

2022 Private Equity–Backed Chief Financial Officer Compensation Survey



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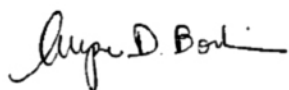
A letter from the authors

Welcome to our *2022 Private Equity-Backed Chief Financial Officer Compensation Survey*, an analysis of compensation in both North America and Europe for this critical role. Together with our surveys of PE-backed CEOs and PE investment and operating professionals around the world, these reports help to create a comprehensive picture of the compensation that key executives are currently receiving in a wide range of positions.

For this report, Heidrick & Struggles compiled compensation data from a survey fielded in March and April of this year of 265 senior financial officers, mostly in North America and Europe. While most carried the title of chief financial officer (CFO), the survey group also included top or lead financial executives with other titles.

We hope you enjoy reading the survey, and we welcome suggestions, so please feel free to contact us questions and comments.

With warmest regards,



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Methodology

In an online survey, we asked participants to provide compensation data from 2021 for bonuses and 2022 for base compensation. All data collected is self-reported by CFOs and has been aggregated to evaluate trends in compensation packages, including base salary, bonus, equity or long-term incentives, and joining bonuses.

On confidentiality

The Heidrick & Struggles private equity-backed chief financial officer compensation survey, 2022, has been conducted on an anonymous basis for individuals and their employers, and Heidrick & Struggles has removed the data relating to identity from reported compensation figures.

Introduction: The watchdog for private equity investment

Though much has changed in the two years since our last survey of chief financial executives in private equity (PE), it remains true that when a private equity firm acquires a company, one of the first three roles that the new owners usually look to reshape is that of the chief financial officer; the others being chair and CEO. Typically, a PE firm has a new vision for the company and wants a trusted financial professional who can make its vision a reality.

To shepherd the company's balance sheet and cash flow according to the new investment thesis, PE firms traditionally sought CFOs who were

closely aligned with them and have significant experience both in the CFO role and in working with a PE sponsor. This survey, and related surveys our firm has conducted about other roles, shows that that preference is shifting as demand for executive expertise has risen. For example, the share of respondents to this survey with more than 15 years of experience as a CFO or lead finance officer has fallen from 34% to 30%, and nearly two-thirds of respondents have less than 10 years of experience at PE-backed companies.

Despite market uncertainty, we expect demand for PE-experienced CFOs to

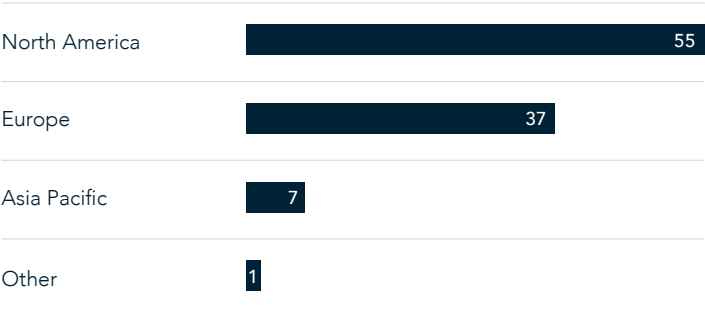
continue to increase. Deal pipelines are robust, and volatility may put more businesses under pressure. Some will restructure, shifting strategies in ways that may require different skills from the executive team. We are also seeing that exits are not always happening as expected, meaning that talent markets are tightening as more companies stay in PE portfolios for longer. These trends will combine with ever-present reasons for sponsor-backed CFO turnover, such as the need for specific industry or technical skills (such as listed company experience for a pre-IPO asset).

Survey respondents

Responses to this year’s survey are more global than our 2020 survey, with 55% coming from North America, down from 78%. Thirty-seven percent came from Europe, and 7% from Asia Pacific.

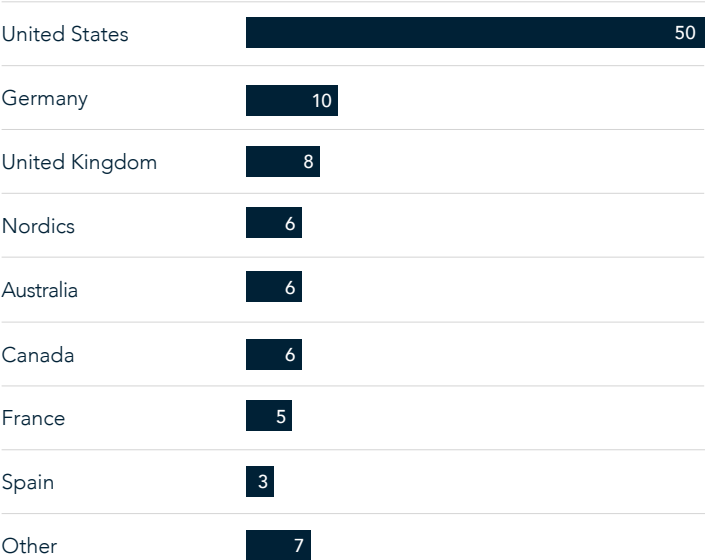
Personal location (%)

Region (%)



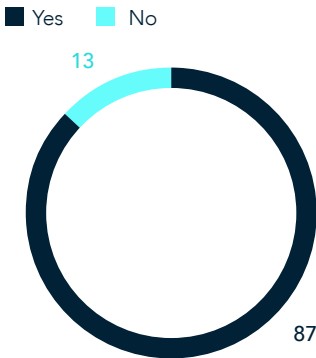
Source: Heidrick & Struggles private equity-backed chief financial officer compensation survey, 2022, n = 265 respondents

Country (%)



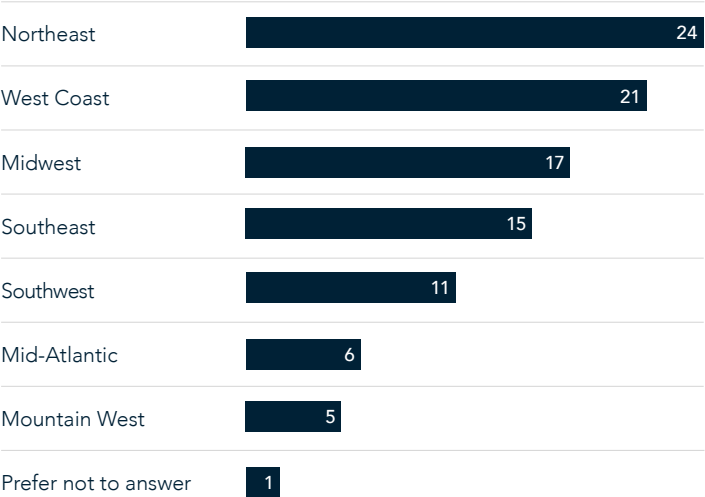
Source: Heidrick & Struggles private equity-backed chief financial officer compensation survey, 2022, n = 265 respondents

Same personal location as company headquarters (%)



Source: Heidrick & Struggles private equity-backed chief financial officer compensation survey, 2022, n = 265 respondents

US region (%)



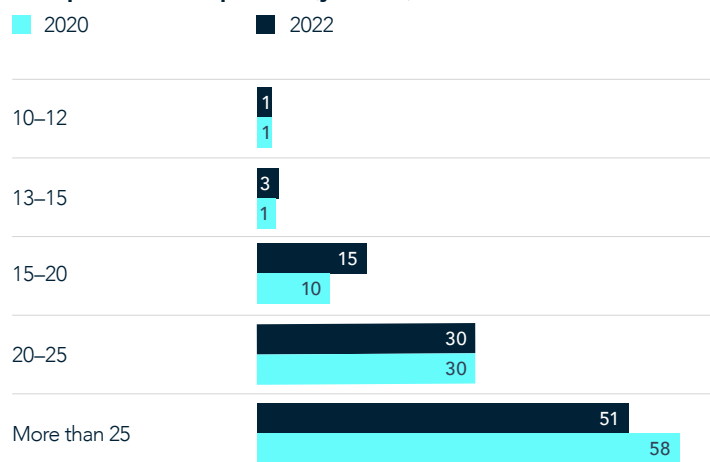
Source: Heidrick & Struggles private equity-backed chief financial officer compensation survey, 2022, n = 132 respondents

Ninety-eight percent of respondents hold the title of CFO, and 2% hold a different lead finance executive title. Ninety percent are men, and 88% are white.

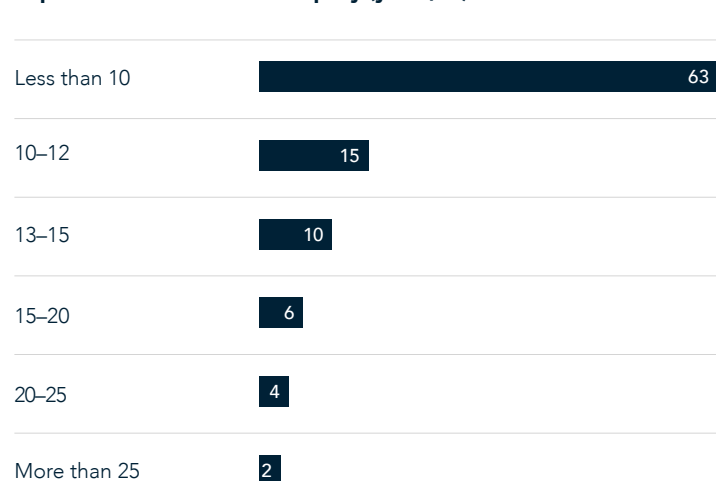
Though experience is slightly less prized than our survey indicated two years ago, respondents are still, on the whole, very experienced in their role, though a bit less so in PE-backed companies.

Professional experience

Total professional experience (years, %)



Experience at PE-backed company (years, %)



CFO or finance executive experience (years, %)



Source: Heidrick & Struggles private equity-backed chief financial officer compensation survey, 2022, n = 265 respondents

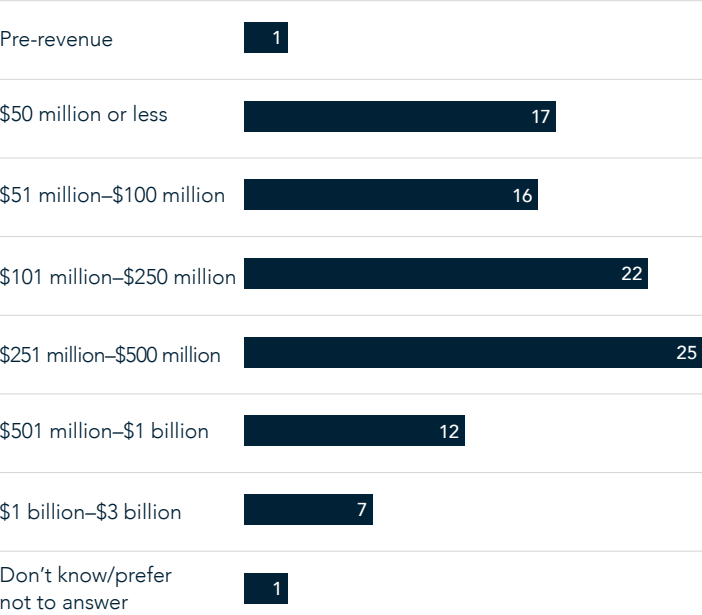
Portfolio companies

Company headquarters' locations are very similar to the CFOs' locations, with 53% in North America and 38% in Europe.

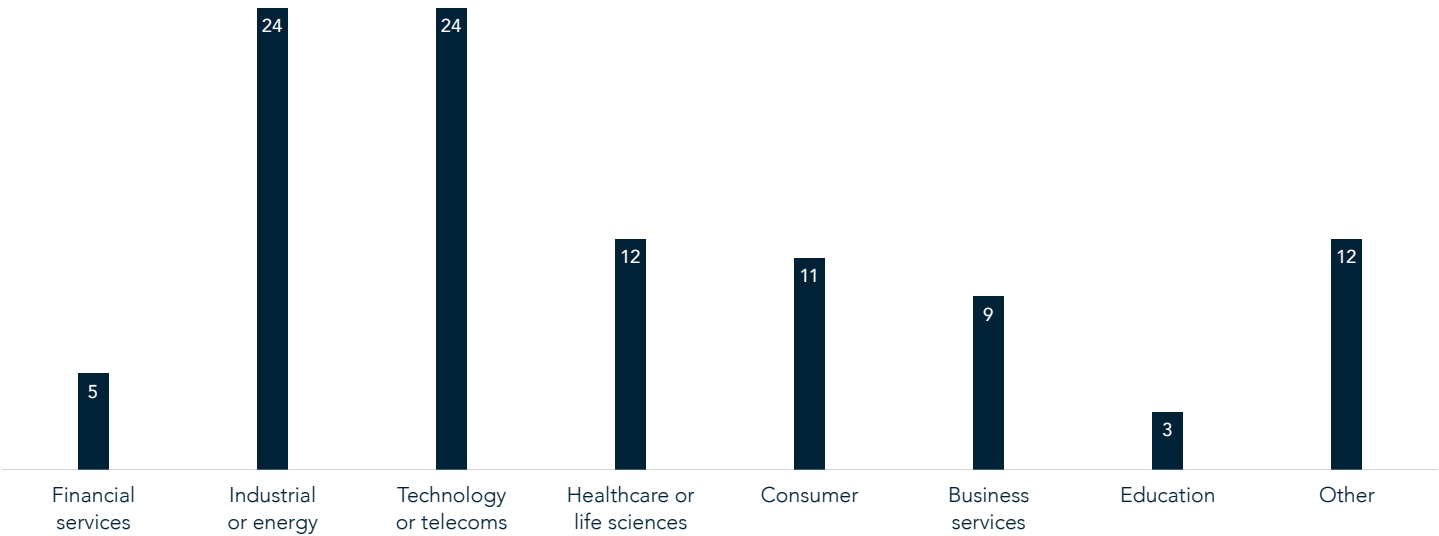
The companies represented range across industries, with about half in either industrial and energy or technology and telecoms. Just over half of the companies have revenues of \$250 million or less; the largest segment, 25%, comprises companies with revenues of \$251 million to \$500 million.

Company size and industry

Annual revenue (%)



Industry (%)



Source: Heidrick & Struggles private equity-backed chief financial officer compensation survey, 2022, n = 265 respondents

CFO compensation

Cash compensation

The median base compensation among the professionals surveyed for this report in the United States was \$313,000 and the median bonus compensation was \$125,000, for a total median cash compensation of \$463,000.¹ And it's notable that compensation rises not just with overall years of experience but also with years of experience in PE-backed firms.

By type of investor, total reported median cash compensation is higher for CFOs at companies owned by buyout firms than growth firms.

¹ Note that the median for base, bonus, and total are calculated separately based on responses to each question and therefore totals may not sum directly.

Cash compensation by region, investor type, and experience

		Base (USD, thousands)				Bonus (USD, thousands)				Total cash compensation (USD, thousands)			
		25th	Median	75th	95th	25th	Median	75th	95th	25th	Median	75th	95th
Region headquarters	Americas	238	276	363	513	125	125	213	486	401	463	601	926
	Europe	188	276	363	588	125	125	163	388	313	401	513	851

		Base (USD, thousands)				Bonus (USD, thousands)				Total cash compensation (USD, thousands)			
		25th	Median	75th	95th	25th	Median	75th	95th	25th	Median	75th	95th
Direct investor type	Growth	238	276	363	513	125	125	188	388	363	401	551	876
	Buyout	213	276	388	513	125	125	276	513	338	463	726	1,026
	Other	238	276	363	463	125	125	213	563	372	432	623	726

		Base (USD, thousands)				Bonus (USD, thousands)				Total cash compensation (USD, thousands)			
		25th	Median	75th	95th	25th	Median	75th	95th	25th	Median	75th	95th
Professional and PE experience	Low professional, low PE experience	213	276	338	463	125	125	163	276	338	401	485	713
	Low professional, high PE experience	276	276	388	538	125	125	238	388	401	439	676	901
	High professional, low PE experience	276	313	388	538	125	125	213	438	401	451	663	901
	High professional, high PE experience	238	276	388	513	125	125	213	513	363	464	639	1,026

Looking by company size, base, bonus, and total cash compensation all rise as company size does. Among industries globally, CFOs at technology and telecoms companies report being paid the most, at \$463,000 in median total cash compensation.

Cash compensation, by industry and revenue

		Base (USD, thousands)				Bonus (USD, thousands)				Total cash compensation (USD, thousands)			
		25th	Median	75th	95th	25th	Median	75th	95th	25th	Median	75th	95th
Industry	Financial services	194	238	532	588	125	125	319	938	319	363	870	1,451
	Industrial or energy	213	276	382	513	125	125	213	438	344	438	614	926
	Technology or telecoms	276	338	388	538	125	125	213	438	401	463	610	901
	Healthcare or life sciences	276	276	388	488	125	125	182	276	401	401	548	701
	Consumer	213	276	363	488	125	125	125	363	338	401	488	726
	Business services	213	276	313	338	125	125	213	438	363	438	514	714
	Other	188	276	363	588	125	125	238	388	313	401	626	1,264

		Base (USD, thousands)				Bonus (USD, thousands)				Total cash compensation (USD, thousands)			
		25th	Median	75th	95th	25th	Median	75th	95th	25th	Median	75th	95th
Revenue	\$50 million or less	188	238	276	388	125	125	125	213	288	363	401	513
	\$51 million–\$100 million	188	238	276	363	125	125	125	213	313	363	439	639
	\$101 million–\$250 million	213	276	338	438	125	125	163	363	338	401	501	676
	\$251 million–\$500 million	276	338	388	513	125	163	213	363	401	476	626	738
	\$501 million–\$1 billion	276	363	488	588	125	188	276	438	401	563	751	926
	More than \$1 billion	394	463	513	968	238	363	476	923	573	814	1,026	1,442

Annual equity compensation

Seventy-three percent of respondents in the United States, and 23% of those in Europe, reported receiving annual equity in 2021. In both regions, the median amount was 1 point, though in Europe respondents at the 75th percentile reported 2 points.

2021 annual equity, by region

	Points (%)				USD (thousands)			
	25th	Median	75th	95th	25th	Median	75th	95th
Americas	0.5	1.0	1.2	3.0	500	1,450	4,000	8,700
Europe	0.5	1.0	2.0	3.0	270	600	2,000	11,000

The very largest companies, those with \$1 billion or more in revenue, granted a median of only 0.6 points, but the value was, of course, higher: \$8,000,000 compared to a global media of \$1,300,000. Points granted varied very little by years of experience.

2021 annual equity, by industry and revenue

		Points (%)				USD (thousands)			
		25th	Median	75th	95th	25th	Median	75th	95th
Industry	Financial services	0.4	0.5	0.6	4.0	338	1,965	3,683	3,800
	Industrial or energy	0.5	1.0	1.2	3.0	300	1,100	4,000	10,300
	Technology or telecoms	0.5	1.0	1.2	3.0	800	2,200	5,000	8,000
	Healthcare or life sciences	0.4	0.6	1.2	3.0	330	1,000	1,750	5,000
	Consumer	0.8	1.0	1.5	2.0	1,308	2,750	6,635	20,000
	Business services	0.6	1.0	1.2	2.0	300	620	2,600	4,400
	Other	0.5	1.0	2.0	3.0	300	460	1,500	11,000

		Points (%)				USD (thousands)			
		25th	Median	75th	95th	25th	Median	75th	95th
Revenue	\$50 million or less	0.5	1.0	1.2	3.0	250	800	1,100	4,000
	\$51 million–\$100 million	0.7	1.0	1.5	3.0	180	400	2,580	7,000
	\$101 million–\$250 million	0.6	1.0	1.1	3.0	1,000	2,000	4,000	5,000
	\$251 million–\$500 million	0.4	1.0	1.3	3.0	373	1,150	4,750	20,000
	\$501 million–\$1 billion	0.9	0.9	1.0	2.0	270	550	3,000	7,680
	More than \$1 billion	0.4	0.6	1.0	1.0	2,000	8,000	10,300	11,000

Signing bonuses

Sign-on equity was offered in a wide range of formats.

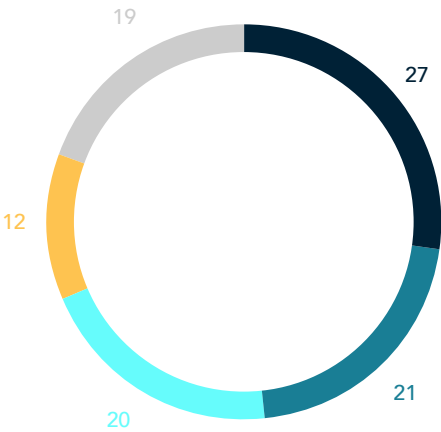
Format of sign-on equity

- Options

Restricted stock units

Performance share units
- Combination of RSUs, PSUs, and/or options

Other



Source: Heidrick & Struggles private equity-backed chief financial officer compensation survey, 2022, n = 205 respondents

Fifty-two percent of respondents in the United States and 19% of those in Europe reported receiving such a bonus. In the United States, the median anticipated value at the time of liquidity was \$5,000,000; in Europe, it was \$3,000,000. Regionally in the United States, the highest reported median value was in the Mountain West, at \$11,500,000, and the lowest in the Southeast, at \$2,000,000.

By global industry, the highest median expected bonus at time of liquidity was \$8,000,000, and the largest companies also offered the largest bonuses, with a median expected value of \$5,500,000. It is notable that for those with an exit timeline of five or more years, median equity is about half of what it is for those with an exit timeline of less than a year or even three to four years from now.

Sign-on equity, by region and experience

		Equity (anticipated value at time of liquidity) (USD, thousands)			
		25th	Median	75th	95th
Region	Americas	2,200	5,000	10,000	20,000
	Europe	2,000	3,000	5,000	10,000

		Equity (anticipated value at time of liquidity) (USD, thousands)			
		25th	Median	75th	95th
Professional and PE experience	Low professional, low PE experience	2,000	6,500	10,000	13,320
	Low professional, high PE experience	3,000	5,000	6,000	16,200
	High professional, low PE experience	2,000	4,000	10,000	20,000
	High professional, high PE experience	1,100	4,000	6,375	20,000

By global industry, the highest median expected bonus at time of liquidity was \$8,000,000, and the largest companies also offered the largest bonuses, with a median expected value of \$5,500,000.

Sign-on equity, by industry and revenue

		Equity (anticipated value at time of liquidity) (USD , thousands)			
		25th	Median	75th	95th
Industry	Financial services	3,000	3,500	7,000	20,000
	Industrial or energy	1,000	2,750	5,000	13,320
	Technology or telecoms	4,000	8,000	10,000	20,000
	Healthcare or life sciences	3,000	5,000	8,000	20,000
	Consumer	2,200	3,000	7,680	15,500
	Business services	2,000	2,750	6,000	11,000
	Other	2,000	4,000	6,500	16,000

		Equity (anticipated value at time of liquidity) (USD, thousands)			
		25th	Median	75th	95th
Revenue	\$50 million or less	1,000	3,000	8,000	16,000
	\$51 million–\$100 million	3,000	5,000	10,000	11,000
	\$101 million–\$250 million	2,000	4,000	8,000	12,000
	\$251 million–\$500 million	2,275	5,000	9,875	20,000
	\$501 million–\$1 billion	3,000	4,000	8,000	16,000
	More than \$1 billion	4,000	5,500	18,000	20,000

Private Equity Practice

Heidrick & Struggles' global Private Equity Practice combines a deep understanding of private equity markets with world-class expertise across all major industries and functions to provide a broad range of value-adding services.

With more than 80 consultants in 50 offices around the world, our expertise shadows the private equity life cycle from pre-deal due-diligence support to pre- and post-acquisition executive search, leadership assessment, proactive introductions, and the construction of advisory boards for both private equity firms and their portfolio companies.

We pride ourselves on our work with private equity-backed portfolio companies to secure the leadership needed to deliver on tomorrow's strategies. Our consulting services enable us to develop long-term strategic partnerships that build winning leadership teams and create substantial value.

In addition, we are the leader in finding top private equity management talent by recruiting investment professionals, operating partners, and other essential senior managers who support financial growth.

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Financial Officers Practice

Heidrick & Struggles' Financial Officers Practice helps clients navigate an increasingly complex and competitive talent landscape to build great finance teams and position them for success within the organization and the marketplace.

Our practice experts around the globe have been at the forefront of the trends that shape this critical function for nearly two decades. We have an astute understanding of the complex demands and multiple roles that today's senior financial officers must possess and what boards and CEOs need from their finance leaders.

Our CFO executive search team focuses on C-level leadership, and our expertise spans all core areas of finance leadership: corporate and divisional CFO, full finance team build-outs, controllership and accounting, audit, treasury, tax, corporate development, M&A, risk management, investor relations, financial planning and analysis, and shared services.

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WE HELP OUR CLIENTS CHANGE THE WORLD,
ONE LEADERSHIP TEAM AT A TIME®

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