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***FTSE 250 CEOs** Where do they come from and what do they do next?*

**A**s Career Advisors to those in succession for CEO roles, CEOs in situ and those stepping away from the role, we saw that it would be useful to map what is happening in the patterns of CEO career paths. Following on from our 2007 work on the 5 year trends amongst the FTSE 100 CEOs, in this study we look at the overall trends in the appointment patterns and subsequent career choices of CEOs in the FTSE 250 in the same period, and to consider the relative data for both groups.

*The data is drawn from Boardex at the end of June 2007, for the period 2002-2007.*

# Key insights

- 1 The overall pattern of the routes to the office of CEO remained generally constant in the 250 as it did in the FTSE 100.
- 2 In the 250, being a CEO is largely a 'once-is-enough' phenomenon but less so than in the larger companies. Over the 5 years, only 18% from the 250 moved on to another CEO role in any context. Only 8% of FTSE 100 CEOs had an appetite for another CEO role. Some would say it was surprising that even that many did.
- 3 The 250 is not the source of CEO to CEO succession candidates for the FTSE 100 one might expect. Only 2 made that transition. 8 were appointed at other FTSE 250 companies, 2 at small cap companies, 6 in unlisted companies and 2 in non-UK quoted companies.
- 4 Fewer CEOs leave to run Private Equity owned organisations than one might expect. While many take Advisory roles, only 3 of the group became CEOs of Private Equity portfolio companies, and only 2 became full-time Principals of Private Equity houses.
- 5 10% of departing FTSE 250 CEOs (11 individuals) changed role into an Executive Chairmanship – 6 within the same company. In contrast though, in the same period, only 1 FTSE 100 CEO took on an Executive Chairmanship of a listed company.<sup>1</sup>
- 6 Gender statistics are staggeringly unchanging and similar across both the FTSE 100 and 250. In the latter group, the trend is all the way down from 98.4% to 96.5% male. The FTSE 100 shows a similar 2% shift from 99% to 97%.
- 7 While we know that the phenomenon of the CEO in his (but sadly not her) early 40s is becoming more frequent, the overall 'steady as you go' trend holds for age at appointment in the 250 – 49.5 yrs in 2002 to 49.9 yrs in 2007, and in the FTSE 100 for the period, it relaxed back from an average 51.8 yrs to 51.6 yrs.
- 8 Whereas in the FTSE 100 in the period, there was a large jump in the number of externally appointed CEOs changing sectors, 16% to 42%, this is not reflected in the 250 where, although the percentages changing sector are now almost the same in both groups, there was a perceptible (5%) decline in those being appointed from other sectors – 42% in 2002 to 37% in 2007.
- 9 In 2007, 12.5% of current 250 CEOs had been CFOs immediately prior to their appointments. This has risen slowly but steadily from 9% in 2002. The corresponding FTSE 100 figures are 11% and 16% respectively. And while stated as a percentage of the total, the figures are not large, interestingly, in the 250, CFOs hired externally to CEO positions have increased nearly 3 fold (1.3% to 3.7%) and in the FTSE 100 by 50% (10% to 15%).
- 10 There is divergence between the FTSE 100 and 250 in respect of trends in tenure. Whereas the long term global average of CEO tenure has dropped from 9.6yrs in 1995 to 7.6yrs in 2005<sup>2</sup>, tenure in the 250 has shifted little in the second half of that period. Surprisingly, that small change in tenure has been in an upward direction – from 4.9 to 5.1yrs in 2002-2007. Against this, FTSE 100 tenure has risen more markedly in opposition to the global trend – from 3.7yrs to 4.9yrs over the same period.

<sup>1</sup> Of a company not listed in the UK

<sup>2</sup> 'The Era of the Inclusive Leader', Booz Allen Hamilton, Strategy & Business, 2007

# Part 1: Where do they come from?

## Roles Immediately Prior to Appointment

### FTSE 250 CEO

	Div CEO	CEO	CFO	MD	COO
2002	52%	8%	9%	10.5%	4.5%
2007	48%	10%	12.5%	12%	6%

### FTSE 100

	Div CEO	CEO	CFO	MD	COO
2002	63%	16%	11%	0%	4%
2007	60%	13%	16%	0%	4%

## Internally Appointed CEOs

	FTSE 250	FTSE 100
2002	59%	65%
2007	60%	61%

## Functional Backgrounds of Internally Appointed CEOs

### FTSE 250

	Div CEO	Dep CEO	CFO	MD	COO	Founder
2002	54.2%	2.8%	14%	15%	7.5%	6.5%
2007	47.5%	4.1%	18%	14.7%	9.8%	4.9%

### FTSE 100

	Div CEO	Dep CEO	CFO	MD	COO	Founder
2002	69%	12%	12%	0%	7%	0%
2007	68%	8%	17%	0%	7%	0%



*There are now many more CFOs being appointed to CEO positions in the FTSE 250 & 100 than in 2002 from both internal and external backgrounds.*

## Externally Appointed CEOs

	FTSE 250	FTSE 100
2002	41%	35%
2007	40%	39%

## Roles Prior to Appointment of Externally Appointed CEOs

### FTSE 250

	CEOs of FTSE, private or non-UK owned company	Div CEOs	CFOs
2002	28%	49.3%	1.3%
2007	24.4%	50%	3.7%

### FTSE 100

	CEOs of FTSE, private or non-UK owned company	Div CEOs	CFOs
2002	53%	37%	10%
2007	45%	39%	15%

## Sector Change amongst External Hires

	FTSE 250	FTSE 100
2002	42.6%	16%
2007	37.5%	42%

## Average Tenure, Age and Gender

### FTSE 250

	Tenure (yrs)	Age (yrs old)	Gender
2002	4.9	49.5	98.4% male
2007	5.1	49.9	96.5% male

### FTSE 100

	Tenure (yrs)	Age (yrs old)	Gender
2002	3.7	51.8	99% male
2007	4.9	51.6	97% male



*Change of sector when appointing a CEO has remained around the 40% mark in the FTSE 250, while the FTSE 100 has seen a 26% jump to 42%.*

## Nationality

### FTSE 250

	UK	US	Eire	Aus	Swe	NZ	Others
2002	87%	4%	1.5%	1.5%	1.5%	1%	2%
2007	83%	4%	1.5%	0.5%	1%	0.5%	7%

### FTSE 100

	UK	US	Eire	Aus	Neths	France	Others
2002	77%	4.5%	2%	4.5%	2%	1%	6%
2007	71%	16%	2%	-	3%	3%	5%

## FTSE 250 Index Composition

In 2002, there were 182 FTSE 250 CEOs in situ, and 204 in 2007.

In 2002, the remainder of companies in the FTSE 250 consisted of those with an Executive Chairman (13), Investment Trusts, which do not usually have CEOs (30) and companies that were searching for a new CEO (25).

In 2007, there were 6 Executive Chairmen, 27 Investment Trusts and 12 companies seeking a new CEO. (249 Companies in the FTSE 250)

## FTSE 100 Index Composition

In 2002, there were 91 FTSE 100 CEOs in situ, and 97 in 2007.

In 2002, there were 6 companies with Executive Chairmen and 3 with Managing Directors but no CEO.

In 2007, 3 companies had Executive Chairmen.



In 2007, there were 15 nationalities present in the FTSE 250 compared with 9 in 2002.  
In 2007, there were 10 nationalities present in the FTSE 100 down slightly from 12 in 2002.

## Part 2: What do FTSE 250 CEOs do next?

*In the period June 2002 to June 2007, 111 (9%) FTSE 250 CEOs left office; this compares to 76 (13%) FTSE 100 CEOs who left during the same period. FTSE 250 CEO turnover has been approximately 45% lower than FTSE 100 CEO turnover..*

*29% of departing FTSE 250 CEOs have taken another executive role, 47% have taken a non-executive position and 24% have taken a variety of other roles.*

*Of these a surprisingly small number have gone on to be CEO of another company. 20 (18%) have taken this route, compared to 5 (8%) FTSE 100 CEOs.*

### ***Of the FTSE 250 CEOs moving to another CEO role:***

- *2 were in FTSE 100 companies;*
- *8 were in other FTSE 250 companies;*
- *2 were in other listed businesses;*
- *6 were in private companies; and*
- *2 were in non-UK companies.*

*11 (10%) of the 111 have taken Executive or Deputy Executive Chairman roles. 6 of these at the same company they were CEO, 2 at a different listed company and 3 at private or foreign companies.*



***FTSE 250 CEOs rarely go on to become FTSE 100 CEOs.  
Only 2 of 111 departing CEOs have taken a FTSE 100 CEO role.***

## Part 2: What do FTSE 250 CEOs do next?

(Continued)

50 (45%) of the 111 CEOs to have left FTSE 250 companies have taken a variety of listed Non-executive Directorships. 67% of the 76 FTSE 100 CEOs have taken this route.

### **Of the 50 FTSE 250 CEOs moving to a Non-executive role:**

- 20 became Chairman in a different listed company;
- 6 became Chairman in the same listed company (despite governance guidelines);
- 9 have taken Chairman or Deputy Chairman roles in private or non-UK companies; and
- 15 became Non-executive Directors, 12 in a different listed company, 2 in the same company and 1 in a non-UK company.

Relatively few FTSE 250 CEOs have moved into a role in private equity, 7 (6%) compared with 9 (12%) of FTSE 100 CEOs

### **Of the FTSE 250 CEOs moving to a role in Private Equity:**

- 3 became CEOs of private equity portfolio companies;
- 2 became Principals in private equity houses; and
- 2 became Non-executive Directors in private equity portfolio companies.

### **Of the remaining FTSE 250 CEOs to have left the role:**

- 16 have taken no further roles in any listed company;
- 1 has become the President of the company he was CEO and founder of;
- 1 has been appointed a Minister in the UK Government; and 1 is deceased.

# Appendix

## List of Departed FTSE 250 CEOs 2002/07

### 2002/03

Robert Gasparini	Chubb
Alistair Crawford	CMG
Howard Carter Friends	Ivory & Sime
Ian Burke	Thistle Hotels
Mark Pearman	Torex
Paul Mason	Matalan
Brian Staples	Amey
Justin Jewitt	Nestor Healthcare Group
John Armitt	Railtrack Group
Martin Flower	Coats
Bob Beeston	FKI
Christopher Mellor	AWG
David Hearn	Cordiant Communications
Frederick Westlake	First Technology
Vittorio Radice	Selfridges
Robin Southwell	WS Atkins
Graham Coxell	Marlborough Stirling
Larry Pillard	Tate & Lyle
Peter Fellner	Celltech Group
David Wilson	Wilson Bowden
Kenneth Carter	Jardine Lloyd Thompson Group
Michael Player	Brake Bros
Ian Pearson Norris	Morgan Crucible CO
Robert Terry	Innovation Group
Paris Moayedi	Jarvis

### 2003/04

CK Chow	Brambles Industries
Colin Matthews	Hays
Stephen Howard	Cookson Group
Peter Kenyon	Manchester United
Mark McCafferty	Avis Europe
Edward Haslam	Lonmin
John Robert Brown	Acambis
Oliver Whitehead	Alfred McAlpine
Patrick Cryne	iSOFT Group
Richard Handover	WH Smith
Paul Drayson	Powderject Pharmaceuticals
David John Smith	Taylor & Francis Group
Anthony Glossop	St Modwen
Jeremy Ord	Dimension Data Holdings
David Gilbertson	Informa
Ian Much	De La Rue
Jo Stewart	Northern Foods
Paul Dermody	De Vere Group
Brian Buchan	SSL International
Ian McElroy	Psion
Stuart Walker	RMC Group

### 2004/05

Neil Eckert	Brit Insurance Holdings
Doug Flynn	Aegis Group
Nick Buckles	Securicor
Frank McKay	Travis Perkins
Andrew	Rosenfeld Minerva
Mike Welton	Balfour Beatty
John Ivey	Davis Service Group
Charles Jamieson	Premier Oil
Nicholas Brookes	Spirent Communications

# Appendix

## List of Departed FTSE 250 CEOs 2002/07 (continued)

2004/05 (continued)	Richard Nelson	Intertek Group
	Tim Bridge	Greene King
	Julian Blogh	Ultra Electronics Holdings
	Martin Ballinger	Go-Ahead Group
	Paul Pedley	Redrow
	Stephen McGill	Jardine Lloyd Thompson Group
	Mike Wilson	St James's Place
	Clive Hollick	United Business Media
	Tony Johnson	Findel
	John Wilson	Millennium & Copthorne Hotels
	Rick Haythornthwaite	Invensys
	Steven Akin	Colt Telecom Group
	2005/06	Francesco Caio
Michael Smith		Rank Group
Bob Davies		Arriva
Peter Wood		BSS Group
David Gawler		Charter
Peter Johnson		Inchcape
David Michels		Ladbrokes
Mark Allan		Unite Group
Thomas Thomson		CLS Holdings
Ray Webster		Easyjet
Roy McGlone		BBA Group
Warren Knowlton		Morgan Crucible
Mike Kirkham		Taylor Nelson Sofres
John Hirst		Premier Farnell
Richard Segal		Partygaming
Howard Carter		F&C Asset Management
Andy Friend		John Laing
2006/07	Terry Benson	Michael Page International
	Keith Lovelock	McCarthy & Stone
	John Hancock	MFI Furniture Group
	John Callcutt	Crest Nicholson
	John Hodgson	CSR
	Peter Mason	Amec
	John Harper	BBA Aviation
	Finian O'Sullivan	Burren Energy
	Michael Averill	Shanks Group
	Peter Johnson	George Wimpey
	George Burnett	Ashtead Group
	Nat Le Roux IG	Group Holdings
	Iain Napier	Taylor Woodrow
	Phil White	National Express Group
	Robin Ashton	Provident Financial
	Drummond Hall	Dairy Crest Group
	Ian R Stewart	MITIE Group
	Jean-Yves Charlier	COLT Telecom Group SA
	Alan Giles	HMV Group
	Kevin Lomax	Misys
	Rose Marie Bravo	Burberry Group
	Terry Charles Smith	Tullett Prebon
	Ian Wood	John Wood Group
	Samih Darwazah	Hikma Pharmaceuticals
	Pat O'Driscoll	Northern Foods
	Mark Lund	St. James's Place

## **Manchester Square Partners LLP**

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