



**The Chairmen's Research Group**

**Headline Trends in Board Turnover and Composition  
FTSE 350 Boards**

**2007-2010**

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## 1. BOARD TURNOVER

**(i) At the end of 2009, the frequency with which Executive Directors at FTSE 350 companies were changing was half that experienced two years earlier. There has been some acceleration in the first half of 2010, but overall the rate of change still remains relatively subdued, and is running some 38% lower than in 2007.**

In the second half of 2007, at the peak of the last bull market, 72 FTSE 350 Executive Directors changed role. In the first half of this year, only 44 Executive Directors changed role. The period of lowest activity was in the second half of 2009 when only 35 Executive Directors changed role – a 51% fall from the peak.

**(ii) Despite the reduction in turnover, the proportion of the departures made up by Chairmen, CEO, CFO and other Executive Directors remains unchanged. The figures for the first half of 2010 remain in line with the pattern of the previous three years.**

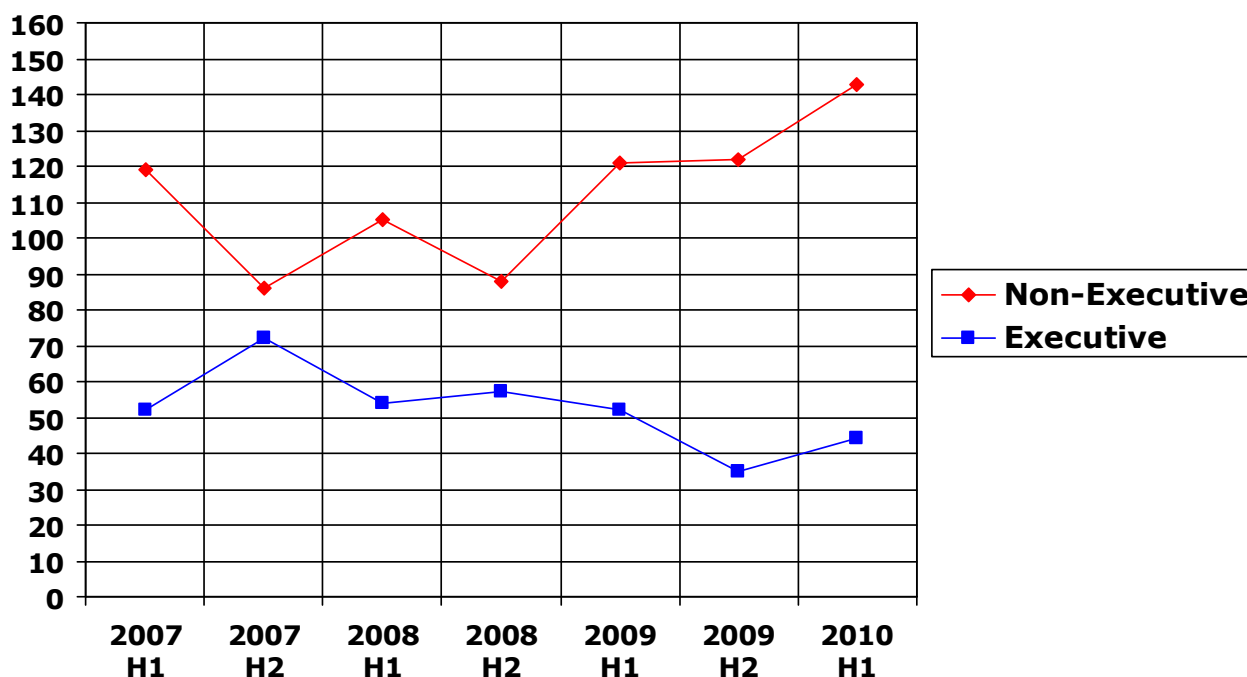
Of the 44 Executive Director changes so far this year, 10 (23%) were CEOs, and 12 (27%) were CFOs. Of the 143 Non-Executive Directors standing down, 23 (16%) have been Chairmen.

**(iii) After an initial period of relative inactivity, the last 18 months has seen increasing change as Chairmen refresh the Non-Executive membership of their boards.**

The early stages of the financial crisis were marked by a rapid deceleration in the rate of Non-Executives leaving, falling from 120 in the first half of 2007 to 86 in the second half of that year. This coincided with the peak of Executive Director departures. Since then this trend has been strongly reversed.

New appointments of Non-Executive Directors to FTSE 350 boards in the last six months (143) kept pace with the numbers leaving, suggesting that Chairmen were choosing to refresh Non-Executives rather than add to the size of their boards.

### FTSE 350 Board Leavers 2007 - 2010



## 2. COMPOSTION OF BOARDS

**(i) The Executive/Non-Executive balance - There is conjecture that some UK Boards may move towards the US practice of having only the CEO and the CFO on the Executive Board. We have measured this over the last year and will do so going forward.**

To date there has been a slight growth in the ratio of Non-Executive Directors to Executive Directors, but it is not yet possible to gauge whether it is significant. At the end of July of this year, the NED:ED ratio was 2058:970 - 2.12:1. At the same point last year, it was 2043:980 - 2.08:1. The total number of Directorships in the FTSE 350 in those years was 3028 and 3023 respectively.

**(ii) The Gender balance – Chairmen and the government are investing considerable time and energy on this issue currently. We will report the figures and trends on both FTSE 100 and 350 Boards going forward.**

Executive Directors: at June 2010, 5% of Executive Directors on FTSE 100 Boards and 4% on FTSE 250 Boards are women. 15% of the Non-Executive Directors on FTSE 100 Boards and 10% on FTSE 250 Boards are women. The overall proportion of women on FTSE 350 Boards is 9%.

## 3. MULTIPLE DIRECTORSHIPS

**The 2010 version of the Code of Governance encourages NEDs towards greater engagement with their companies. This may be expected to lead to changes in the numbers and kinds of appointments held.**

(i) At the end of the first half of 2008, 1683 individuals held 2043 non-executive roles in the FTSE 350. At the same point in 2010, 1694 people held 2058 non-executive roles. The ratio of individuals to Non Executive Directorships in the FTSE 100 was 1.21:1, and in the FTSE 350 it was 1.14:1.

(ii) Within the FTSE 100, at July 2010, 68 individuals, or 10%, held 2 or more NED roles. Within the FTSE 250, 134 individuals, or 13% of Directors held 2 or more NED roles.

(iii) In the FTSE 350, at June 2010, 46 individuals held 3 or more NED roles. Of these, 39 held 3 appointments, and 7 held 4 roles. Only one Director held 4 FTSE 100 roles: none of these included a Chairmanship.

(iv) Gender - Of the 46 people holding 3 or more NED roles at June 2010, 6 were women. The one individual holding 4 FTSE 100 roles was a woman. Of the 134 people holding 2 or more NED roles in the FTSE 250, 16 were women.

### ***The Chairmen's Research Group***

*Manchester Square Partners undertakes Board Reviews, mentors CEOs and senior Directors and advises Directors on career progression.*

*We established the Chairmen's Research Group in order to explore, document and cross-pollinate the most effective practices in Chairmanship and Board membership. The Group operates under the guidance of Sir David Lees. Members of the Group include Chairmen within the FTSE 100 and 250 with an appetite for driving the long term success of their businesses and developing their Boards in line with that.*