

Colombia CFO Route to the Top

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 see there are patterns in the backgrounds of today’s CFOs. To find these trends, Spencer Stuart has analyzed the backgrounds and demographics of the CFOs of the largest and most influential companies in the United States and Europe 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 Colombia — specifically, the 20 companies that make up the COLCAP Index — 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 the profiles between internal promotions and external hires.



Executive summary

- » Gender: 85% men/15% women
- » Average age: 49 years old
- » Country of origin: 95% of CFOs in Colombia are local
- » Average tenure: 4,5 years
- » Internal vs. external: 50% were promoted from within
- » Previous experience: 65% of current CFOs had previously worked as CFO

Diversity: Colombia ranks 2nd, but there is room for improvement

Overall, gender diversity among CFOs in Latin America is low; nonetheless, Colombia has a relatively high percentage of female representation (15%) compared to Latin America (8%). Surprisingly, the female presence in Latin America is higher than in Europe (6%), but still remains lower than the Fortune 500, where 13% of the CFOs are women.

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.

GENDER DIVERSITY IN COLOMBIA

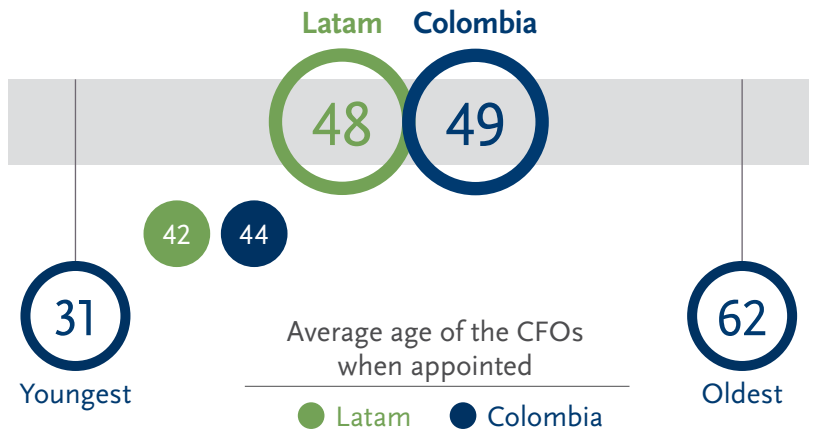
85% of the CFOs are male



CFOs in Colombia are older than in Latin America

The average age for CFOs in Colombia is 49, just above the Latin America average age of 48. In Colombia, CFOs were typically about 44 when appointed to their current position, two years older than the Latin American average. By comparison, European companies tend to hire CFOs in their mid-40s and Fortune 500 companies hire executives who average 50 years old.

AVERAGE AGE OF CFOs IN COLOMBIA VS. LATAM



CFOs have had their current position for less than 5 years

CFOs in Colombia have been in their current role for an average of 4,5 years, and there is no significant difference in tenure between internally appointed CFOs and their externally hired counterparts. Compared to other countries and regions, Colombia’s CFOs have the shortest duration in their current position: The average duration for Latin America CFOs is 6,3 years, followed by the U.S. at 5,7 years and the UK with 4,9 years.

Nearly all CFOs in Colombia are from that country

Ninety-five percent of all CFOs are Colombian-born, which is a higher percentage of homegrown talent than among Latin American (86%) and European CFOs (almost 90%). The likely explanation is that the majority of the companies we analyzed are not subsidiaries of foreign multinational companies, which tend to transfer their financial directors among their subsidiaries.

Most CFOs had previous experience in the position

Overall, 65% of all COLCAP CFOs had previous experience in the role, and there is no significant difference between internal and external hires in this trend. By comparison, 31% of Fortune 500 CFOs had previous experience in the role. Of those Colombian CFOs who were hired externally, 74% had previous experience as CFO (which aligns with what we found in Latin America). In Europe, almost half of all executives already had previous experience in the position.

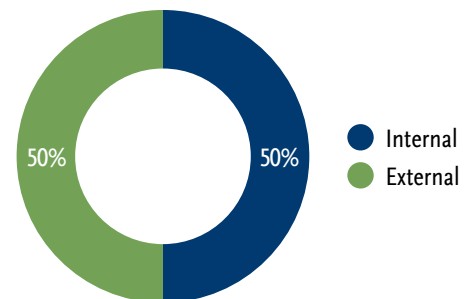
In Colombia, 70% of all external hires come from a different industry than their current employer, similar to Latin America. However, this is far from the backgrounds of CFOs in Fortune 500 companies, as only 14% come from a different industry. Surprisingly, more than half of the CFOs analyzed in Colombia come from the financial sector, which is unique to companies within the COLCAP index.

Half of Colombian CFOs are external hires

When appointing a new CFO, COLCAP companies are equally comfortable hiring an external candidate or promoting an internal executive: 50% of all CFOs were internally appointed. This trend is in line with Europe (54%), but differs from what we’ve observed in Fortune 500 and Latin American companies, where 69% and 63% of CFOs were internal appointments, respectively.

Generally, internal appointments tend to take place in companies with large finance departments and therefore have more possibilities for development. This surplus of opportunities leads to more credible internal candidates for the top finance role.

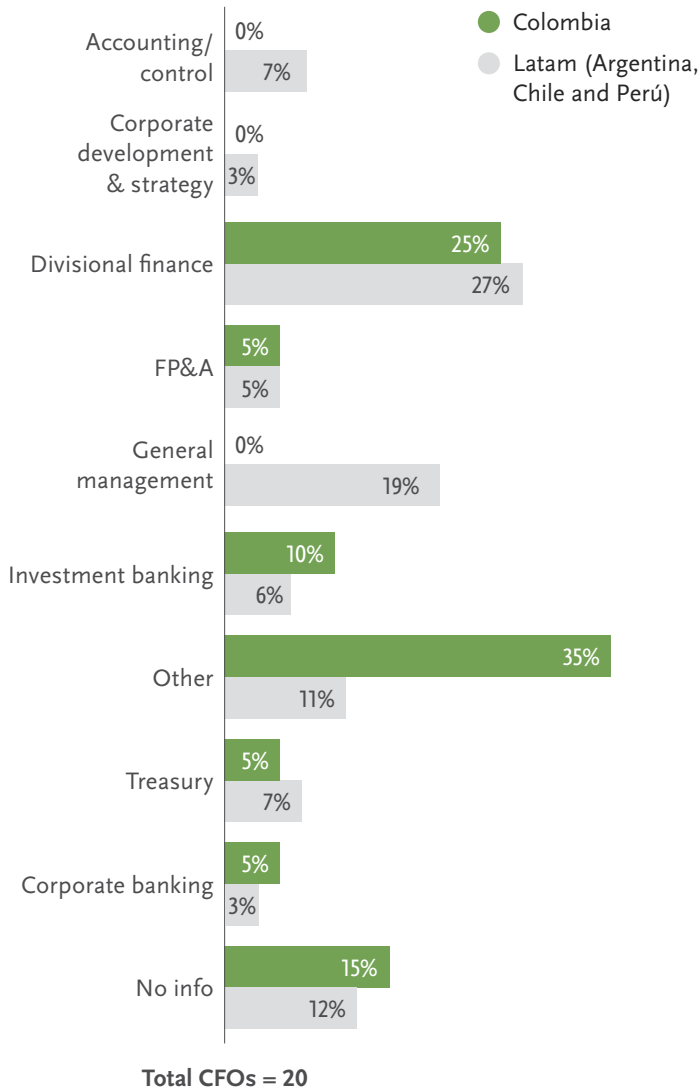
EXTERNAL HIRING VS. INTERNAL PROMOTIONS IN COLOMBIA



Route to the top

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.

ROUTE TO THE TOP OF COLOMBIAN CFOs VS. REST OF LATAM



The most common route to the CFO role in Colombia is divisional finance (25%). Nevertheless, the majority of CFOs (35%) come from other areas, such as consulting, project management and investor relations. The most frequent route for CFOs in Latin America is the financial division with 27% and the second-most popular path is general management (19%).

For CFOs in the United States and Europe, the most common route to the position is via the financial division.

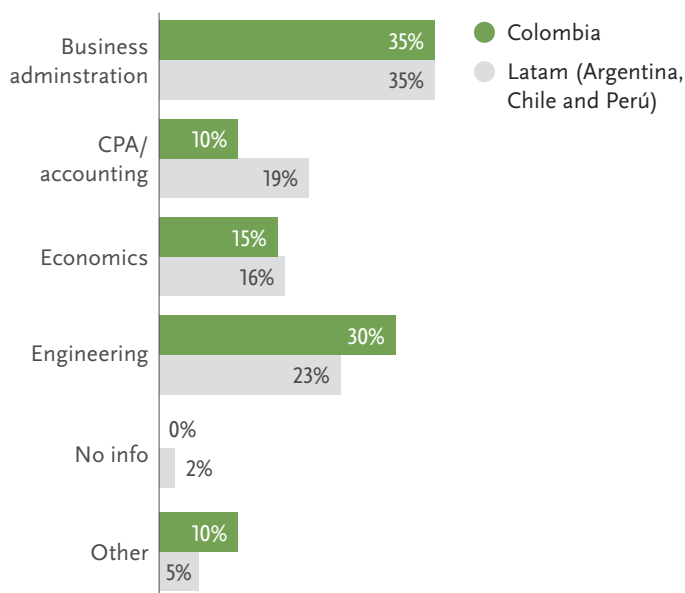
Most CFOs have a post-graduate degree

All CFOs in Colombia have a bachelor’s degree. Broken down by major, 35% of CFOs in Colombia majored in business administration and 30% studied engineering (civil, systems or industrial). These trends align with what we find in Latin America — except for Argentina and Mexico, where there is a higher concentration of executives with CPA and accounting backgrounds.

Thirty percent of CFOs in Colombia earned their undergraduate degree at Universidad de los Andes and 20% graduated from Universidad EAFIT.

Ninety percent of the CFOs in COLCAP have a post-graduate degree, and 70% of that group studied abroad (43% studied in Europe and the rest went to school in the United States). Those who earned their post-graduate degree in Colombia graduated from one of the following universities: INALDE, Universidad Pontificia Bolivariana, Universidad de los Andes, Pontificia Universidad Javeriana de Cali and Universidad EAFIT.

COLLEGE MAJORS OF COLOMBIAN CFOs AND THE REST OF LATAM



	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 during the first quarter of 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 Latin American CFOs, 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 the relevant experience for potential CFOs.

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).

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 Índice 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.

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. The constituents are weighted by modified market cap subject to diversification requirements.

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).

Colombia COLCAP companies list:

- | | | | |
|----|-----------------------|----|---|
| 1 | Almacenes Éxito | 11 | Corporación Financiera Colombiana |
| 2 | Avianca Holdings | 12 | Ecopetrol |
| 3 | Banco Davivienda | 13 | Empresa de Energía de Bogotá |
| 4 | Banco de Bogotá | 14 | Empresa de Telecomunicaciones de Bogotá |
| 5 | Bancolombia | 15 | Grupo Argos |
| 6 | Canacol Energy LTD | 16 | Grupo Aval Acciones y Valores |
| 7 | Celsia | 17 | Grupo Inversiones Suramericana |
| 8 | Cementos Argos | 18 | Grupo Nutresa |
| 9 | CEMEX Latam Holding | 19 | Interconexión Eléctrica S.A. |
| 10 | Constructora Concreto | 20 | Promigas |

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



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.



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 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.

**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 Mexico, 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.



ABOUT OUR FINANCIAL OFFICER PRACTICE

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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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