What does a CFO earn annually

How does a CFO ask for equity

What is a CFO's retention rate

How many CFO's work from home

CFO Compensation Survey

Table of contents

01 Overview

About the CFO Roundtable

The CFO Roundtable is organized to facilitate the questions, referrals, and advice for CFOs, COOs, and Finance Heads to make faster, better decisions for their organization – across financing, strategy, and operations. Many members expressed interest in assessing CFO compensation by sharing their experiences in order to better understand their options in the market.

About Rho

The 2022 CFO Compensation Survey is brought to you by Rho in support of our mission to make finance frictionless for organizations. Rho helps thousands of organizations take charge of business finances by streamlining corporate cards, cash management, AP, and more on a single, automated platform.

About the CFO Compensation Survey

The CFO Compensation Survey provides a window into the compensation practices and services that affect the office of the CFO in venture-backed and mid-market growth companies. The survey was organized in response to and in coordination with the members of the CFO Roundtable.

The CFO Compensation Survey is, in its essence, two things. A description of the marketplace and a product of the network of participants. The survey does not claim to have predictive power or entail a perfect or exhaustive description of the marketplace. It is merely a description of the market, which at times could be contradicted. Second, it is a product of the network. The network determined the questions, provided the answers and framed the manner in which they would like to receive the results. The objective of this report is to present the data and qualitative feedback in aggregate, so those who participated may register their experiences and opinions in the context of their peers'. As such, the report may be considered a tool that merely makes the aggregate results more readable. Therefore, it will include the presentation of impressions of respondents indirectly or through individual quotations but without editorial prejudice. Any color or opinion in the report is, fundamentally, a reflection of individuals in the community of survey respondents and solely attributable to them. These opinions, as in all cases, must therefore be taken with a grain of salt and engaged for their educational opportunity.

The survey responses, taken together, provide a unique, peer-to-peer description of the compensation practices that directly impact the CFO community. Please refer any questions regarding these results directly to the CFO Roundtable.

02 The Roundtable - Participant Demographics

Finance Leaders

96

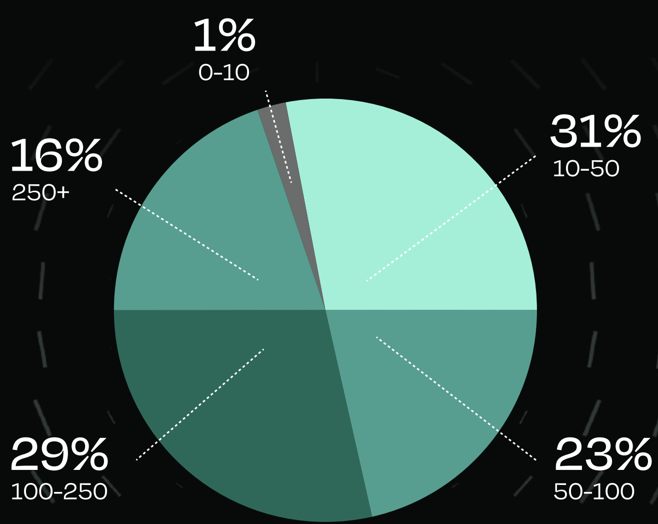
Some ninety-six respondents participated in the survey. They primarily consist of CFOs from venture backed businesses in the Greater New York area, but the population extends into some middle market public companies and those in other geographies, such as Boston, Washington DC, San Francisco, as well as smaller regions. At a high level, the survey captured the total employees, revenue and details of the finance function for the population.

Employees & Location

The respondents provided a strong cross-section of middle market growth companies across a variety of regions. The largest cohort was from Greater New York. The next largest groups were from the Bay Area and Midwest, followed by areas including DC, Israel, Paris, Pittsburgh, London & Charlotte. Respondents were classified according to ranges of employees. These are outlined in the pie chart below, and comparisons with the prior 2019 survey are presented, inline. Some 16% (vs 21%) of respondents have more than 250 employees, and 45% (vs 35%) have more than 100 employees. The next largest cohort consisted of those with 11-50 employees – approx. 31% (vs 21%). The total number of employees touched by the survey – 14,453 (vs 9,060).

Company Headcount

Source: The CFO Roundtable

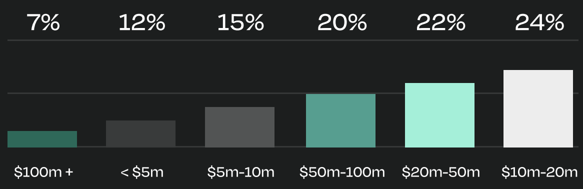


Revenue

Respondents classified their size according to revenue buckets. These are outlined in the pie chart below, and comparisons with the prior survey are presented, inline. Some 27% (vs 35%) of respondents projected 2021 revenues of more than $50m, with 7% (vs 17%) of respondents projecting more than $100m in revenue. Some 46% (vs 43%) project revenues of $10-50m. The projected aggregate respondent revenues for 2021 are $4.2b (vs $2.7b, which was a very conservative estimate and most likely understated the economic contribution of the reporting participants.)

Respondent Revenues

Source: The CFO Roundtable



Finance Employees

Respondents individually reported the number of employees in the finance function of their company. By comparing the current survey to our prior survey, one can see what appears to be an overarching trend – the desire to do more with fewer people.

Both surveys were nearly identical in terms of the number of respondents, but the number and distribution of finance employees differed meaningfully. While the number of respondents was largely identical, the count of finance employees was meaningfully smaller than the count for the prior survey. The current survey reported some 452 employees in the finance function across all respondents vs 587 in the prior survey.

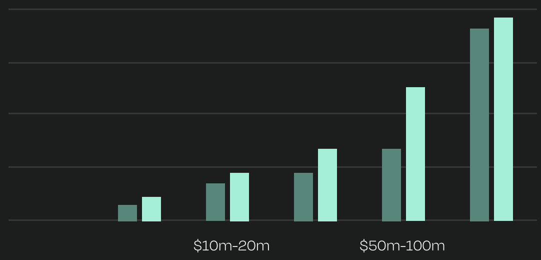
Some of the disparity between surveys may be explained by the prior survey's skew towards somewhat larger companies. While this was not substantial, it's reasonable to note. To control for this factor, one can intersect the finance employee data with revenue projections to illustrate the typical size of the finance function by projected 2021 revenue.

The typical respondent reported just about two people in the finance function when under $10m of projected revenue. This is about the same as the prior survey, but then it starts to diverge.

Finance Employees by Revenue

Source: The CFO Roundtable

● 2021 ● 2019



The current survey indicates three people for the $10-20m band vs 3.5 people in the prior survey. Next, the current survey shows 4.3 vs 6 for the $20-50m band and 5.8 vs 11.4 for the $50-100m band. Finally, the numbers start to converge again as the revenues exceed $100m, with both coming in at around 16-17 employees.

On average, scaling the finance function from $10m to $100m in revenue remained an almost 8x increase in headcount, but the road there has become far more lean.

$10m → $100m

3 people → 17 people

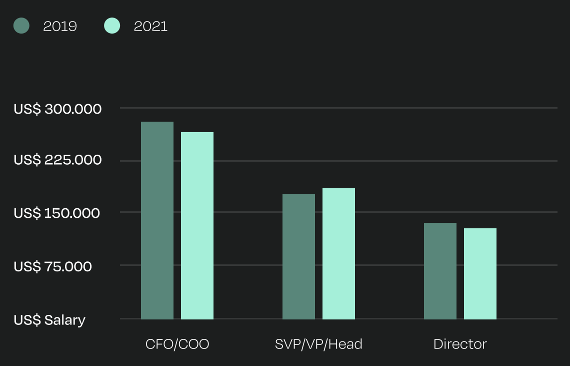
03 Analysis – Survey Results

The CFO Compensation Survey aims to uncover the experience and results CFOs have had across all lines of compensation. The questions were organized by salary, bonus, severance, equity ownership, and terms. The demographic data taken at the front-end, combined with the strong response from the community allows us to parse the results according to specific cohorts and experiences.

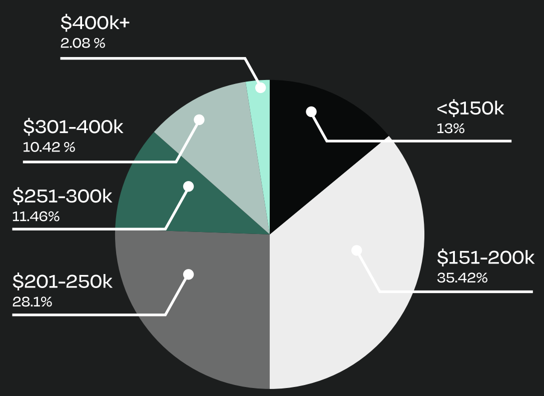
Cash Compensation

Cash compensation is roughly in line with the findings of the previous survey. Both surveys requested respondents to self-report their salary according to salary-bands in the form of a multiple-choice question. The averages were then tabulated according to the normalized level of seniority reported by respondents.

The charts below illustrate the distribution of salary bands across all respondents and the average compensation according to the level of respondent. The averages were calculated by taking the midpoint of each band and starting with $100k for the first band and $600k for the last, $500k+ band.



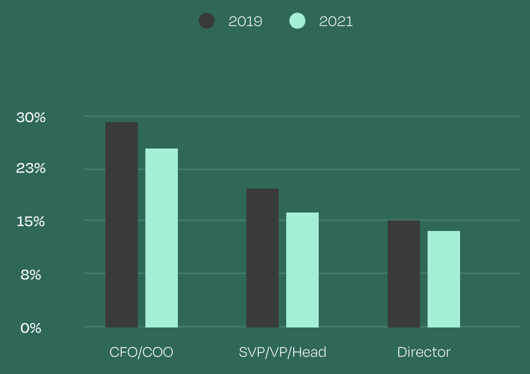
Salary by Level
Source: The CFO Roundtable



Salary Bands
Source: The CFO Roundtable

Some 65% of respondents reported receiving a performance-based cash bonus. Some 60% of those reporting $300k or more in salary expect to receive a cash performance bonus of 30% or more. Some 34% of those reporting $200-300k in salary expect to receive a cash performance bonus of 20% or more, but 26% of this cohort did not have a cash bonus. Among those reporting less than $200k in salary, some 64% expect a bonus, 24% of which is typically 10-20% of salary, and 15% expect a bonus of more than 20% of salary.

A comparison of estimated cash bonuses among those who receive them is detailed according to their corresponding level.



Bonus by Level

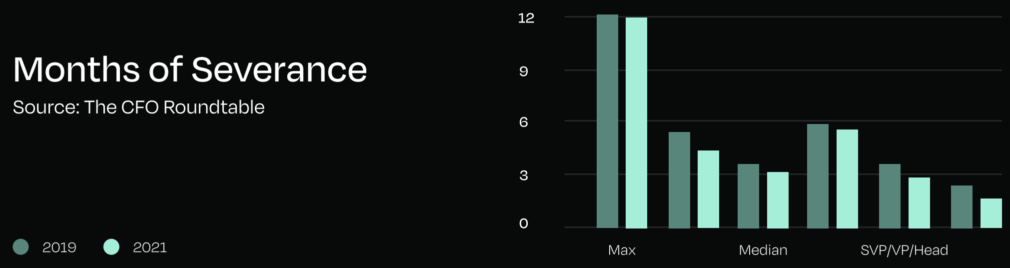
Source: The CFO Roundtable

Severance

Severance is an often-overlooked portion of an individual's compensation package. A minority of participants have a formal agreement in place, but it can provide a critical layer of risk management for the employee. For the purposes of the survey, severance was reported in terms of months-worth of salary. Just under half –some 42% of respondents—reported having a severance agreement in place. This is similar to the findings of the prior survey, but this population appears to have seen severance agreements erode from our prior survey. Those respondents with a severance agreement in place reported a maximum severance of 12 months, which is identical, but then the findings diverge. The average severance payment for those with a severance agreement in place was 4 months. Those at the director level with severance reported an average of 1.3 months.
The chart below illustrates the maximum, average and median months of severance for the overall population on the left. To the right of the line are the averages by level. These are both calculated according to the subset of those with an agreement in place.

Months of Severance

Source: The CFO Roundtable

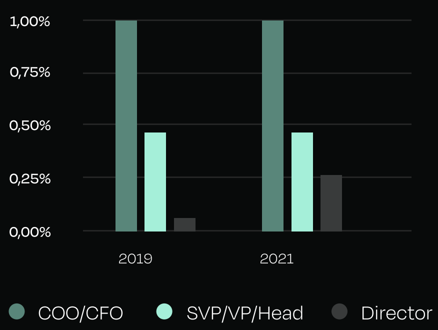


Equity

Equity is an important part of the compensation package for CFOs in venture backed and growth businesses. Respondents noted their equity compensation as a percentage of the company at the time of the initial award, the vesting schedule, and the division between timing and performance-based triggers. These were provided as descriptions in open text fields and parsed to normalize the responses.

Some 51% (vs 76%) of respondents who had been awarded equity were awarded 0.5% or more in equity at the time of their initial award. These awards took the form of options with a four-year vesting period in 87% of the cases. Those outliers included three, five and six-year vesting periods, with 8% receiving vesting periods of three years or less. Most all respondents reported a cliff reported a one-year cliff. The typical vesting thereafter skewed towards monthly vesting. Some additional, unorthodox vesting schedules were reported, such as backend-weighted schedules, but these were a distinct minority. Many also reported single and double trigger events, such as sale of the company and/or termination without cause in the event of such a sale, that would fully accelerate vesting.

The median equity award among those who received equity was 1%. Among those who had been awarded 0.5% or more equity at the time of their initial award, the average was 1.2%. Among those who were at the CFO/COO-level or the SVP/VP/Head-level, the average was 1.4% and 0.7%, respectively.



Equity

Source: The CFO Roundtable

A small minority of respondents had not been awarded equity. In some cases, these respondents noted alternative, cash-equivalent plans. These plans are designed to vest cash balances over time but were not described in a way that indicated any linkage to the equity value of the company in the event of a transaction or liquidity event

Retention

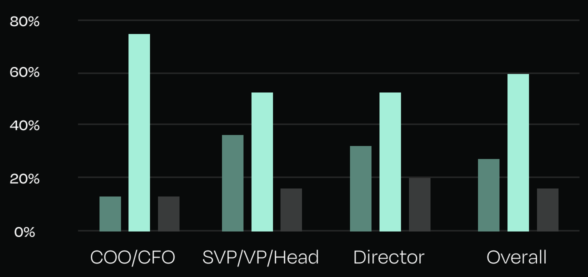
The Great Resignation has put a spotlight on retention and turnover amongst employees. Just over fifty-percent of respondents have seen increase attrition within their company. Some twenty-five percent of respondents indicated that they "are planning to look for a new job in 2022." Management's corresponding focus on retention has led to a number of key changes.

1/4 of respondents plan to look for a new role in 2022

Through analysis and normalization of free-form responses, we can see specific trends related to retention with the office of the CFO, companies at large, and the specific strategies managers are using to counter these trends: allocating more resources to employees through a mixture of compensation and employee-engagement.

Among broader employee attrition, most respondents cited attrition from the ranks of "tech," "devs", and "engineers." Some noted attrition specifically within management and amongst hourly employees, such as CX. A handful, however, indicated some planned attrition, with one having offered exit packages to re-orient their existing workforce. An equivalent minority of respondents noted that attrition was either spiking or stabilizing at this time: approximately 15%, each. For example, one respondent noted, "recent spike in attrition but overall low," but another within this group said, "Above average in 1Q21, lower than average since."

A handful of those reporting no attrition problem remain wary of what 2022 will bring: "No turnover at present, but wary of high turnover in 2022." Naturally, the overarching trend has led to some difficulty in hiring, regardless of an individual company's success with retention: "retention is good but filling new roles has been much more expensive than anticipated across the board (heavily in software engineer roles)."



Prospective FinOps Departures

Source: The CFO Roundtable

Yes No Possibly

Management sees the general retention problem and has taken steps to remediate it.
The number one used lever by management is the general increase in compensation. At least one third of respondents noted a "compensation review" and intention to "raise to the market." Another put it more bluntly: "We are giving off-cycle raises unlike I have ever seen. Attrition is a major problem, and I suspect it gets worse when we return to the office. Inflation is real!"

"Attrition is a major problem, and I suspect it gets worse when we return to the office."

Respondents also indicated a general increase in engagement-oriented efforts to retain employees. Some twenty percent of respondents indicated plans to engage employees through socializing and team-building, building up their "people function," upgrading management, career tracking, and Diversity Equity and Inclusion efforts. One respondent described an approach that shared many features among this cohort: "Held 'post-COVID' one-on-one interviews with each employee, basic "how are you", and "have your life goals changed". From those we've put forward a plan to roll out new employee benefits." Another said, "Hiring great management, company offsites, travel to other offices." Still another was coded for efforts in compensation and engagement and wrote, "Nothing terribly unique here, standard cash and equity packages, making sure people are doing they work they love, proactively listening to career ambitions and making changes where practical etc. We do surveys about every quarter and make a meaningful point to let the team know we take the feedback serious and make changes accordingly."

A small number of respondents reported using equity grants or bonuses to retain employees. Instead, they were more like to reference improving benefits. These include paid time off, gym benefits, flexible hours, HRAs, etc. One respondent noted, "Increased in perks & benefits and focused on work-life balance."

Work From Home

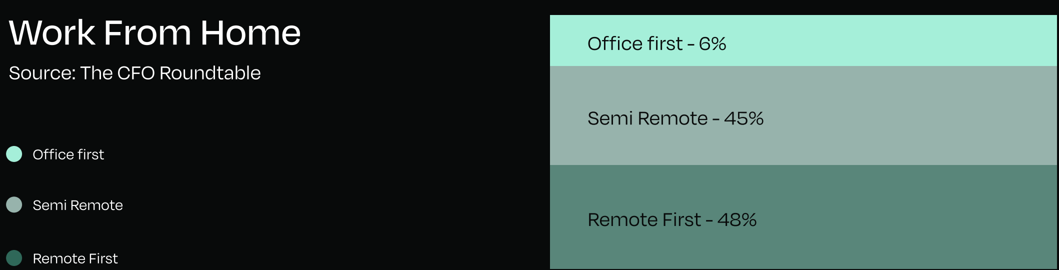
The survey also addressed how companies are adjusting to the pandemic-response of working from home. Responses were parsed and normalized on a scale from Office First to Remote First. Those coded as Office First require employees to come to the office full time and only comprised 6% of respondents. The average revenue of those coded as Office First was smaller than all other categories, and they have an average of just under fifty employees.

Semi Remote coded responses correspond to a reliance on a hybrid model and a partial requirement to come to the office. The Semi Remote policy could be as specific as “Monday, Wednesday, Friday in office. Tuesday, Thursday home. Only vaccinated employees are allowed in the office.” Or it could entail something more loose, such as “Future policy is a hybrid model requiring ~33% of your time in the office at your discretion as to when you come in, but with encouragement to team leads to schedule value-driven opportunities for teams to meet together in person.” These respondents totaled 45% of the population. Nearly half of the remote first respondents were at companies with more than $20m in revenue, and they have an average of 185 employees.

Remote First indicates no requirement to come to the office, but the organization may still maintain space. Respondents would describe these arrangements as “Fully remote,” “100% remote,” “Shutting down physical office. We will likely be fully remote,” and “Company has converted to 100% remote.” These respondents comprised 49% of the population, and they have an average of 130 employees.

49% of respondents' companies are fully remote

Some did note the possibility of change in the future: “For now it is fully remote.” Another respondent coded as Remote First remarked, “individuals and teams can choose to work remotely or in office, at least for the balance of 2021.” The distribution is detailed below.



Vaccination

The survey also asked respondents if they would require their employees to be vaccinated. Just about half of respondents said they would require employees to be vaccinated. Note, this is likely to be a moving target as vaccination has become more encouraged during the course of the survey administration.

04 Closing Remarks

Thank you again to The CFO Roundtable for conducting the CFO Compensation Report and to the participants of this survey. Rho is proud to be a supporter of this effort and the community in general.

The CFO Compensation report has been distributed in full to those who participated in the survey.

Thank you to The CFO Roundtable!