THE LEX COLUMN

Life after the c-suite

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What next? That question will face many FTSE 100 bosses in coming months. Their survival chances take a nosedive during a downturn. In the dark days of 2002, chief executive life expectancy dipped to 3.7 years, before recovering to about five years in the giddy 12 months to June 2007, according to Manchester Square Partners, a mentoring consultancy. Those days are gone. With the UK flirting with recession - Friday's second quarter gross domestic product numbers showed growth of 0.2 per cent on the previous three months - 2002 levels of chief executive attrition should soon return.

If so, more than a quarter of today's top dogs will be seeing more of their families within 12 months. They will find that the market for chief executives is not half as lively as ever-accommodating pay consultants make out. Of the FTSE 100 chiefs who left office during the five years to June 2007, just 8 per cent found another chief executive role within a year. That was not for want of trying, even if some pretend that one stint running a big listed company is enough. Boards prefer to take a risk on an executive untested as a chief executive than to hire a proven underperformer or one who has lost out to a rival during a merger crunch. Almost two-thirds of chief executives appointed in 2007 were internal candidates, usually division heads.

While many chief executives rhapsodise about the wealth they could amass in private equity, particularly when justifying their own compensation packages, few actually make the grade in practice. In the five years to June 2007, only three chief executives from the FTSE 250 became partners in private equity firms within a year of stepping down, and two from the FTSE 100. Private equity firms looking for seasoned executives to run portfolio companies tend to be more discerning than board nomination committees when it comes to picking up corporate cast-offs.
Families be warned.