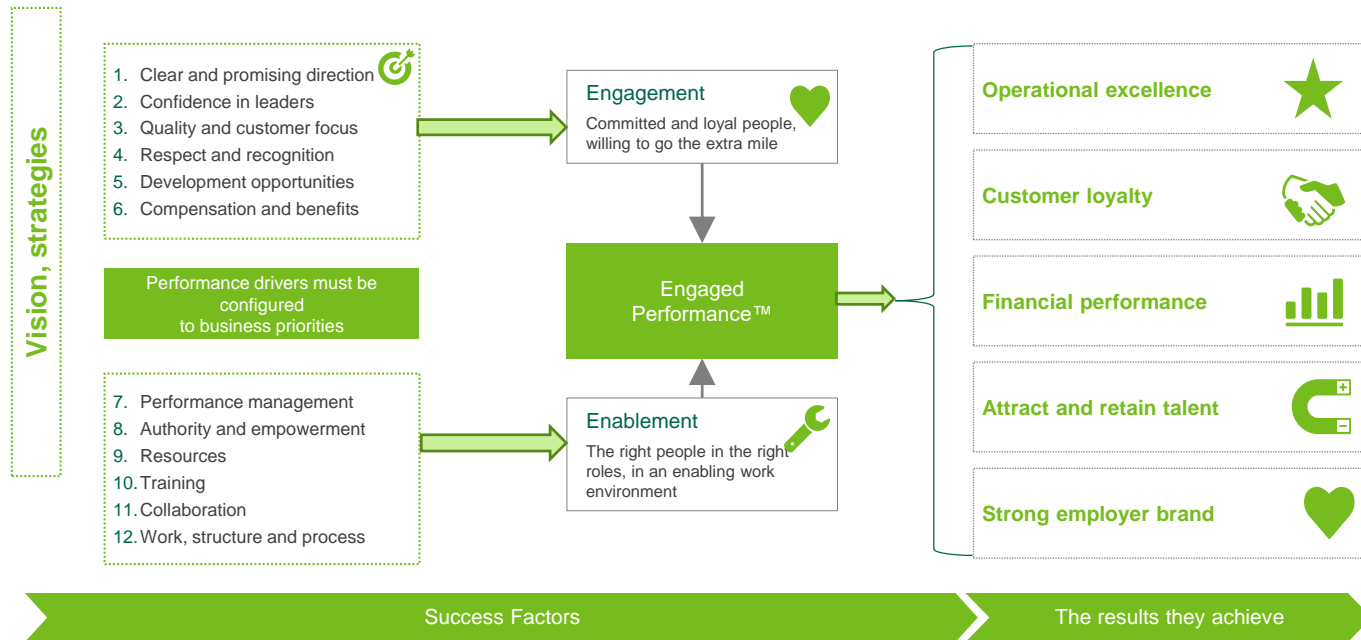
Create individual development plans

Provide Performance Metrics

Provide Opportunities Outside of the Job Function



Engage your workforce...it's worth it



SUCCESSION





DID YOU KNOW...

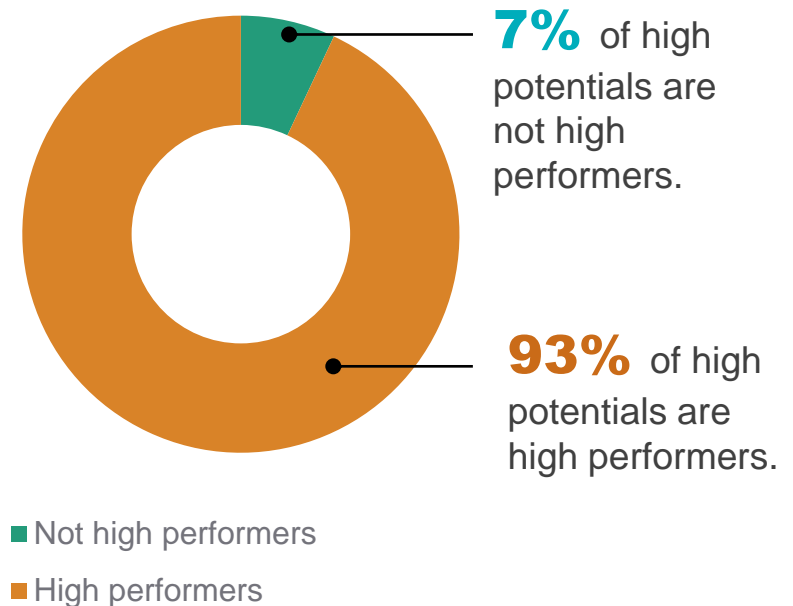
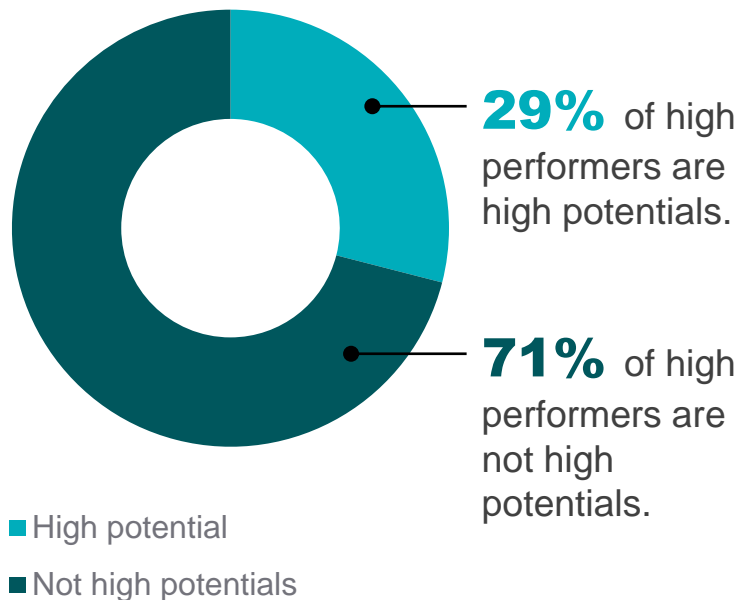
- Most companies have to replace 50% of their top leadership team about every 10 years.
- It takes 20 years for a company to develop an internal candidate for the C-Suite.
- It is very expensive to rely on external candidates which can cost 65% more than an internal one.
- Internal candidates tend to be better for a company's sustained performance and for superior long term shareholder value.
- The "window" to spot talent is narrow...the typical age moving into the C-Suite is 46-56, which means you need to identify talent at about the age of 30.

**When you plan for succession,
you plan for success.**

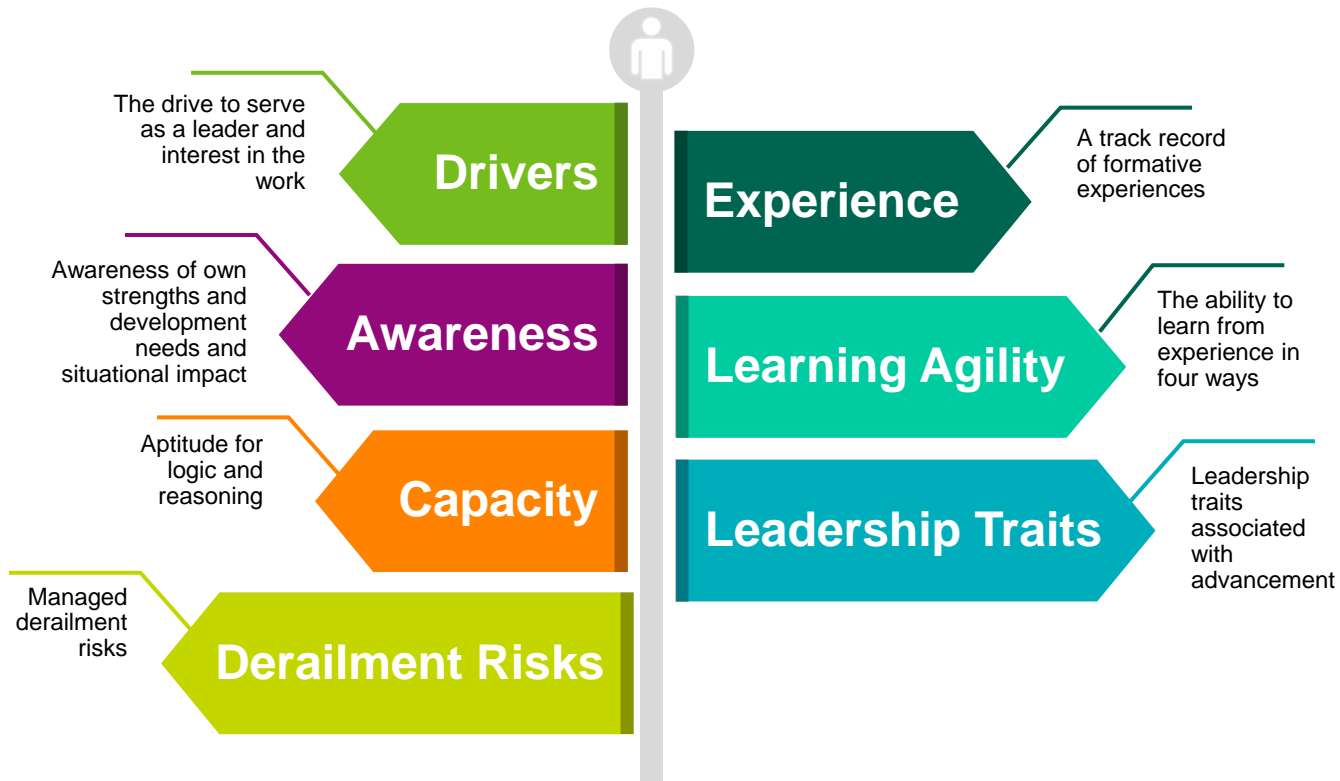
Identifying High-Potential Talent

High performers are not always high potentials...

... but, high potentials are mostly high performers.

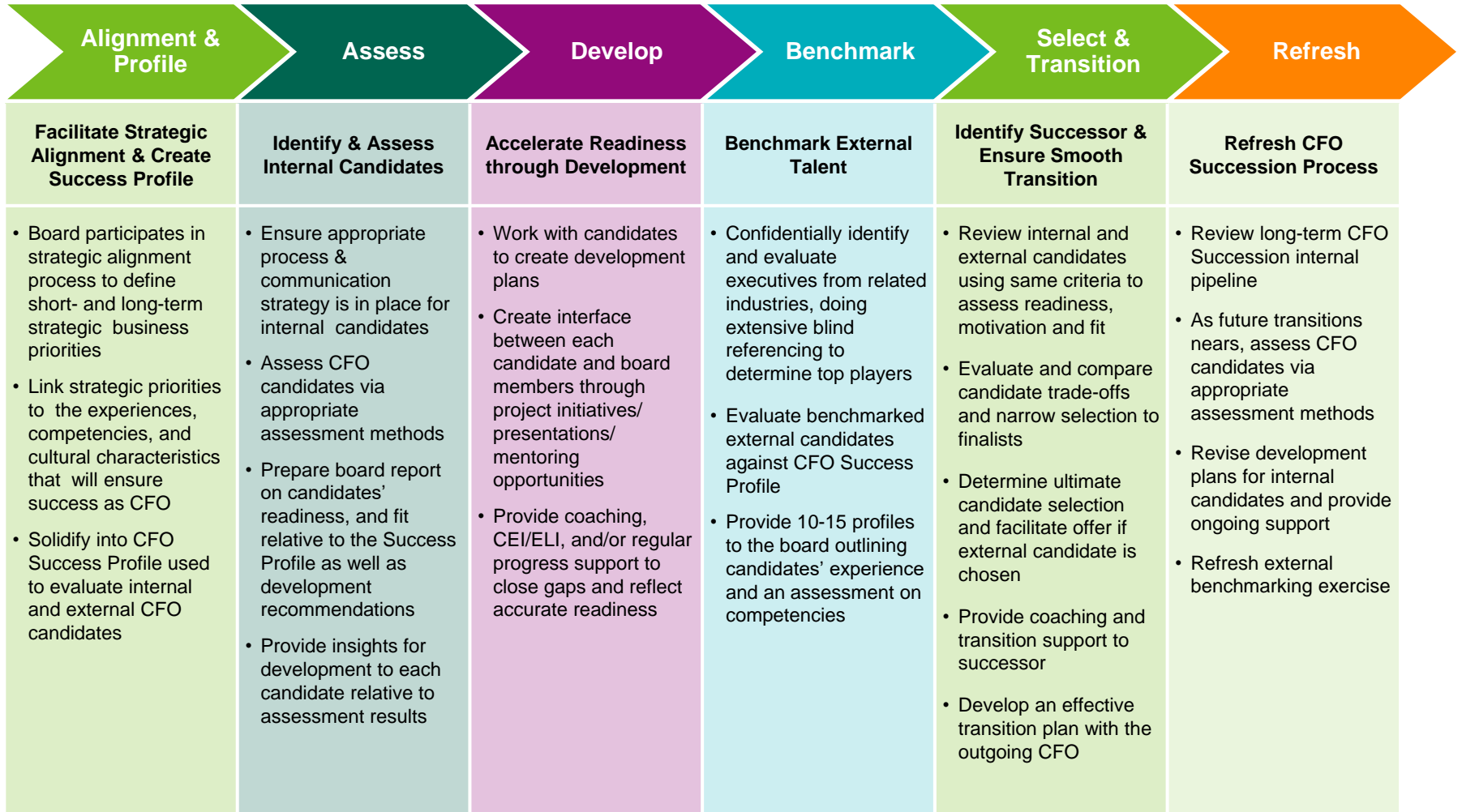


Identify High Potential: Seven Signposts™



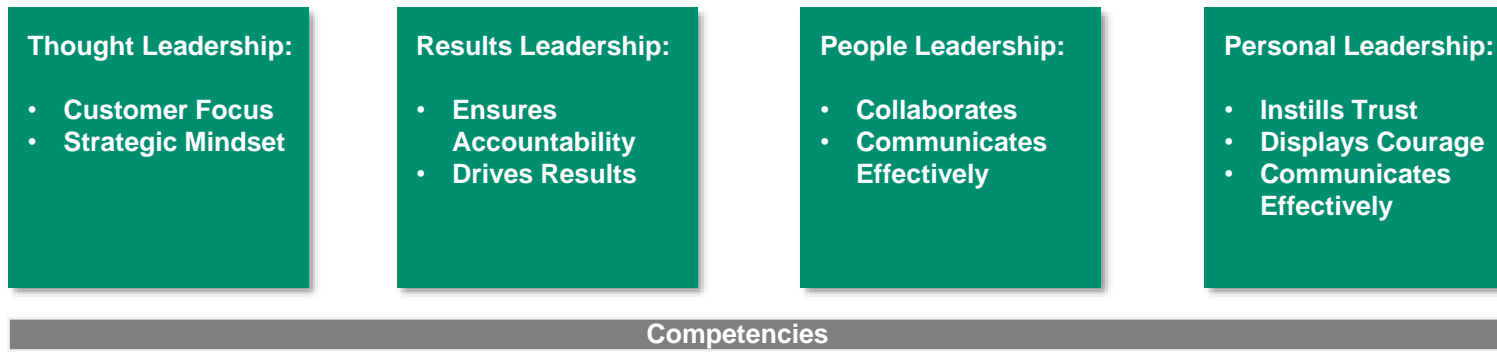
CFO's Succession Process

CFO Succession best practices align to an organizations global talent management group

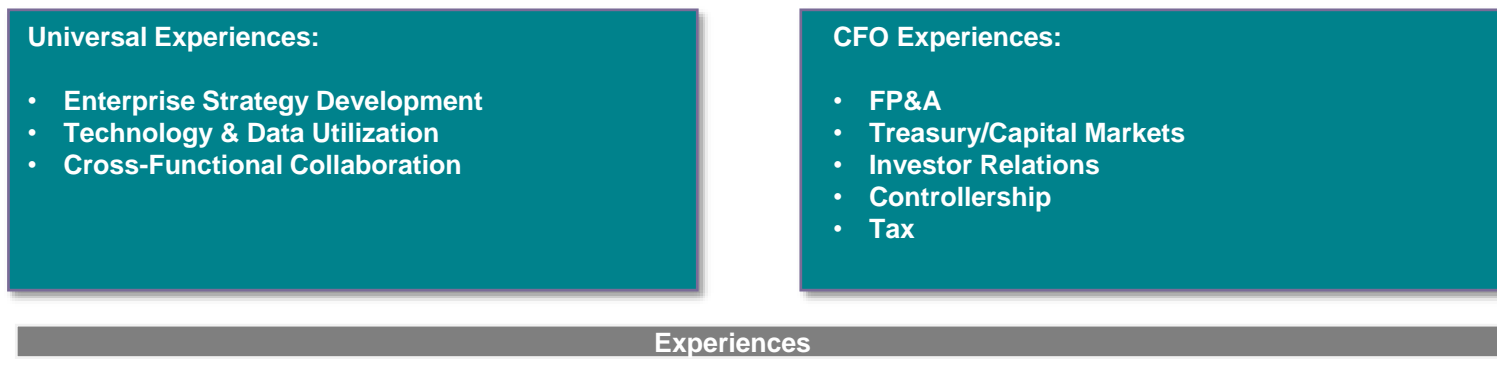


Optimizing the Office of the CFO

Today's Chief Financial Officer is no longer only expected to ensure timely and accurate financial reporting; he or she must also leverage real-time insights to **drive business impact as a strategic partner to the Board and CEO**. This requires top-performing financial officers to possess critical leadership qualities in addition to deep functional expertise, such as:



He or she must also effectively identify, establish, and manage a portfolio of talent with the following key experiences and capabilities:



MARKETPLACE FOR FINANCE



Best in Class Finance Talent Attributes *(based on KF4D data)*

Analysis of competencies, traits and drivers of the most sought after finance executives

**Strong performance
 in ambiguous
 contexts**



Comfortable with vague and unknown parameters and operate effectively even without a clear way forward

**Focused on
 performance**



Motivated to meet and exceed standards and achieve outcomes in the face of tough obstacles

**Focused on
 strategy and
 perspective**



Consider and value diverse perspectives when examining future possibilities and take a global lens when approaching issues

**Action
 oriented**



Display confidence in managing concerns, holding difficult conversations, and being proactive in high-stakes settings

**Demonstrate
 agility**



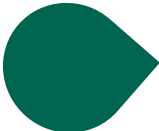
Derive energy from low-structure situations and complex problems; enjoy finding creative solutions and addressing issues using thoughtful and intellectually driven methods



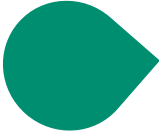
Note. This is a first-look at differentiators using KF4D Executive Search Assessment data. A "Most-Sought" archetype is someone with unusually high Compensation (99th percentile) given their Country, Currency, Job Pyramid Level, and Job Title Level. A "Least-Sought" Archetype is someone with unusually low Compensation (1st percentile) given those same variables.

Competitive Talent Market – Industrial

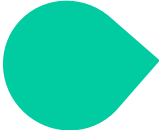
The KF1000 experienced a 30% CFO turnover rate in 2016. This is on par with the past 5 year average of 33%. Current CFO turnover trends are:



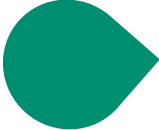
Shift in corporate strategies to address meaningful changes in the market resulting from increased competition, digitization, globalization and activism. Board's increased interest in the efficacy of the CFO in achieving desired strategic imperatives.



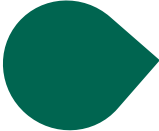
Greater emphasis on cross-functional development for financial leaders. Rotations into general management and commercial roles has become more common and even expected, creating additional factors for change in the ranks.



Resurgence of corporate hiring due to higher cash levels, investments and confidence levels, increased number of new PE deals and assets preparing for IPO has resulted in an unprecedented demand for top finance talent.



A greater focus on a transformation skill set, with the ability to grow and innovate while also driving operational efficiencies that enable competitive pricing and margins. This balance is harder find and develop.



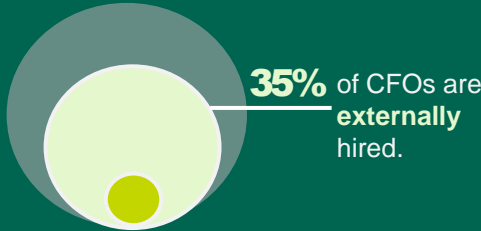
A growing emphasis on broad commercial business leaders with strong people skills as more corporate boards desire CFOs to be CEO successor candidates; more CFOs want to become CEO; and more CFOs are obtaining the CEO role.



Figures from KF1000: a proprietary database of the largest 1,000 US companies and their Chief Financial Officers.

*Diversity is classified as female or nonwhite male

Sitting KF1000 CFOs in the Industrial Market



The KF1000 CFOs have sat in their post for, on average,

5.2 YEARS.





Internal appointments have currently been in their post for 1.8 years longer external hires

Industrial CFO 2016 Movement Trends



Compared to prior 5 years,
there was a...

-  17% increase in externally appointed CFOs (12% increase from 2015)
-  4.2 year decrease in the average tenure of departing CFOs (2.7 year decrease from 2015)

Figures as of January 1, 2017, KF1000: a proprietary database of the largest 1000 US companies and their Chief Financial Officers.





Q&A



