

## 2013: A Year of Change for FTSE 100 Chief Executives

By Alison Smith, Chief Corporate Correspondent

Almost one in five of the UK's largest public companies appointed new chief executives last year - the highest proportion for a decade and more than twice the number in the previous year, according to headhunter research.

Analysis by Russell Reynolds found that a new boss took over at 18 of the FTSE 100 groups in 2013.

The total involved a mix of long-planned successions - such as the promotion of Chris Finlayson in succession to Sir Frank Chapman at BG Group - and boardroom disruptions, for example the abrupt exit of Nick Buckles from outsourcing group G4S after a profit warning in May capped a line of corporate fiascos.

Three of the biggest miners - Anglo American, BHP Billiton and Rio Tinto - all acquired new chief executives in the year, as the downturn in the sector prompted boardroom upheavals.

Luke Meynell, head of the UK board practice at Russell Reynolds, said 2013 was a watershed year for FTSE 100 chief executive changes.

"The spike in volume [was] due, in part, to some boards feeling that their companies had recovered sufficiently from the financial crisis to allow for a change of leadership," he said.

"With a stabilized operating platform, and share prices beginning to rise, some boards saw it as an appropriate time to appoint new leadership as part of wider preparations for the next economic cycle."

The study of FTSE 100 chief executives also noted that two-thirds were internally appointed, while one-third of appointments were external, reflecting an increasing tendency to turn to insiders.

In looking at the predecessors of current chief executives, the study found differing patterns of tenure between internal and external appointees.

Three in five internally-chosen chief executives stayed for between six and 15 years, while fewer than two in five external appointees stayed the course in the same way.

Meanwhile, almost three in five "external" chief executives were in post for a period of five years or less, against less than two in five for internal appointments.

The relatively short-stay chief executives from outside the company included Ian Smith, who stepped down from Reed Elsevier in 2009 after less than a year at the head of the media and information group; Marc Bolland at Wm Morrison, who left the supermarket group in 2010 to become the boss at Marks and Spencer; and Andy Harrison, who left EasyJet to run Whitbread, also in 2010.

Mr Meynell said: "Internally promoted CEOs tend to be in role longer than external hires. In some cases, this is because an external might be appointed in the style of José Mourinho, to make rapid change, perhaps a turnaround, before moving on to the next role."