

Chile CFO Route to the Top

One of the main questions our clients ask when recruiting a CFO is whether the candidates should have previous experience in the role and in their industry. Different CFOs have taken different paths to reach the top, so there is no one “right way” to get there. But if we look at the data, we find there are patterns in the backgrounds of today’s CFOs. To answer our clients’ concerns, Spencer Stuart has analyzed the backgrounds and demographics of the CFOs of the largest and most influential companies in the U.S., Europe and Russia over the past 10 years.

This is the first time we have studied the CFO route for executives in Latin America, and we now have a deeper understanding of what has prepared Latin American CFOs for the leadership positions they occupy. This report examines CFOs of top companies in Chile — specifically, the 40 companies that make up the Índice de Precio Selectivo de Acciones (IPSA) — and compares this data with that from other countries (In this study, “Latin America” refers to Argentina, Brazil, Colombia, Mexico and Perú). We pay particular attention to CFOs’ functional experience, their academic background and the difference in profiles between internal and external hires.



EXECUTIVE SUMMARY

- » **Gender:** 97% men/3% women
- » **Average age:** 47 years old
- » **Country of origin:** 78% of Chilean CFOs are local
- » **Average tenure:** 7,7 years
- » **Internal vs. external:** 69% were promoted from within
- » **Previous experience:** 33% of current CFOs had previously worked as CFO

DIVERSITY REMAINS AN OPPORTUNITY

Gender diversity among CFOs in Latin America is low, and Chile has one of the lowest female representations: At the time of the study, only one woman was serving as a CFO of an IPSA-listed company — 3% of the CFOs in IPSA companies. By comparison, here is the percentage of female CFOs for other regions:

- » **Fortune 500 companies:** 13%
- » **Latin American countries:** 8%
- » **European countries:** 6%

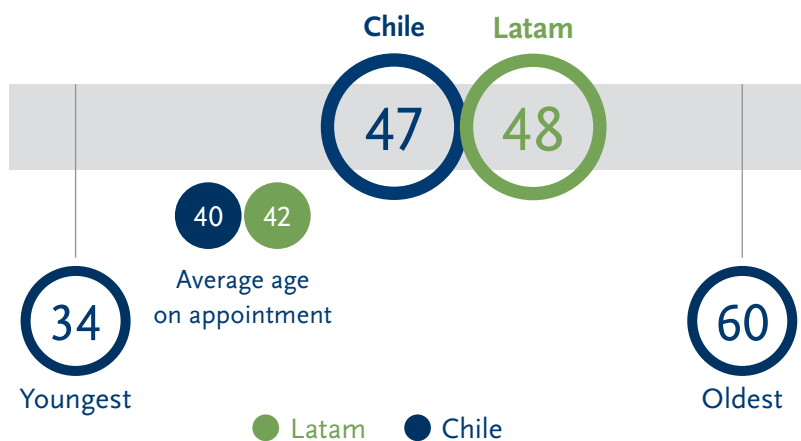
While Latin American gender diversity is low, this trend should change over the next several years as our clients are increasingly focusing on female talent when hiring.

97% of all CFOs are men



CFOS IN CHILE ARE YOUNGER THAN INTERNATIONAL AVERAGES

The average age for CFOs in Chile is 47, just below the Latin American average of 48. In Chile, CFOs were around 40 years old when appointed to their current position, two years younger than the Latin American average. By contrast, European companies tend to hire their CFOs in their mid 40s. For Fortune 500 companies, the average age of the new CFO in the class of 2016 was 51, up from 46 for the class of 2006.



INTERNAL HIRES HAVE A LONGER TENURE

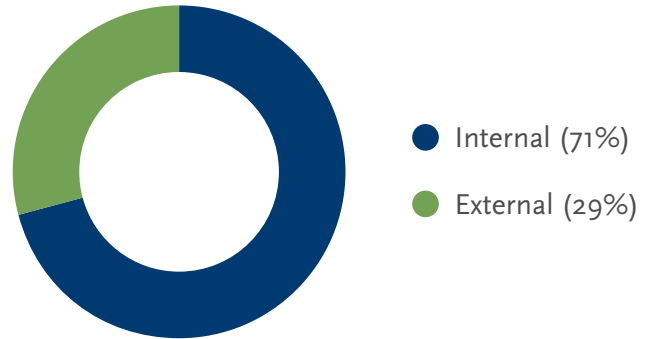
CFOs in Chile have an average tenure of 7,7 years, and internally appointed CFOs serve in their jobs for nearly two years longer than their externally hired counterparts. The average tenure for Latin American CFOs is 6,3 years, followed by the U.S. at 5,7 years and the U.K. with 4,9 years.

NEARLY 80% OF CFOS ARE FROM CHILE

Seventy-eight percent of all CFOs are Chilean-born. By comparison, 86% of Latin American CFOs and almost 90% of European CFOs are local. While Chile has the highest percentage of foreign CFOs, a deeper look into the data finds that the local companies have local CFOs: Seven of the eight foreign executives in the IPSA have moved with their multinational companies to take the Chile CFO position.

MORE THAN 2/3 OF CFOS ARE INTERNAL APPOINTMENTS

IPSA companies show a preference for internal candidates when appointing a new CFO: 71% of all CFOs were internally appointed, which is in line with what we see among Latin American (68%) and Fortune 500 (69%) companies. Internal appointments are more common in companies that have large finance departments with more development opportunities, resulting in a greater number of credible internal candidates for the top finance role.



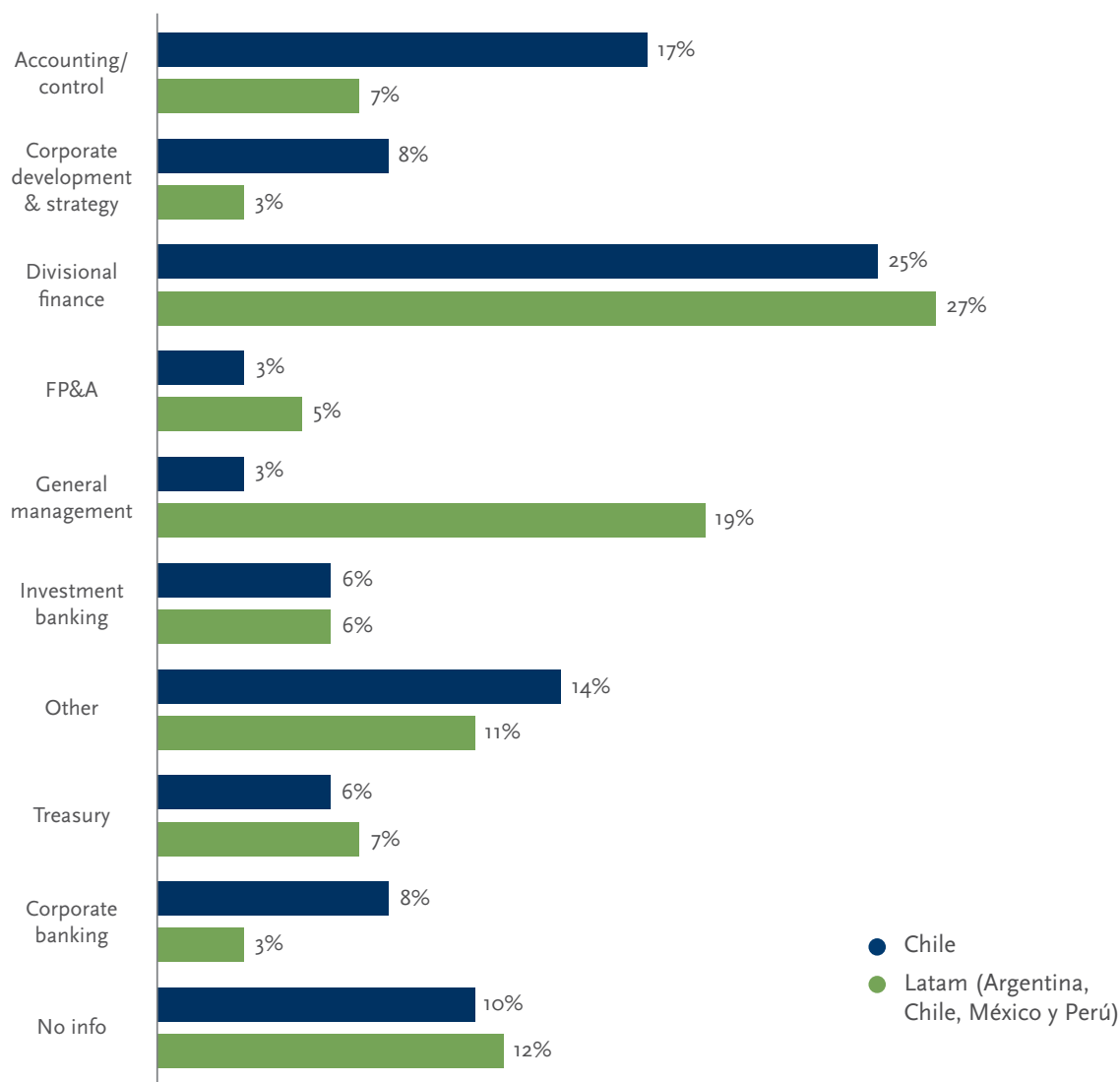
PREVIOUS EXPERIENCE VARIES WIDELY

Overall, 33% of all IPSA CFOs had previous experience in the role, which is similar to the percentage of Fortune 500 CFOs (31%) with previous experience. If we focus only on IPSA external hires, however, 60% had previous CFO experience. By comparison, 74% of Fortune 500 externally hired CFOs and just under half of European CFOs have previous experience.

In Chile, 70% of all external hires come from a different industry than their current employer, which is the same percentage as in Latin American countries. However, this figure differs greatly from the Fortune 500, where only 14% of CFOs come from a different industry. This dichotomy reflects the vast difference between Chile and the U.S. in the number of companies within each industry.

THE CFO ROUTE TO THE TOP LARGELY GOES THROUGH FINANCE

The route to the top represents the function or discipline in which the CFOs spent the most time in their careers before assuming their current role. The most common primary routes to the CFO role in Chile are divisional finance (25%) and accounting/control (17%). The CFOs' level of previous experience varied, depending on whether they were internal appointments or external hires. As in Chile, the most frequent route to the CFO position in Latin America* is divisional finance with 31%, while the second-most frequent route is investment banking (10%). The remaining CFOs come from areas such as accounting/control, treasury, planning and financial analysis. Twenty-one percent of Chilean CFOs come from areas not related to finance.

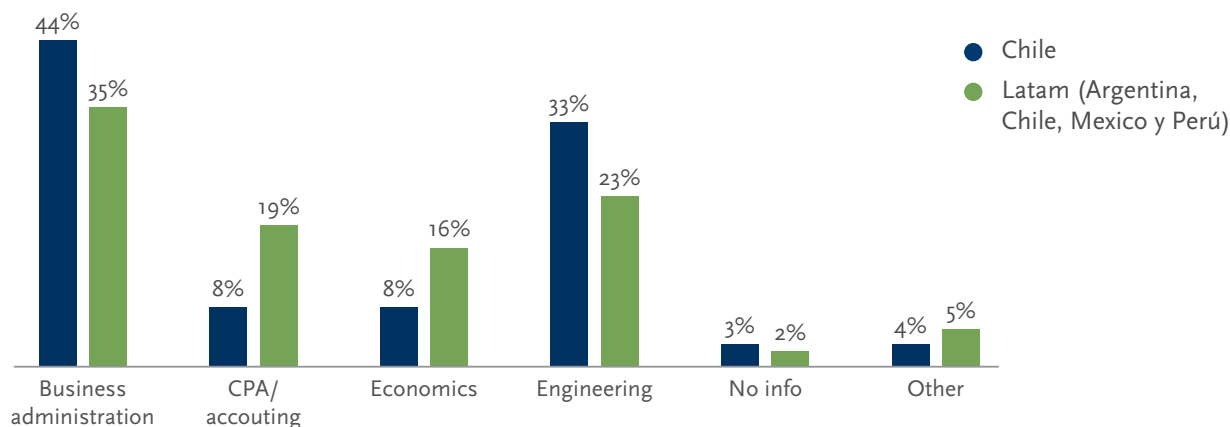


CFOs in the United States and Europe also largely have backgrounds in the financial and control functions.

MOST CFOS HAVE A POST-GRADUATE DEGREE

Broken down by major, 44% of CFOs in Chile studied business administration and 33% majored in engineering. This aligns with Latin American trends except for Argentina and Mexico, where there is a higher concentration of executives with an accounting background.

In Chile, the majority of the CFOs (61%) obtained their undergraduate degree from Pontificia Universidad Católica de Chile and Universidad de Chile. More than half (56%) of all IPSA CFOs have a post-graduate degree, largely MBAs.



Eighty percent of these executives went to college abroad — within that group, 57% studied in the United States and 43% studied in Europe. Those who received a post-graduate degree in Chile mainly attended Pontificia Universidad Católica de Chile or Universidad Adolfo Ibáñez.

	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%

METHODOLOGY

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

- » **Argentina:** Merval (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 each Latin American CFO, their academic and professional experience, hiring background, 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 which experience is relevant for potential CFOs.

This study concentrates on career histories prior to being appointed CFO for the companies that are part of the Chile Índice de Precio Selectivo de Acciones Index (IPSA), the main stock exchange index of Chile. For the first quarter of 2018, this index was composed of the 40 most-traded companies.

Merval is the main index of the Buenos Aires Stock 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.

Colombia COLCAP Index includes the 25 most liquid stocks listed in the Bolsa de Valores de Colombia (BVC).

The S&P/BMV índice 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.

Peru 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).

Chile IPSA Companies List			
Aes Gener	Cencosud	Entel	Parque Arauco
Aguas Andinas	Chile	Falabella	RIPLEY
Andina B	CMPC	Forus	SalfaCorp
Antarchile	Coca Cola Embonor	IAM	Santander
Banmédica	Colbun	ILC	Security
Besalco	Copec	Itau	Sigdo Kopper
BCI	Enelam	LatAm Airlines	SM Chile
CSAV	Enelchile	Masisa	SM SAAM
Concha y Toro	Enelxch	Nueva Polar	Sonda
CCU	ENGIE	Oro Blanco	SQM

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%

About our Financial Officer Practice

Our global 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

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 B.S. in business administration from the Pontificia Universidad Católica 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.

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 B.S. in economics from Universidad Javeriana in Bogota and 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. She previously led the Financial Services Practice in the country and has served clients in the industry for more than 10 years. Karin earned a B.S. 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.

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 Consumer and Financial Services practices. Pablo holds a B.S. in business administration from the Universidad Católica Argentina and a master's in economics from the University of Notre Dame. He also studied at the Tuck Executive Education program at Dartmouth College.

José María Urquiza

José María brings more than three decades of banking industry experience to his role in the firm's Financial Services Practice. Based in Mexico City, he has broad experience working with clients in México, Spain and the United States. José María holds a B.S. 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 Peru 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 B.S. in electrical engineering from Universidad Ricardo Palma; studied negotiation and marketing at University of California, Los Angeles; and completed the Executive Education Program with the 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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