

**Manchester Square Partners LLP**

**FTSE 100 CEOs**

**Where Do They Come From and What Do They Do Next?**

# FTSE 100 CEOs



## Where Do They Come From and What Do They Do Next?

### INTRODUCTION

In this study, Manchester Square Partners have looked at where FTSE 100 CEOs come from, and where they go to on stepping down. We have analysed the data for the period 2002 – 2006. We looked at the patterns in appointments in terms of previous roles, internal versus external appointments, and where there was a sector change. We also looked at what happens when CEOs step down. What do they do next?

Our data is drawn from Boardex at end June 2006.

### Summary

The overall pattern in appointments is that of consistency. The exceptions are that there was a small increase in the number of external appointments – 35% in 2002, 42% in 2006 and amongst those external appointments, there was a marked upward trend in those changing sector – 16% in 2002 rising to 44% in 2006.

In terms of what CEOs go on to do next, the remarkable finding is that only 2 of the 62 CEOs who stepped down during the period 2002 - 2006 went on to lead any other UK listed company, and only 3 became CEOs in a non-UK owned listed company. 21 of the 62 became Chairmen and 21 put together portfolios of non-executive roles. By the end of the period, 8 of the 62 had not taken a role in any listed company. 3 joined leading Private Equity Houses.

### WHERE DO FTSE 100 CEOS COME FROM?

#### Roles Immediately Prior to Appointment as FTSE 100 CEO

The main trend here is stability:

2002:	63% Divisional CEO	16% CEO	11% CFO
2006:	60% Divisional CEO	19% CEO	13% CFO

(See Appendix – Figures 1 & 2 for detailed analysis)

#### Of the CFOs Stepping Up

2002:	Of the 11% - 7% were internal and 4% external appointments
2006:	Of the 13% - 8% were internal and 5% external appointments

#### Internally Appointed FTSE 100 CEOs

2002:	65%
2006:	58%

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The functional backgrounds of internal appointments remains stable

2002:	69% Divisional CEO	12% CEO	7% CFO
2006:	73% Divisional CEO	14% CEO	4% CFO

(See Appendix – Figures 3 & 4 for detailed analysis)

**Sector Change Amongst External Hires**

2002:	16% changed sector
2006:	44% changed sector

**Externally Appointed FTSE 100 CEOs**

2002:	35%
2006:	42%

**Average Tenure, Age and Gender of FTSE 100 CEOs**

2002:	3.7 yrs tenure	51.5 yrs old on appointment	99% male
2006:	4.9 yrs tenure	52.3 yrs old on appointment	99% male

Of these external appointments:

2002:	53% were formerly CEOs of FTSE, private or non-UK owned companies	37% were formerly Divisional CEOs	10% were formerly CFOs
2006:	52% were formerly CEOs of FTSE, private or non-UK owned companies	36% were formerly Divisional CEOs	12% were formerly CFOs

(See Appendix – Figures 5 & 6 for detailed analysis)

**Nationality of FTSE 100 CEOs**

2002:	75% British	4% US citizens
2006:	70% British	11% US citizens

The other nationalities represented in 2006 were Australian, Canadian, French, German, Irish, Dutch, Swedish, South African and South Korean.

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### WHAT DO FTSE 100 CEOs DO NEXT?

In the five year period, 62 FTSE 100 CEOs left office, averaging a turnover rate of 14% per annum.

The surprising finding is how few departing CEOs remain in the quoted sector as a CEO.

Of the 62 departees, only 5 took another CEO role in a listed company – 2 in FTSE 100 companies and 3 in non-UK owned enterprises.

Of the remaining former CEOs:

- 21 have put together portfolio careers including FTSE 100 appointments exclusive of Chairmanships;
- 3 became Principals in Private Equity houses; and
- 8 of the 62 have not taken a further role in any listed company

The most common move is the evolution into Chairmanship alongside other non-executive Directorships. In the period in question:

- 21 of the 62 became Chairmen. 2 became Deputy Chairmen;
- 9 stepped up in their existing plc;
- 12 took the Chair elsewhere – 7 in FTSE 100 and 5 in FTSE 250 companies; and
- 2 took the Deputy Chairmanship in other companies.

Of this group of 8:

- 6 were associated with under-performance of the share price;
- 1 retired at 70; and
- 1 CEO took retirement from the corporate sector at 60 following an acquisition by a foreign competitor.

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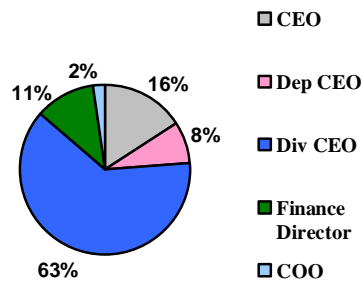


Fig 1. FTSE 100 CEO Breakdown of previous functional role - 2002

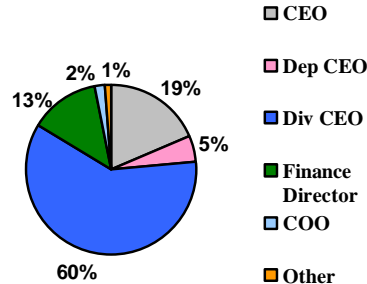


Fig 2. FTSE 100 CEO Breakdown of previous functional role - 2006

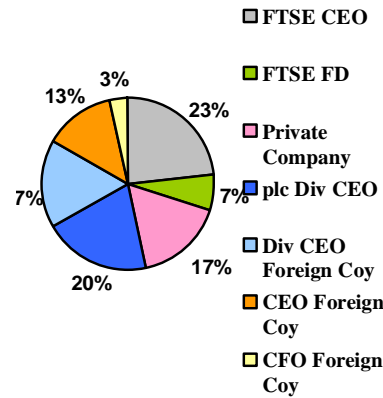


Fig 5. Prior roles of externally appointed FTSE 100 CEOs - 2002

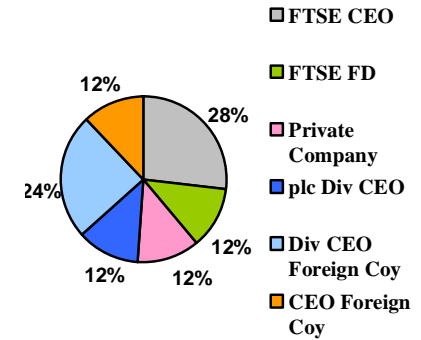


Fig 6. Prior roles of externally appointed FTSE 100 CEOs - 2006

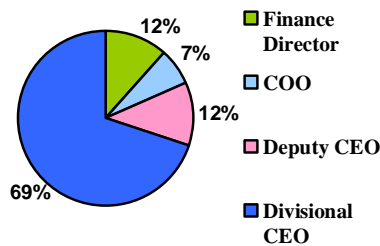


Fig 3. Prior roles of internally appointed FTSE 100 CEOs - 2002

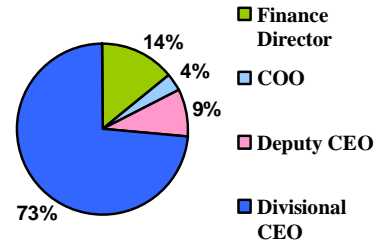


Fig 4. Prior roles of internally appointed FTSE 100 CEOs - 2006