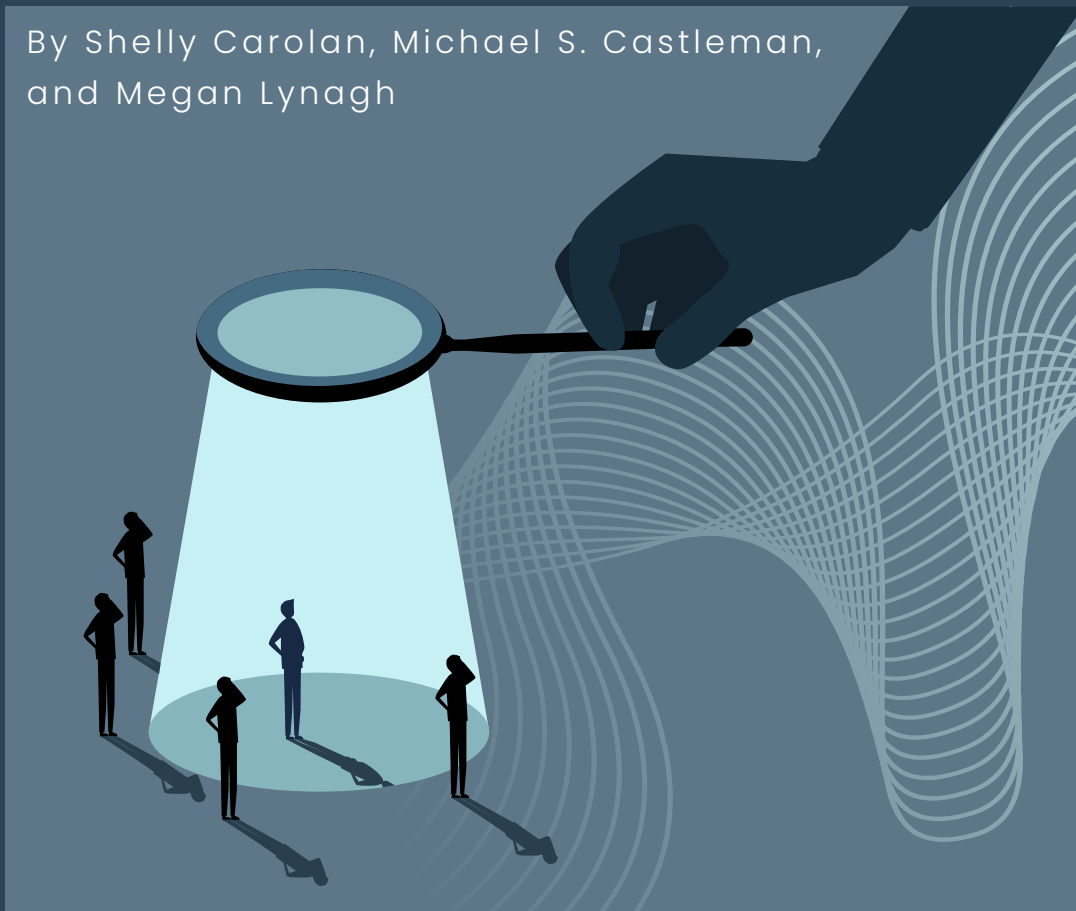


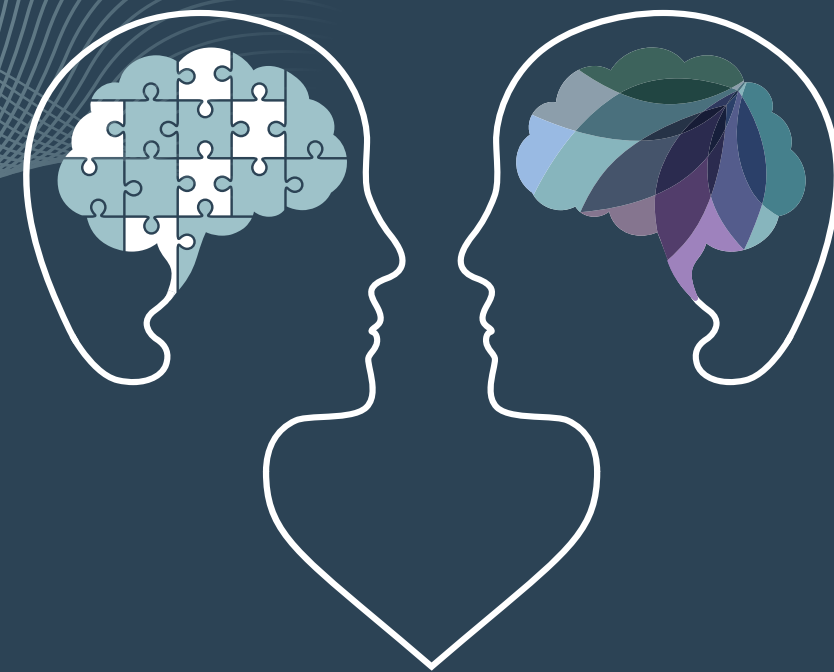
LEFT BRAIN, RIGHT BRAIN

CFO Transitions in PE-Backed
Healthcare Services

By Shelly Carolan, Michael S. Castleman,
and Megan Lynagh



Our Research Framework



WittKieffer's proprietary analysis offers a comprehensive data-driven exploration of CFO transitions and phenotypes within PE-backed healthcare services companies.

RESEARCH APPROACH

CFO turnover sample: This analysis examines 200 US-based healthcare services companies that were PE platform investments between January 2020 and December 2024 to assess CFO transition patterns.

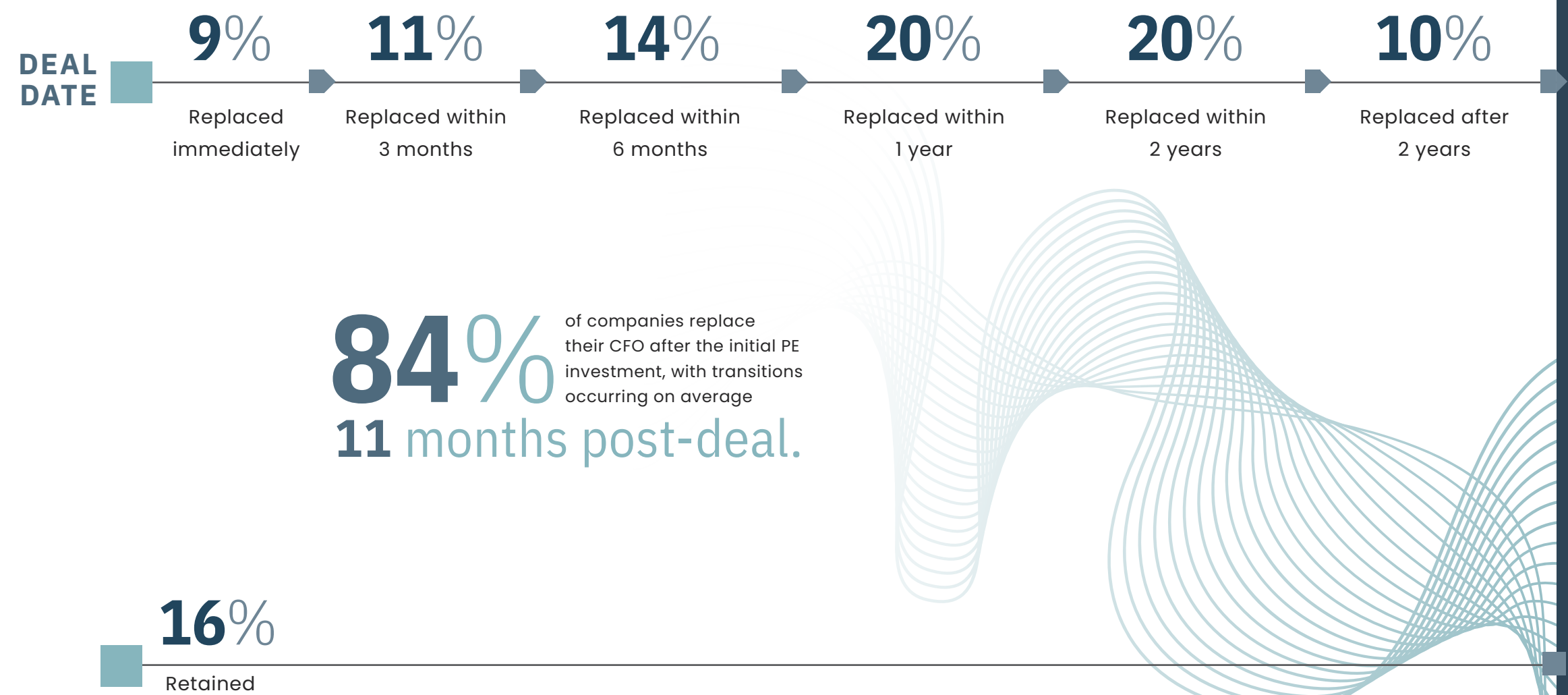
CFO phenotype sample: This dataset explores career trajectories and educational backgrounds of 115+ CFOs appointed post-deal in these companies.

Data sources: The research utilizes data from PitchBook, LinkedIn, BoardEx, company websites, and press releases.

RESEARCH QUESTIONS

- 01 What is the rate of CFO transitions among PE-backed healthcare services companies?
- 02 How do the distinct "left brain" (operational finance) and "right brain" (strategic finance) CFO phenotypes manifest in PE-backed healthcare services companies?
- 03 What are the common characteristics and experiences of CFOs who excel in PE-backed healthcare services settings?
- 04 How does the timing of CFO transitions relate to the investment lifecycle in PE-backed healthcare services companies?

CFO Transitions in PE-Backed Healthcare



NOTE: For the dataset with deal ages greater than 2 years.

In the overwhelming majority of cases, CFOs at healthcare services companies are replaced following initial PE investment, **WITH 74% REPLACED WITHIN THE FIRST TWO YEARS.**

Left Brain **vs.** Right Brain of PE-Backed CFOs

Exploring the two sides of PE-backed
CFO leadership: **operational
precision or strategic vision.**

OPERATIONAL FINANCE

- Accounting and audit
- Revenue and cash cycle
- Financial systems
- Financial reporting
- Budgeting
- Treasury and tax
- Financial risk management

ECONOMIC CONSCIENCE

STRATEGIC FINANCE

- Value creation planning
- Commercial enablement
- Performance analytics
- Strategic communications
- Stakeholder relations
- Corporate development
- Enterprise risk management

Our research confirms **two distinct CFO
phenotypes** in PE-backed healthcare
services, based on career paths, educational
backgrounds, and areas of expertise.

OPERATIONAL FINANCE – 65%

Accounting prowess and financial execution,
underpinned by a robust operational approach
to financial leadership

- 83%** hold a CPA qualification or equivalent
Master’s-level accounting degree
- 40%** began their careers at a Big-4 firm
- 59%** progressed from controller to VP/SVP before
becoming CFOs, spending an average of 4.4 years
in controller-oriented roles across a variety
of industries
- 79%** have previous experience in healthcare
- 72%** previously held a CFO role, averaging
5.7 years in the position
- 53%** have prior experience at a PE-backed PortCo,
averaging 6.1 years

STRATEGIC FINANCE – 35%

Analytic mindset and results-driven
approach, with expertise in financial
modeling and forecasting

- 32%** hold a CPA qualification or equivalent
Master’s-level accounting degree
- 34%** worked in investment banking
- 46%** worked in strategy/corporate
development across a variety of industries
- 80%** have previous experience in healthcare
- 66%** previously held a CFO role, averaging 4.3
years in the position
- 61%** have prior experience at a PE-backed
PortCo, averaging 5.9 years



Key Factors Influencing CFO Selection

In our analysis of CFO selection in PE-backed healthcare services, we began with several expectations. We anticipated that selection criteria might shift under macroeconomic pressures, and our findings confirm this. The data further reveal five key factors:

PERFORMANCE-TRIGGERED TRANSITIONS.
CFO change and selection reflect a high degree of sensitivity to near-term performance conditions. In particular, a negative change in conditions affecting the value creation trajectory is an impetus for change in the CFO suite.

OPERATIONAL FINANCE.
A strong foundation in operational finance becomes more critical in the face of strong market headwinds, ensuring that the CFO can maintain financial stability and efficiency.

JOURNEY TO THE TOP.
Strategic finance CFOs typically bring more years of experience before their first CFO appointment compared to operational finance professionals.

INDUSTRY EXPERIENCE.
PE investors seek CFOs with familiarity in healthcare to navigate industry-specific challenges and gain operational advantages through their insights.

TOTAL YEARS' EXPERIENCE.
PE sponsors prefer a seasoned CFO to handle the complexities and uncertainties of difficult economic periods.

Expectations vs. Reality

#1

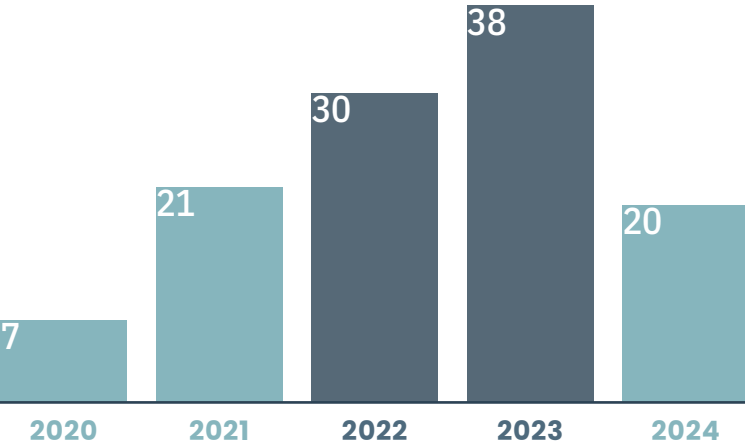
EXPECTATION

When company performance conditions change, sponsors are more likely to actively replace CFOs.

OBSERVATIONS

CFO replacements reached a peak in 2023 with 38 replacements, closely following the 30 replacements in 2022 — years marked by significant macroeconomic change and challenge.

CFO transitions in PE-backed healthcare services, by year



Expectations vs. Reality

#2

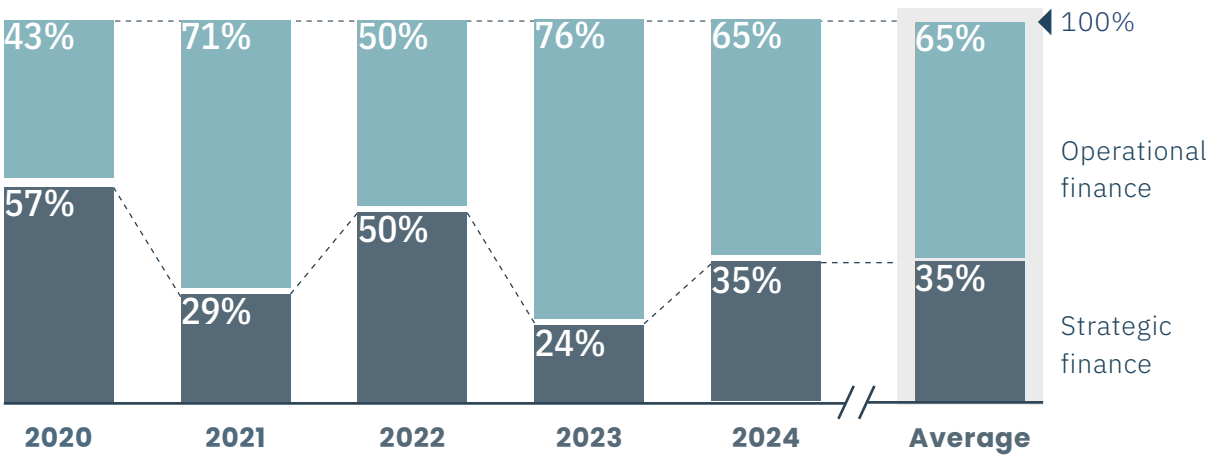
EXPECTATION

There would be a shift over the study period towards the selection of CFOs trained in strategic finance.

OBSERVATIONS

The emphasis on CFO qualifications changes based on near-term priorities. The 2022 demand for strategic CFOs (50%) appears to be a response to the growth period starting in 2021, while the 2023 shift toward operational finance (76%) reflects adaptation to new market realities.

CFO transitions in PE-backed healthcare services, split by phenotype



#3

Expectations vs. Reality

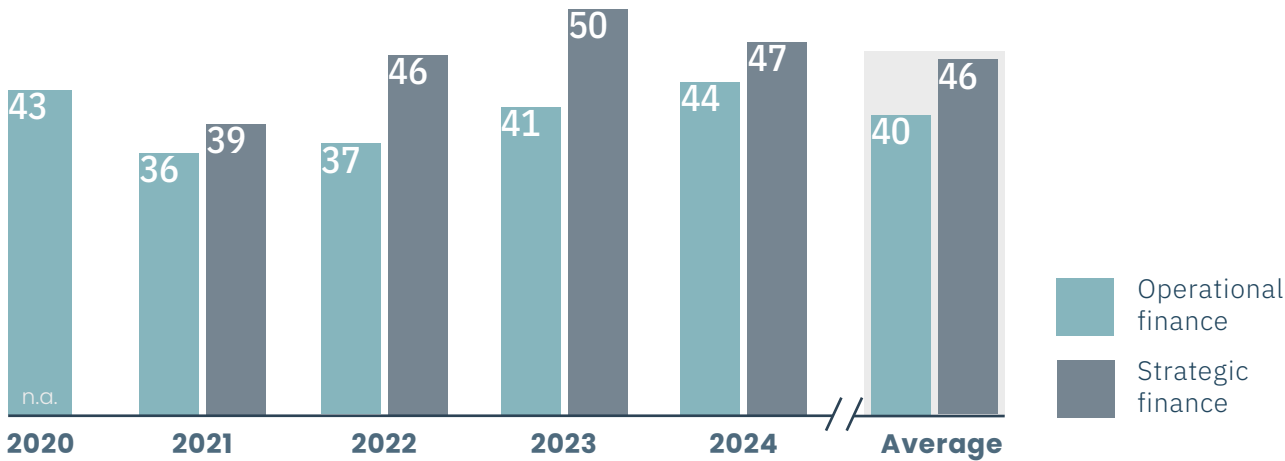
EXPECTATION

First-time CFOs would be younger, particularly among the strategic finance cohort.

OBSERVATIONS

Contrary to this expectation, those CFOs from the strategic finance cohort were, on average, 6 years older, with an average age closer to that of the entire study group.

Average age of first-time CFOs at appointment, by phenotype



Expectations vs. Reality

#4

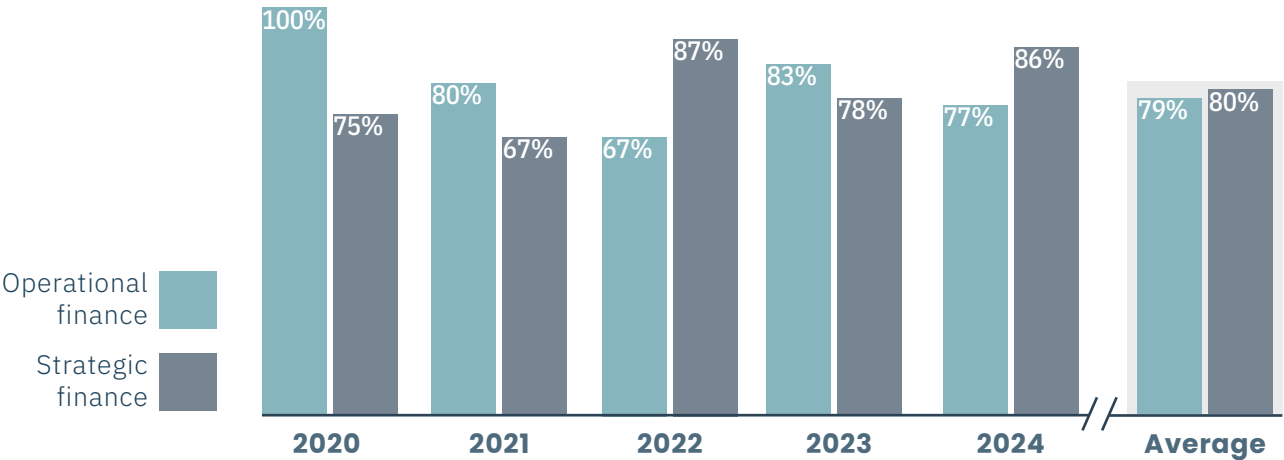
EXPECTATION

Sponsors would consistently prefer CFOs with healthcare industry experience.

OBSERVATIONS

While overall high, sponsor preference for industry experience in growth periods (e.g., 2021) appears to loosen for strategic CFOs; in contrast, they loosen for operational CFOs as times get difficult and basic operational discipline is prioritized.

Previous healthcare experience, by phenotype



#5

Expectations vs. Reality

The notable rise in **first-time CFO** appointments in 2024 could signal a tightening labor market for experienced healthcare CFOs and warrants continued monitoring.

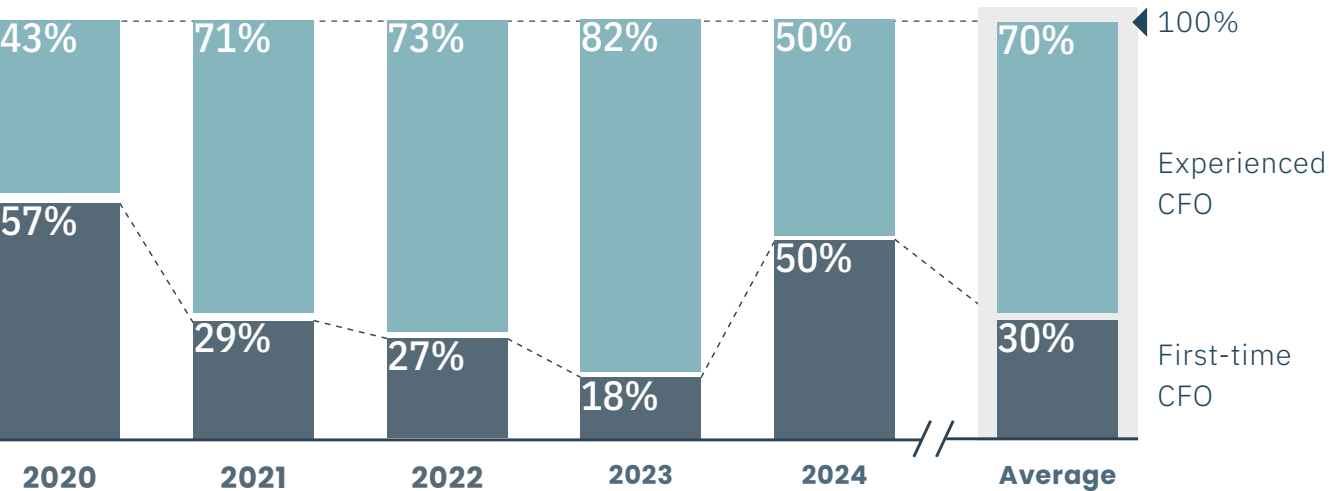
EXPECTATION

Sponsors would prioritize CFOs with cross-cycle experience, as evidenced by their time as a CFO before taking on their next role.

OBSERVATIONS

70% of placed CFOs had prior CFO experience, with an average of 5.2 years of experience at the time of appointment. In short, few CFOs had cross-cycle CFO experience, perhaps reflecting the length of the prior cycle.

Previous CFO experience



Leadership Implications

A great CFO should not be a choice between the left brain and the right brain.

Given the high likelihood of macroeconomic changes during an investment period, the probability that the value creation plan will also change is significant.

Therefore, CFO selection should not be solely based on the context at the time of investment or leader selection.



KEY RECOMMENDATIONS

- Identify candidates with a proven track record of utilizing both sides of the brain across various contexts.
- Employ detailed psychometric and interview-based executive assessments to uncover an executive's dominant characteristics and self-awareness.
- Explore how CFOs recognize their strengths and weaknesses through team-building strategies that support the mission and compare these findings to assessment results.
- Demand from CFOs analysis, synthesis, foresight, and recommendations — not just reporting and dashboards.
- Ensure the CFO is not sidelined in key areas in favor of the deal team, board, CEO, or operating partners.
- Establish the CFO as an unassailable partner to commercial and business line leaders.

WittKieffer’s Leadership Solutions: Healthcare CFO Expertise

Our comprehensive approach encompasses three specialized service areas:

CFO EXECUTIVE SEARCH

At WittKieffer, we recognize the critical importance of financial leadership in today’s investor-backed healthcare environment. By ensuring clear role requirements and understanding the financial leadership needs specific to our client organizations, we help clients identify and develop the financial leaders who will drive strategic growth and operational excellence.

Our purpose-built team identifies and recruits impactful financial leaders who can navigate organizational transformation. We understand the unique challenges facing investor-backed healthcare companies, whether backed by institutional, private, public, or corporate capital. Our executive search process aligns organizational needs with executive capabilities, ensuring clients find financial leaders who can drive value creation strategies while maintaining operational excellence in competitive healthcare markets.

INTERIM CFO SOLUTIONS

We maintain a carefully curated network of exceptional interim CFOs who address critical business challenges at a moment’s notice. Our interim and on-demand finance leaders bring decades of experience in investor-backed healthcare companies, having successfully navigated complex turnarounds, scaled high-growth organizations, and guided companies through strategic transactions. With our rigorous vetting process and precise matching approach, we deploy qualified interim executives within 10 days, ensuring immediate impact.

CFO ADVISORY & ASSESSMENT

Our advisory services help investor-backed healthcare organizations evaluate their financial leadership needs through sophisticated assessment methodologies. We analyze the alignment between executive skills and organizational requirements, increasing the likelihood of hiring the right CFO at the right time. For investor-backed healthcare companies, we provide targeted assessments that evaluate a CFO’s ability to execute growth and value creation plans, helping clients develop talent pipelines aligned with their strategic objectives.

About the Authors

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This article was supported by research conducted by WittKieffer’s Commercial Strategy & Insights team.



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ABOUT WITTKIEFFER

WittKieffer is the premier executive search and leadership advisory firm developing impactful leadership teams for organizations that improve quality of life. We work exclusively with organizations in healthcare, science, and education — the Quality of Life Ecosystem — and provide essential knowledge, analysis, and perspective that produce effective leaders and inclusive cultures. Through our executive search, interim leadership, and leadership advisory solutions, we strengthen organizations that make the world better. WittKieffer is proud to be 100 percent employee-owned.

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