

Executive Financial & Administrative Officer Survey

A Confidential Survey Conducted by Witt/Kieffer/April 2007

Today's higher education CFOs are as involved in providing sound financial and business management to their institutions as in providing strategic management to their CEOs and boards to support the organization's overall mission. Furthermore, job satisfaction for financial officers is driven by shared vision with senior leaders, along with quality of life factors. These and other findings are among the results of a recent Witt/Kieffer survey of chief financial and administrative officers (hereafter referred to as CFOs). The recent survey is a follow-up to a 2002 survey of CFOs, conducted in conjunction with the National Association of College and University Business Officers (NACUBO) to determine compensation, job satisfaction, career development, external and demographic factors.

The primary purpose of the 2007 survey was to determine how these factors have changed in the past five years and identify emerging trends and issues. Of the 4,019 potential respondents, 634 returned responses for a 16 percent response rate. 2007 survey results are compared to the 2002 survey where possible.

Survey Results

- **Nearly one-third (31 percent) of higher education CFOs are currently seeking new career opportunities or plan to do so within the coming year.**

This is an increase from the 23 percent of survey respondents who indicated they were planning a move within a year in the 2002 survey. An additional 17 percent expect to seek a new job within the next 24-36 months. With nearly half (48 percent) of CFOs planning a career move, college presidents and chancellors must work harder to retain key members of their executive team in order to build and sustain institutional stability and continuity.

"I feel well respected and rewarded where I am. It would take a really special opportunity to make me consider a change, but I haven't ruled one out."

- **Geographic location leading factor in decision to accept a new position.**

As seen in 2002, the geographic location of a new job opportunity is a key factor in the decision to make a move (94 percent rating it 'important' and 'most important'), followed closely by commute and cost of living (72 percent and 73 percent respectively). Spouse/partner employment once again was among the least important factors (33 percent).

■ **Over a quarter expect an increase greater than 30 percent when taking a new position.**

According to respondents, 28 percent would require a compensation increase of over 30 percent of their current annual base compensation to accept a new job. This percentage is up from the 25 percent who were looking for the same increase in 2002.

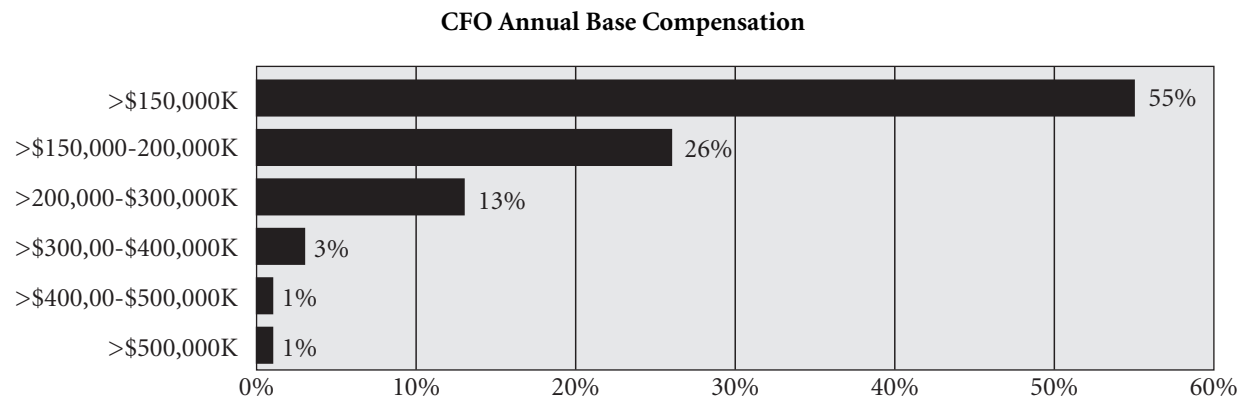
“The right opportunity will determine compensation.”

The largest group of respondents (36 percent) indicate that they would require a 20 to 30 percent jump in pay to make a move. Eighteen percent expect an increase of 10 to 20 percent, as compared to 32 percent in 2002. Ten percent of respondents say that no amount of compensation could entice them to make a move at this time.

■ **Over twenty-six percent earn between \$150,000 and \$200,000.**

An additional 13 percent of survey respondents report annual base compensation between \$200,000 and \$300,000. Fifty-five percent, the majority of whom work at institutions with annual budgets of less than \$100 million, report an annual base compensation of less than \$150,000.

On the higher end of the compensation scale, 3 percent report earning between \$300,000 and \$400,000; 1 percent earn more than \$400,000 and 1 percent report earning more than \$500,000. Of the 30 respondents that earn \$300,000 and above, 26 are male. Also of the 30 respondents, 28 are with doctoral/research universities.



■ **Over half of survey respondents say that internal politics/internal equity issues limit their compensation.**

Fifty-three percent of CFOs say their compensation is hampered by internal factors. This is in contrast to CFO salaries in other industries where senior financial officers are often compensated at a higher rate. More than half (57 percent) indicate that their compensation is equitable and fair in relation to the market.

African American, Hispanic, Asian/Pacific Islander and Native American respondents are less satisfied with their compensation than their white counterparts, with 59 percent reporting that their salary is not equitable and fair in relation to the market.

■ **Annual base compensation (exclusive of benefits).**

CFO Annual Base Compensation by Carnegie Classification

	Doctoral/ Research Universities– Intensive	Doctoral/ Research Universities– Extensive	Master’s College/ University I	Master’s College/ University II	Baccalaureate College– General	Baccalaureate College– Liberal Arts
<\$150,000	33%	16%	59%	69%	86%	71%
\$150,000-\$200,000	28%	32%	36%	22%	12%	22%
>\$200,000-\$300,000	27%	34%	6%	9%	4%	7%
>\$300,000-\$400,000	9%	10%	0%	0%	0%	0%
>\$400,000-\$500,000	2%	8%	0%	0%	0%	0%
>\$500,000	2%	3%	0%	2%	0%	1%

■ **Quality of life and presidential leadership lead job satisfaction factors.**

When asked to rate the importance of job satisfaction factors, 95 percent of CFOs cited quality of life followed by presidential leadership (87 percent). These results correlate closely to the 2002 survey responses (quality of life, 89 percent and presidential leadership, 90 percent). Clearly, this is reflective of a need for institutions to create an environment in which senior executives can flourish and further emphasizes the importance of CFOs buying into the presidential vision and establishing a mutually supportive relationship with the CEO.

“The two things that impact job satisfaction of a CFO or VP of Finance/Administration most are the business savvy and operating style of the president.”

■ **CFOs are key partners and supporters in board meetings.**

CFOs have the ear of the president and board members. Almost three-quarters (71 percent) report directly to the president/chancellor. Eighty-five percent of respondents routinely participate in board meetings, both as financial advisors and to provide strategic input on institutional management issues. In addition, 77 percent of CFOs serve as members of the president’s cabinet, proving their value as key senior leaders within the institution.

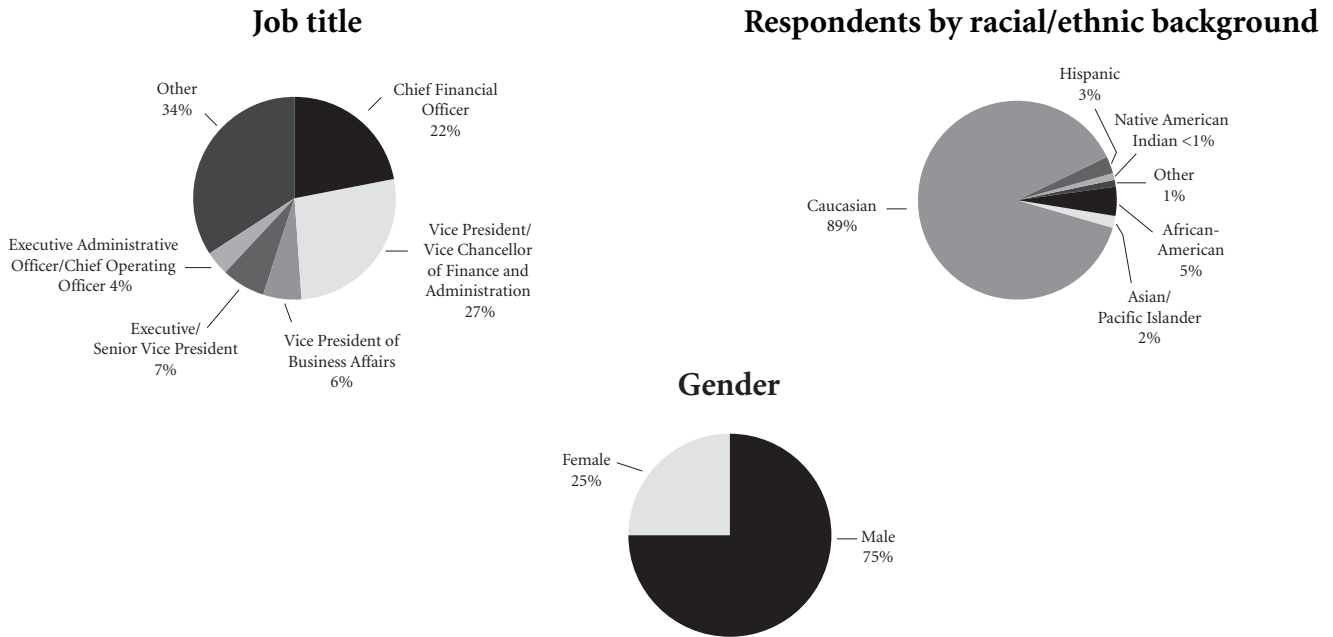
■ **Financial officers aspire to new positions, increased responsibilities.**

About one-third (31 percent) see the vice president of finance and administrative officer role as their next position, followed by 18 percent who plan to move into the executive/senior vice president role, and 17 percent in the CFO role. A small but significant number of CFOs (9 percent) plan to stretch their boundaries to a chancellor/president position.

New Issues

■ CFO demographics are changing.

Nearly a third (27 percent) of respondents are vice presidents/vice chancellors, followed by CFOs (22 percent). The remaining hold other financial positions. Numbers of female financial officers are increasing (25 percent) as compared to 2002 survey results (18 percent). The average age of female CFO respondents is younger than male respondents (31 percent females, age 45 and under vs. 16 percent males, age 45 and under). The number of minority CFOs is also rising with 11 percent of respondents indicating racial diversity, compared to 6 percent in 2002.



■ More than half of CFOs anticipate leadership restructuring in the next few years.

Fifty-four percent of respondents expect institutional restructuring in the next few years, a potential indicator of a lack of internal leadership development programs and a need to bring in new talent from the outside. Generational factors are expected to further compound the heavy turnover issue as 37 percent of survey respondents are age 56 or older; a total of 61 percent of CFO respondents are at least 50 years of age.

■ **Nearly all CFOs have experience in for-profit entities.**

Eighty-five percent of survey respondents confirmed bringing prior financial, business and/or administrative experience in for-profit organizations to their roles. Of the CFOs responding, 25 percent have more than 15 years experience in for-profit entities.

This is an indication that institutions seeking leadership often look for talent outside higher education and that succession planning and/or professional development programs are still not considered a strategic priority.

■ **The majority of CFOs cite enrollment management issues as a top institutional priority.**

Overall, 67 percent of survey respondents anticipate that enrollment management issues will emerge as a top priority in the next 12-24 months, followed by campus/master planning (57 percent) and marketing/communications/branding (49 percent).

At institutions with annual budgets greater than \$1 billion, campus/master planning was rated a top institutional priority by 60 percent of respondents, followed by succession planning at 50 percent.

Survey Implications

Witt Kieffer's Executive Financial & Administrative Officer Survey contains valuable information for college and university presidents as they begin to formally recognize the need to retain talent and enhance their senior leadership teams.

The competition for leadership talent in higher education is clearly increasing, as is the cost to replace it. According to survey results, 48 percent of current CFOs are planning a career move within the next three years. In addition to turnover, pending retirements could have an impact as 37 percent of respondents are age 56 or older. Thus, presidents and chancellors would be wise to develop and implement strategies to effectively retain CFOs, ensuring institutional stability and continuity of leadership. Intuitively, the prudent strategy is to develop a leadership pipeline within the institution.

Survey results also confirm that a number of significant factors contribute to CFO job satisfaction and that decisions to change positions often revolve around such issues as location, compensation and quality of life. Other critical job satisfaction factors revolve around presidential leadership, their access to and shared vision with the president, as well as the opportunity to have an impact on the institution as a key financial and strategic advisor to the president.

Institutions that successfully address and enhance these factors greatly increase the likelihood of attracting and retaining a strong leadership team. Presidents and chancellors who invest the time in creating proactive professional development plans for CFOs and provide opportunities to expand their experience and contribution to the senior leadership team will, in turn, solidify the long-term loyalty to the institution.

THE AVERAGE SURVEY RESPONDENT:

Respondents by Carnegie classification

Doctoral/Research Universities — Intensive: 16 percent
Doctoral/Research Universities — Extensive: 14 percent
Master's College/University I: 28 percent
Master's College/University II: 14 percent
Baccalaureate College — General: 19 percent
Baccalaureate College — Liberal Arts: 9 percent

Public vs. private institutions

Private: 62 percent;
Public: 38 percent

Institution's annual budget

<\$100 million: 56 percent
\$100 million - \$300 million: 22 percent
>\$300 million - \$500 million: 7 percent
>\$500 million - \$1 billion: 7 percent
>\$1 billion: 8 percent

Age

<35: 3 percent
36 - 40: 5 percent
41 - 45: 12 percent
46 - 50: 20 percent
51 - 55: 24 percent
56 - 60: 24 percent
61 - 65: 9 percent
>65: 3 percent

Years of financial/business/administrative experience in non-profit

Up to 5: 9 percent
6 - 10: 13 percent
11 - 15: 13 percent
Over 15: 66 percent

Years of financial/business/administrative experience in for-profit

Up to 5: 52 percent
6 - 10: 15 percent
11 - 15: 8 percent
Over 15: 26 percent

Institution's setting

Urban: 42 percent
Suburban: 33 percent
Rural: 25 percent

Institution's NACUBO region

Eastern: 35 percent
Southern: 27 percent
Central: 25 percent
Western: 12 percent

About Witt/Kieffer

Witt/Kieffer is among the nation's top ten executive search firms and the single largest specializing in health care, education and managed care/insurance. Witt/Kieffer serves organizations committed to improving quality of life, including leading hospitals, health systems, academic medical centers, physician group practices, managed care organizations and insurers, as well as colleges and universities and community service and cultural organizations. A new succession planning and leadership transition practice completes the firm's portfolio of leadership solutions for healthcare, higher education and not-for-profit organizations.

Witt/Kieffer consultants in 17 offices nationwide provide clients strategic consultation in searches for presidents/CEOs, COOs, CFOs, CIOs, physician executives, provosts, deans, chief development officers, chief enrollment officers and other senior executives. The firm is committed to providing educational information and research reports on healthcare and education leadership and governance, diversity, executive compensation and career management, among other topics.

WITT / KIEFFER

2015 Spring Road, Suite 510, Oak Brook, IL 60523

www.wittkieffer.com

Offices nationwide

Oak Brook, IL	Denver, CO	Nantucket, MA	St. Louis, MO	Philadelphia, PA	Houston, TX
Emeryville, CA	Atlanta, GA	Bethesda, MD	New York, NY	Pittsburgh, PA	Seattle, WA
Irvine, CA	Burlington, MA	Minneapolis, MN	Toledo, OH	Dallas, TX	